

**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.

My name is Kawamura, Kaga Electronics. Thank you very much for your continued support. I would also like to thank you for your participation in today's financial results briefing.

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

Director,
Managing Executive Officer
Eiji Kawamura

I would like to present an overview of our financial results for Q2 of the fiscal year ending March 31, 2023.

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	570.0	28.0	20.0

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.**



Summary.

Net sales increased JPY75.7 billion, or 34%, from the previous year to JPY298.7 billion. In the mainstay electronic components business, sales grew in a wide range of fields, particularly in the automotive and industrial equipment-related sectors.

Operating income increased JPY10 billion, or 121.3%, from the previous year to JPY18.3 billion. Gross profit increased significantly due to an increase in sales and an improvement in the gross profit margin resulting from a better sales mix.

All items from net sales to quarterly net income reached record highs for Q2. Net sales and operating income exceeded the internal plan by JPY23.7 billion and JPY4.8 billion, respectively.

The forecast for FY2023/03 has been changed. The outlook for the semiconductor market, the situation of COVID-19 and Ukraine, and exchange rate fluctuations are unpredictable. So the upward revision reflects only the upward swing in Q2. The forecast at the beginning of the period remains unchanged from Q3 onward.


As a result, net sales are revised upward to JPY570 billion, JPY30 billion more than the previous forecast of JPY540 billion; operating income is revised upward from JPY24 billion to JPY28 billion; and net income is revised upward from JPY16 billion to JPY20 billion.

Next, shareholder returns.

The annual dividend has been revised to JPY200 per share, up JPY50 from the previous forecast of JPY150 per share. We plan to pay an interim dividend of JPY100 and a year-end dividend of JPY100. This is an increase of JPY80 per share over the previous year's dividend of JPY120 per share.

Financial Highlights 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
Net sales	223,009		298,760		34.0%	540,000		55.3%
Gross Profit	27,133	12.2%	40,001	13.4%	47.4%	—	—	—
SG&A	18,832	8.4%	21,639	7.2%	14.9%	—	—	—
Operating income	8,300	3.7%	18,361	6.1%	121.2%	24,000	4.4%	76.5%
Ordinary income	8,452	3.8%	18,932	6.3%	124.0%	24,500	4.5%	77.3%
Profit attributable to owners of parent	5,624	2.5%	13,412	4.5%	138.5%	16,000	3.0%	83.8%
EPS (yen)	207.39	—	510.88	—	—	609.58	—	—
Exchange Rate yen / USD	109.80	—	133.97	—	—	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.

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Here are the financial highlights for Q2.

Net sales, as I mentioned earlier, were JPY298,760 million. Gross profit amounted to JPY40,001 million, up 47.4% from the previous year. Gross margin was 13.4%, an improvement of 1.2% from the previous year.


SG&A expenses totaled JPY21,639 million, and here, SG&A expenses increased slightly in line with the increase in sales. As a result, operating profit was JPY18,361 million, up 121.2% from the previous year, ordinary profit was JPY18,932 million, up 124.0%, and net income attributable to owners of the parent was JPY13,412 million, up 138.5%.

As a result, net income per share was JPY510.88. The dollar exchange rate was JPY133.97 to the US dollar, which represents a depreciation of about JPY24 from the previous year.

Compared to the previously announced forecasts, the progress rate of net sales, operating profit, and parent company net income is 55.3%, 76.5%, and 83.8%, respectively.

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	268,464	38.1%	477,000	56.3%
	Segment income	7,123 <small>3.7%</small>	16,617 <small>6.2%</small>	133.3%	21,300 <small>4.5%</small>	78.0%
Information Equipment	Net sales	18,713	19,597	4.7%	39,000	50.2%
	Segment income	910 <small>4.9%</small>	965 <small>4.9%</small>	6.0%	2,000 <small>5.1%</small>	48.3%
Software	Net sales	1,237	1,307	5.6%	4,000	32.7%
	Segment income	-109 <small>-</small>	95 <small>7.3%</small>	-	100 <small>2.5%</small>	95.6%
Others	Net sales	8,651	9,392	8.6%	20,000	47.0%
	Segment income	320 <small>3.7%</small>	658 <small>7.0%</small>	105.2%	600 <small>3.0%</small>	109.7%
Total	Net sales	223,009	298,760	34.0%	540,000	55.3%
	Segment income	8,300 <small>3.7%</small>	18,361 <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.

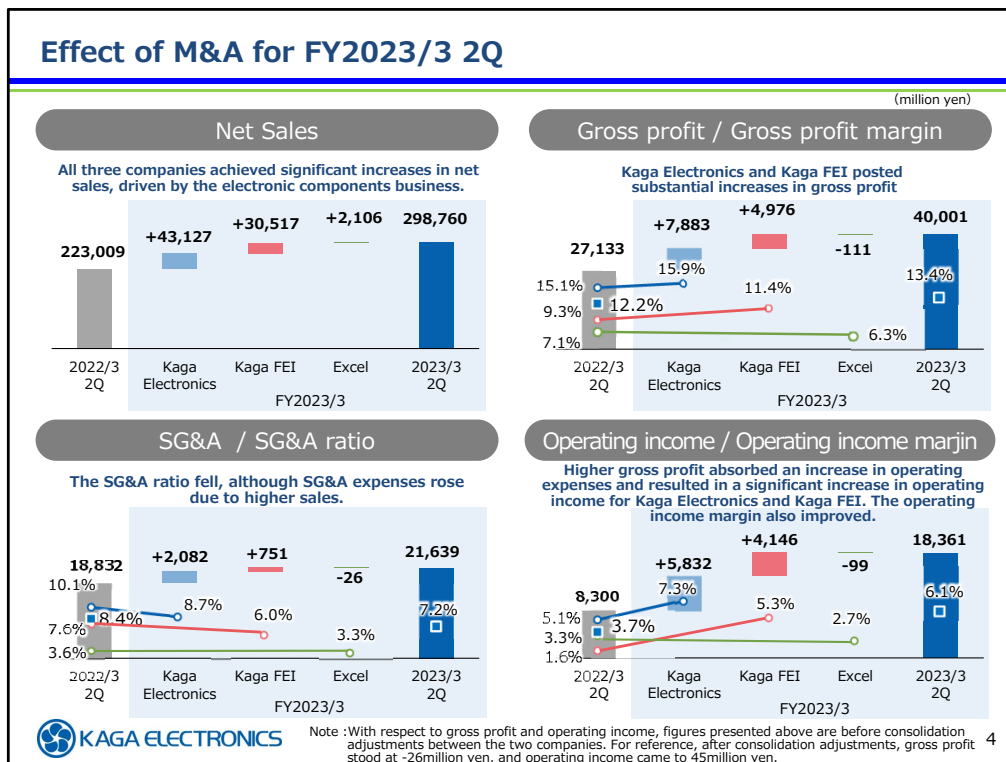
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This is segment information for Q2.

Electronic components accounted for 90% of total sales, and its electronic components business recorded sales of JPY268,464 million, up 38.1% from the previous year, and segment profit of JPY16,617 million, up 133.3%.

You can see that all other segments, including Information Equipment, software, and others, are also profitable.



Here is a graphic representation of the impact of M&A.

Net sales are shown separately for the existing Kaga Electronics Group, Kaga FEI, which joined the Group three years ago, and Excel, which joined the Group two years ago.

Net sales of all three companies increased significantly, driven by the electronic components business. The breakdown is JPY43.1 billion increase for Kaga Electronics and JPY30.5 billion increase for FEI.

As for gross profit, KAGA Electronics and KAGA FEI reported significant increases. Gross profit margin also improved. The breakdown is JPY7.8 billion increase for Kaga Electronics and JPY 4.9 billion increase for FEI. The gross margin ratio increased from 15.1% to 15.9% for Kaga Electronics and from 9.3% to 11.4% for FEI. There is a slight decline for Excel.

As for SG&A expenses and the expense ratio, SG&A expenses increased in line with sales growth, but the expense ratio was reduced.

Finally, operating profit. As a result, operating income increased JPY5.8 billion at Kaga Electronics and JPY4.1 billion at FEI, which were the major factors behind the overall increase in income.

Results by Company for FY2023/3 2Q

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

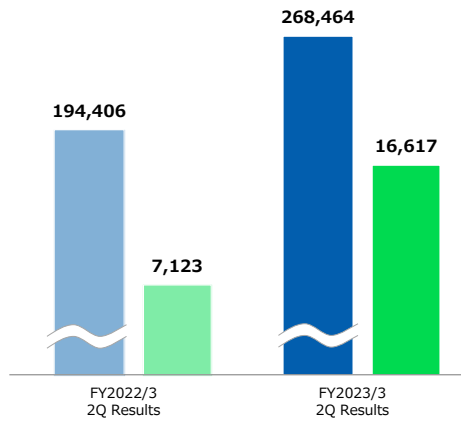
2. "x. x%" represents the profit margin.

Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

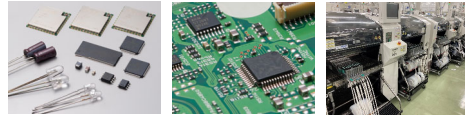
■ Net Sales
■ Segment income



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.

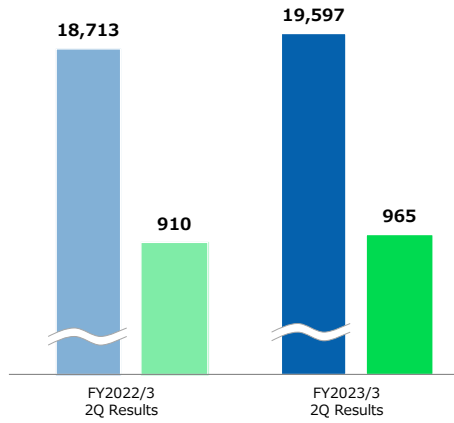


Financial Highlights: Information Equipment Segment

Net sales/Segment income

(million yen)

■ Net Sales
■ Segment income



YoY


● Net Sales ▶ **+883million yen 4.7%Up**
● Segment income ▶ **+54million 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		
	FY2022/3 2Q Results		FY2023/3 1Q Results		FY2023/3 2Q Results		YoY	QoQ
	(million yen)							
Net sales	117,059		149,302		149,458		27.7%	0.1%
Gross Profit	13,582	11.6%	19,838	13.3%	20,163	13.5%	48.5%	1.6%
SG&A	9,733	8.3%	10,018	6.7%	11,621	7.8%	19.4%	16.0%
Operating income	3,848	3.3%	9,820	6.6%	8,541	5.7%	121.9%	-13.0%
Ordinary income	3,885	3.3%	9,858	6.6%	9,073	6.1%	133.5%	-8.0%
Profit attributable to owners of parent	2,752	2.4%	6,984	4.7%	6,427	4.3%	133.5%	-8.0%
EPS (yen)	102.48	-	266.10	-	244.79	-	-	-

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

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Here is a side-by-side view of the most recent three-month results, Q1 and Q2.


As you can see, sales were almost flat in both Q1 and Q2.

As you can see, the gross profit margin improved by 0.2 points compared to Q1.

As you can see, compared to the same period last year, net sales increased significantly and the gross profit margin improved by more than 1.5%.

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	134,986	30.1%	1.1%
	Segment income	3,423 3.3%	9,018 6.8%	7,599 5.6%	122.0%	-15.7%
Information Equipment	Net sales	8,077	11,147	8,449	4.6%	-24.2%
	Segment income	342 4.2%	564 5.1%	400 4.7%	17.0%	-29.1%
Software	Net sales	669	498	808	20.8%	62.3%
	Segment income	-42 -6.3%	-33 -6.7%	129 16.0%	-	-
Others	Net sales	4,530	4,178	5,213	15.1%	24.8%
	Segment income	103 2.3%	249 6.0%	408 7.8%	295.6%	64.1%
Total	Net sales	117,059	149,302	149,458	27.7%	0.1%
	Segment income	3,848 3.3%	9,820 6.6%	8,541 5.7%	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.

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This chart shows Q1 and Q2 results by segment, side by side.

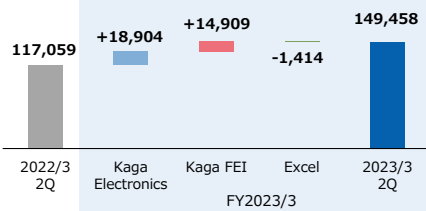
You can see that electronic components increased significantly in both Q1 and Q2 compared to the previous year.

Effect of M&A for FY2023/3 2Q (3 months)

Reference

Net Sales

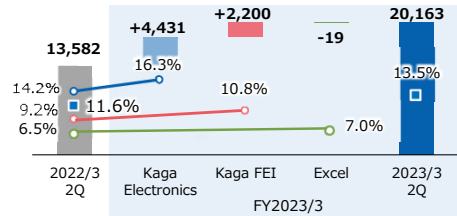
Kaga Electronics and Kaga FEI achieved significant increases in net sales, driven by the electronic components business.



Gross profit / Gross profit margin

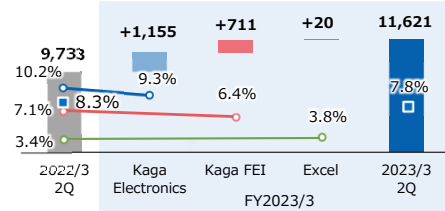
(million yen)

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



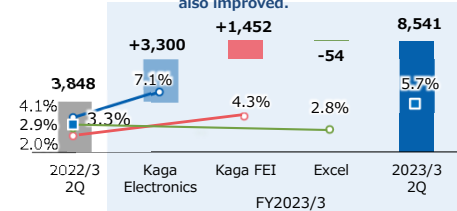
SG&A / SG&A ratio

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.



Note: With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at -52million yen, and operating income came to -19million yen.

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

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The following are the results by company for Kaga Electronics, FEI, and Excel.

As you can see, Kaga Electronics was flat in Q1 and Q2, but its sales increased significantly compared to the previous year.

As for FEI, you can see that it increased in Q2 compared to Q1.

As for Excel, sales in Q2 were slightly lower than in Q1.

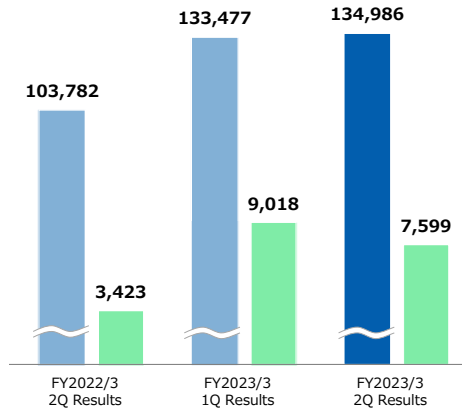
Financial Highlights: Electronic Component Segment (3 months)

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**

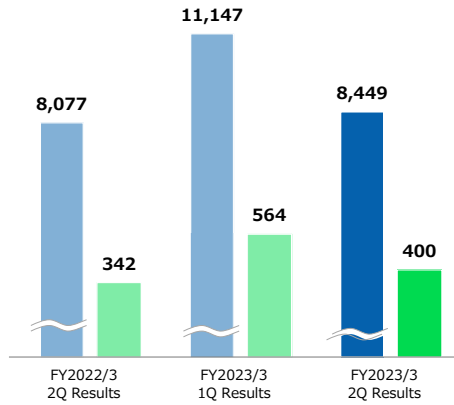
Financial Highlights: Information Equipment Segment (3 months)

Reference

Net sales/Segment income

(million yen)

- Net Sales
- Segment income

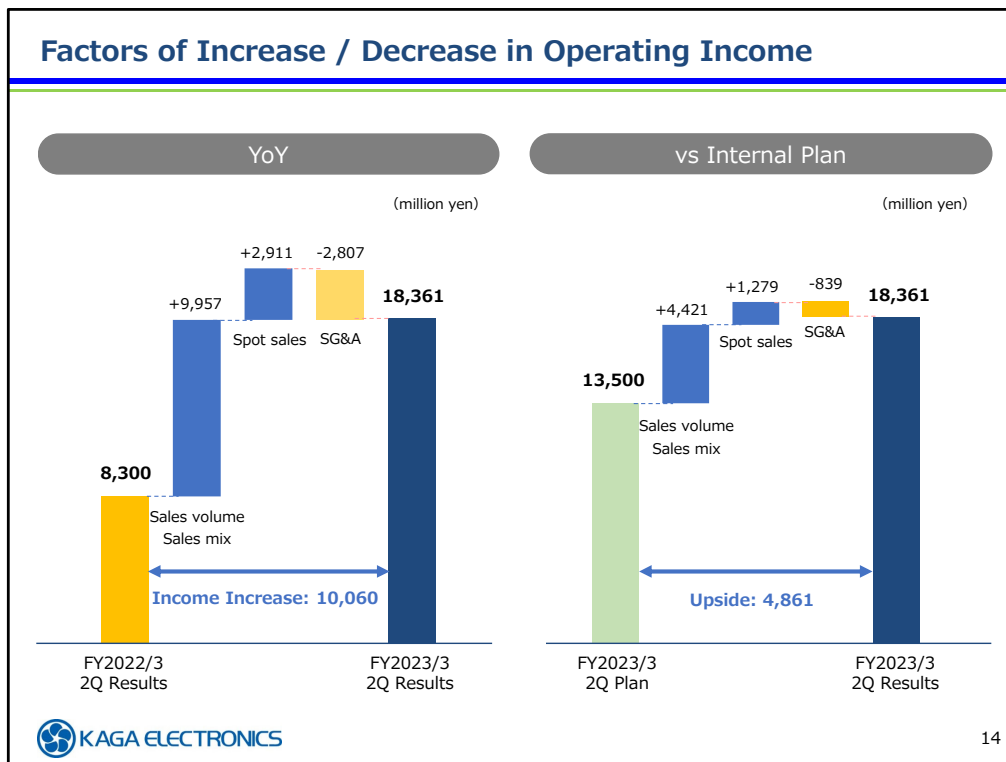


YoY

- 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**



Here is a graph showing the factors that caused operating income to fluctuate in Q2.

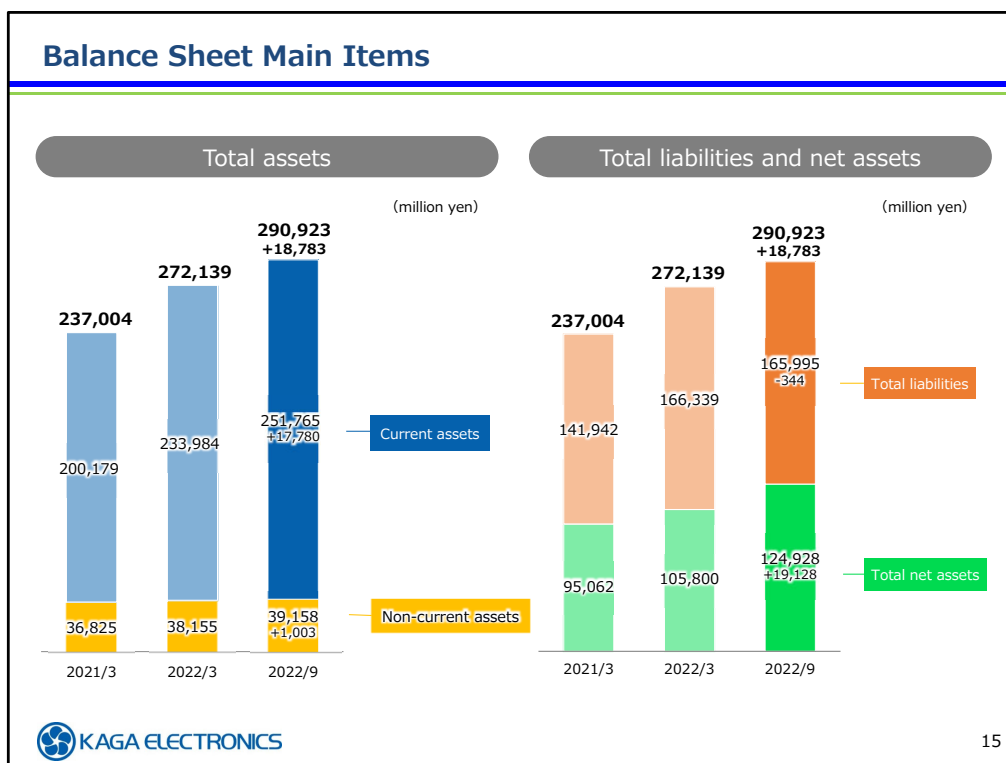
Operating profit increased JPY10.06 billion over the previous year.

Here is a breakdown of the profit increase.

JPY9.9 billion from an increase in sales mix and sales volume, JPY2.9 billion from spot sales, and JPY2.8 billion from an increase in SG&A expenses.

Compared to the internal plan, this is an upward revision of more than JPY4.8 billion.

The increase in sales volume and sales mix was JPY4.4 billion, JPY1.2 billion was due to spot sales, and JPY0.8 billion was due to an increase in SG&A expenses.



I would like to explain the main items on the balance sheet.

Total assets amounted to JPY290,923 million, an increase of JPY18,783 million from the end of March.

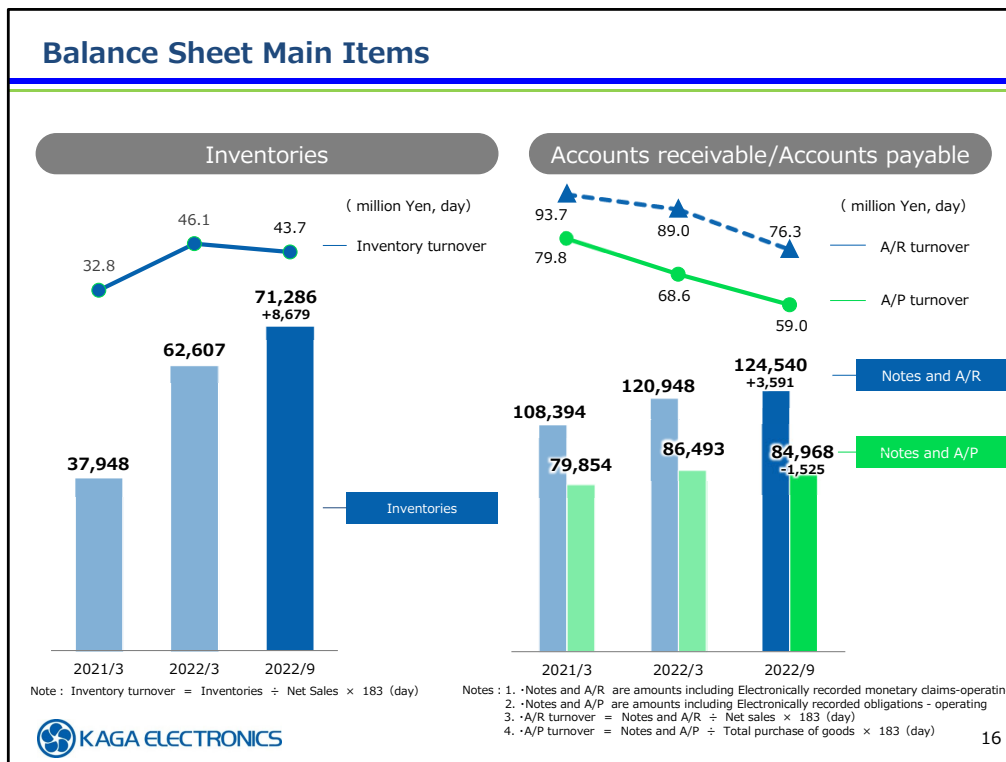
Current assets totaled JPY251,765 million, an increase of JPY17,780 million.

Fixed assets totaled JPY39,158 million, an increase of JPY1,003 million.

Liabilities and net assets.

Total liabilities amounted to JPY165,995 million, down JPY344 million.

Net assets totaled JPY124,928 million, an increase of JPY19,128 million.



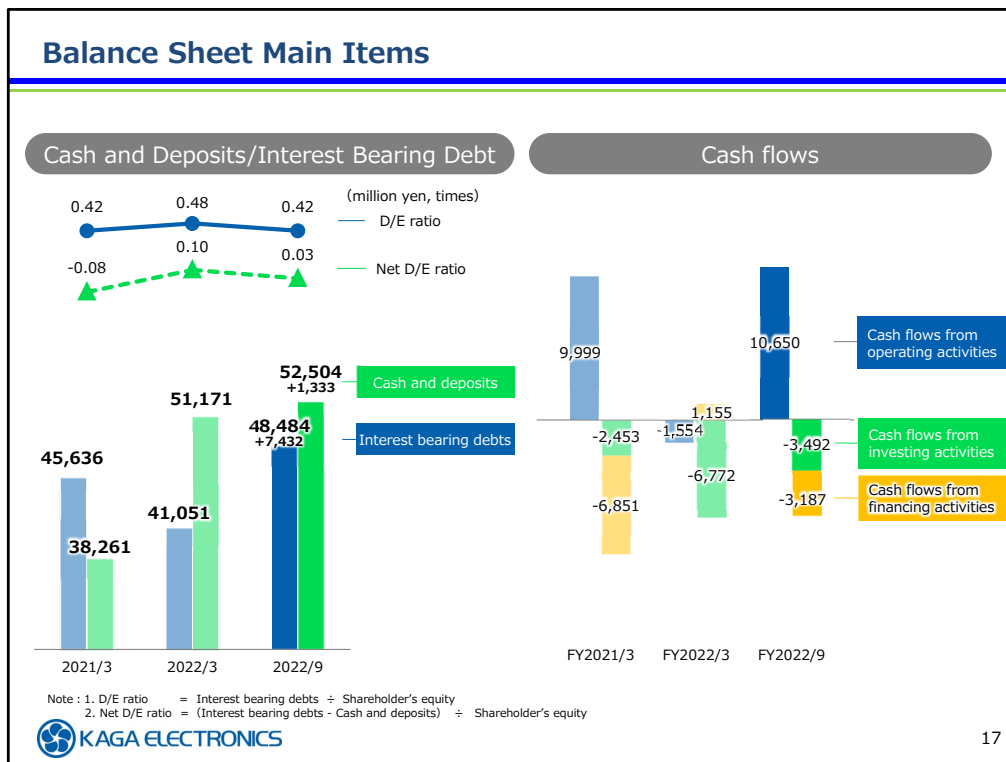
Inventories are among the major items on the balance sheet.

The total amount was JPY71,286 million, an increase of JPY8,679 million from the end of March. However, inventories increased by about JPY33.3 billion compared to the end of March 2021, mainly due to the shortage of electronic components.

However, based on current business volume, an appropriate inventory level would be about JPY50 billion. As the President will explain later, we plan to shrink this inventory amount by the end of March next year.

As for notes and accounts receivable and notes and accounts payable, the balance of notes and accounts receivable was JPY124,540 million, an increase of JPY3,591 million. Account payables amounted to JPY84,968 million, a decrease of JPY1,525 million.

You can see that both accounts receivable and accounts payable turnovers have decreased.



Cash and deposits / cash flow.

Cash and deposits totaled JPY48,484 million, an increase of JPY7,432 million. Interest-bearing debt totaled JPY52,504 million, an increase of JPY1,333 million.

As for cash flow, operating cash flow was JPY10.65 billion. Investment cash flow used was JPY3,492 million. Financing cash flow used was JPY3,187 million.

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	570,000	5.6%	15.0%	
Operating income	20,915 <i>4.2%</i>	24,000 <i>4.4%</i>	28,000 <i>4.9%</i>	16.7%	33.9%	
Ordinary income	21,456 <i>4.3%</i>	24,500 <i>4.5%</i>	29,000 <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>	20,000 <i>3.5%</i>	25.0%	29.9%	
EPS (yen)	576.46	609.58	761.70	–	152.12	
ROE	15.7%	14.0%	17.0%	–	3.0pt	
Annual dividend (yen)	120.00 Ordinary dividend 80.00 Extraordinary dividend 40.00	150.00 Ordinary dividend 140.00 Commemorative dividend 10.00	200.00 Ordinary dividend 140.00 Commemorative dividend 10.00 Extraordinary dividend 50.00	50.00	80.00	
Note: "x. x%" represents the profit margin.						

Here we would like to explain our full-year forecasts for FY2023/03.

As mentioned at the beginning of this report, we have revised our full-year forecasts.


We have revised upward our previous forecast for net sales from JPY540 billion to JPY570 billion, operating profit from JPY24 billion to JPY28 billion, ordinary profit from JPY24.5 billion to JPY29 billion, and net income attributable to owners of the parent from JPY16 billion to JPY20 billion.

With this upward revision, net income per share will be JPY761.7 and ROE will be 17.0%. The annual dividend is JPY200, an increase of JPY50. The dividend payout ratio will be 26.3%.

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

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This is incorporated into the forecast for each segment.

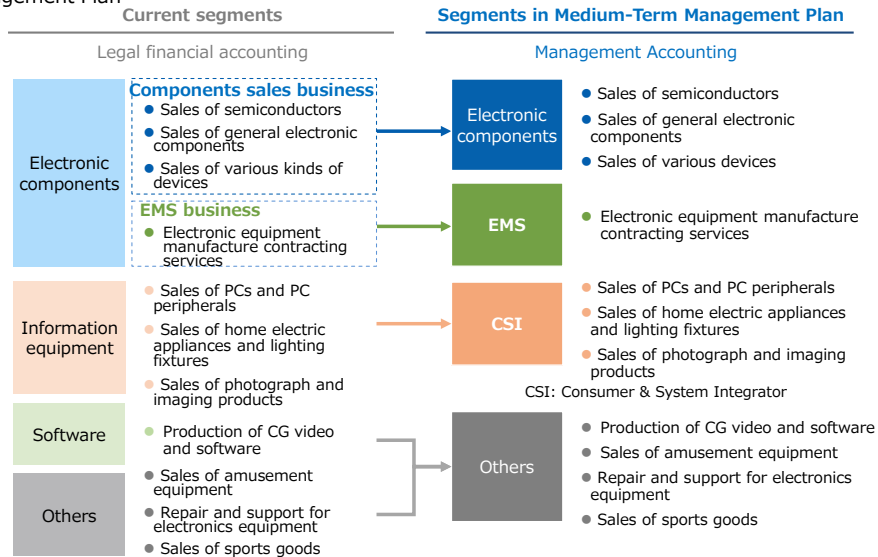
All of the JPY30 billion increase in sales is added to the electronic components business.

As a result, net sales of the electronic components business are expected to increase from JPY477 billion to JPY507 billion and segment profit from JPY21.3 billion to JPY24.8 billion.

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

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The table here shows Q2 results for each segment of the medium-term plan into new segments.

The past three fiscal years are listed side by side.

You can see that electronic components and EMS have been on a steady rise for the past three fiscal years.


On a Q2 results basis, electronic components sales totaled JPY202,867 million, up 40.1% from the previous year, and segment income totaled JPY11,689 million, up 196.1% from the previous year.

EMS totaled JPY69,486 million, up 30.0% from the previous year, and segment income totaled JPY5,311 million, up 59.9%.

These two segments, electronic components and EMS, are the major factors behind the increase in sales and profit.

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

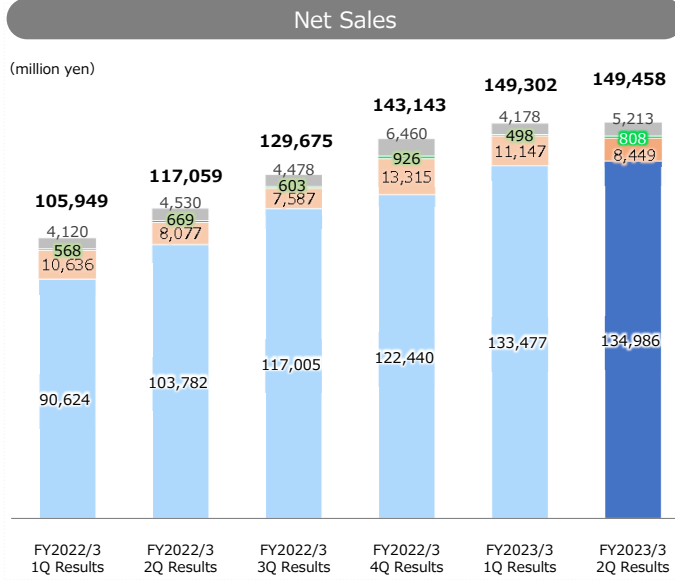
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This is a side-by-side presentation of results by mid-term business segment for Q1 and Q2, with actual results for each three-month period.

Both electronic components and EMS have seen significant increases in sales and profits in Q1 and Q2 compared to the previous year, but you can see that Q1 and Q2 have been almost flat.

As for CSI, there is the slight decrease in sales in Q2. This was due to the significant increase in Q1 with the for new students project and other factors.

Quarterly Net Sales Trends



Total
 YoY : +32,398
 QoQ : +156

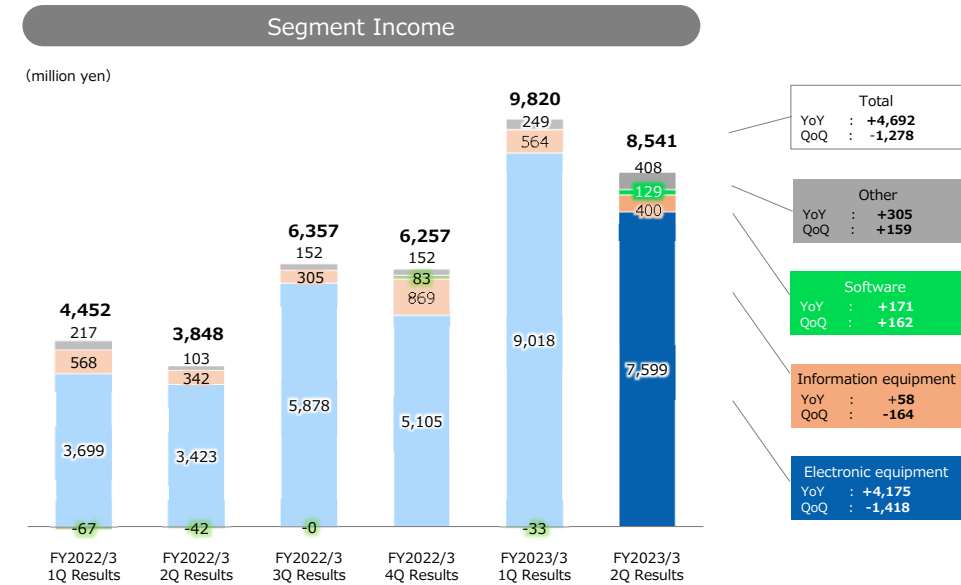
Other
 YoY : +683
 QoQ : +1,035

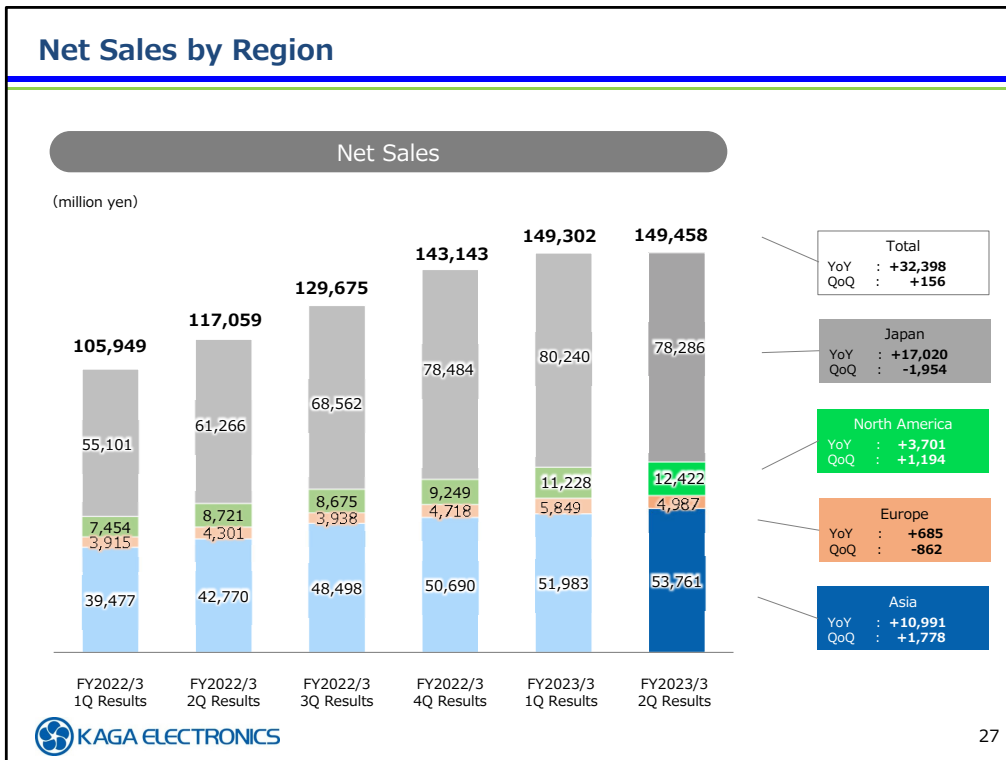
Software
 YoY : +139
 QoQ : +310

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

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

Quarterly Segment Income Trends






Here are the sales by region.

As of Q2 FY2023/03, sales by region were JPY78,286 million in Japan, which is in the gray area. The dark blue area at the bottom is Asia, with sales of JPY53,761 million.

Green is for North America, with sales of JPY12,422 million, and orange is for Europe, with sales of JPY4,987 million.

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

 Note: Forex assumption for 2023/3 3Q onwards 28

Finally, the exchange rate.

The applicable exchange rates as of this Q2 were JPY133.97 for the US dollar, JPY18.94 for Chinese yuan, JPY3.79 for Thai baht, and JPY17.07 for the Hong Kong dollar.

For your reference, the impact of the 1% change in the US dollar exchange rate on sales and operating profit will be JPY584 million in sales and JPY27 million in operating profit; the impact of the Chinese yuan will be JPY147 million in sales and JPY4 million in operating profit; the impact of Thai baht will be JPY145 million in sales and JPY8 million in operating profit; and the impact of the Hong Kong dollar will be JPY98 million in sales and JPY3 million in operating profit.

For FY2023/03, our internal plan assumes exchange rates of JPY130 for the US dollar JPY20 for the Chinese yuan, JPY3.5 for Thai baht and JPY16.5 for the Hong Kong dollar.

As of Q2 FY2023/03, the overall foreign currency transactions accounted is just under half of the total transaction value, and of those foreign currency transactions, just over half were denominated in US dollars.

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



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I have now presented an overview of the financial results for Q2 2023. Thank you for your attention.