

Financial Results Briefing Material

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.

Management Topics

Representative Director,
President & COO

Ryoichi Kado

Review of the new medium-term management plan

IR schedule for revision announcement

- At the announcement of financial results for the fiscal year ending March 31, 2023, in May 2023, revised management targets for the final fiscal year (ending March 31, 2025) of the medium-term management plan will be disclosed together with earnings forecasts for the fiscal year ending March 31, 2024.
- In revising management targets, a comprehensive review of KPIs encompassing not only operating income but also net sales and ROE will be conducted.

Reasons for change of schedule

- To assess the final income level in the fiscal year ending March 31, 2023, as the upward momentum is expected to be maintained to exceed the targets.
- To improve the accuracy of income forecast for the fiscal year ending March 31, 2024, given concerns about downward pressure on earnings from the absence of spot sales, customers' inventory adjustment, and other factors.

EMS Business growth investment: new factory in Malaysia

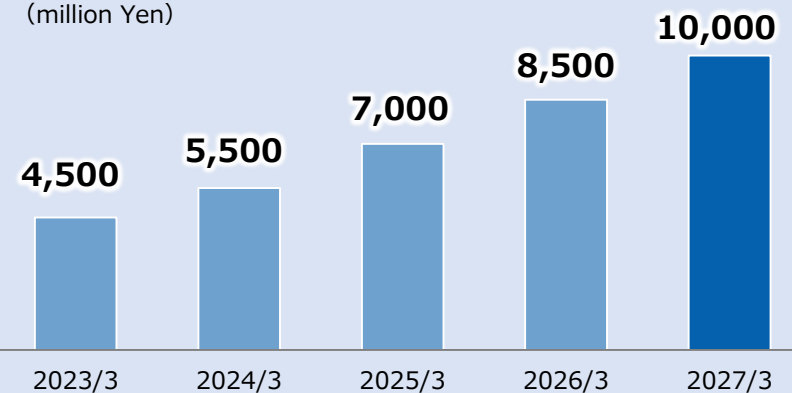


【Outline of the new factory in Malaysia】

Site area	11,300m ²
Floor area	11,150m ²
Number of employee	900 (max. 950)
Scheduled commencement of operations	October, 2022
Items produced	<ul style="list-style-type: none"> • Various power supply products • Sanitary equipment, Industrial equipment, and electrical equipment substrates for consumer electronics

Sales Plan for FY22 to FY26

(million Yen)



EMS Business growth investment: new factory in Turkey

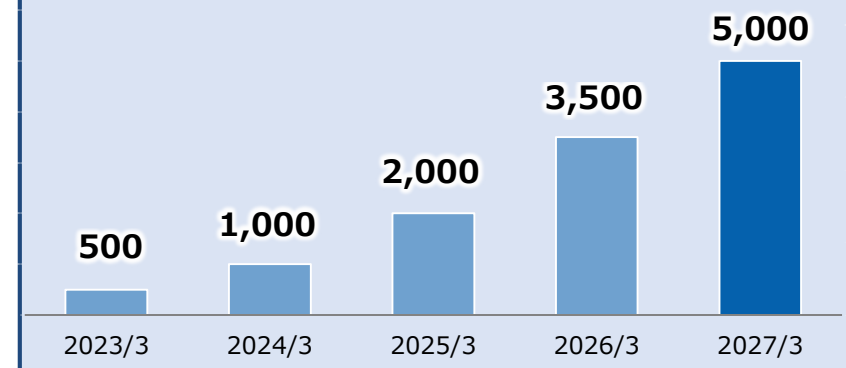


【Outline of the new factory in Turkey】

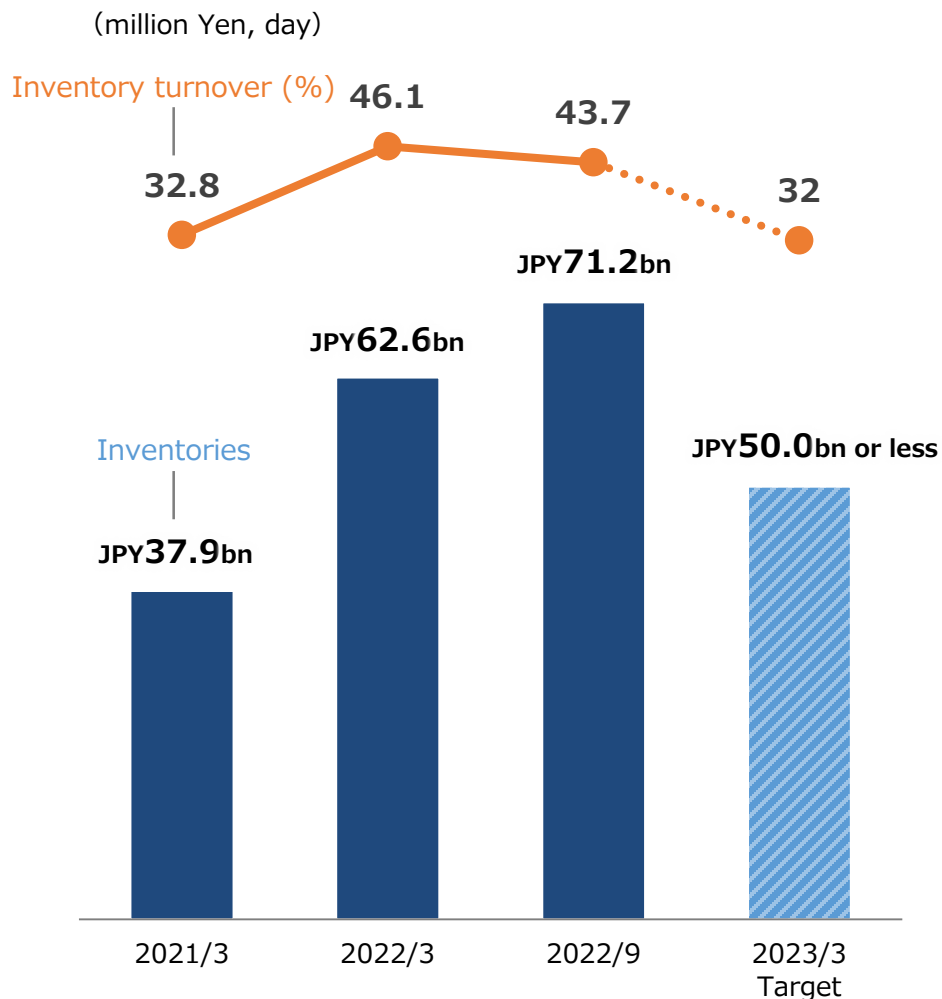
Site area	15,000m ²
Floor area	11,600m ²
Number of employee	330
Scheduled commencement of operations	June, 2023
Items produced	<ul style="list-style-type: none">•Electrical units for air conditioners•Substrates for electric tools•Automotive equipment substrates

Sales Plan for FY22 to FY26

(million Yen)



Inventory reduction



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

Background to inventory buildup

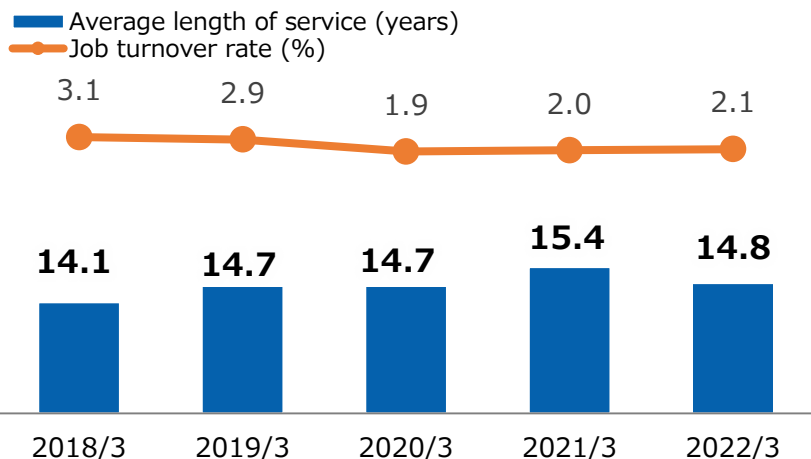
- ▶ Prolonged global supply shortages of semiconductors and electronic components, and extended lead time
- ▶ Components sales business: secured sales volume to respond to advanced and duplicate orders from customers
- ▶ EMS business: increase in work in progress and secured safety stock as part of BCP

Policy and target for the reduction

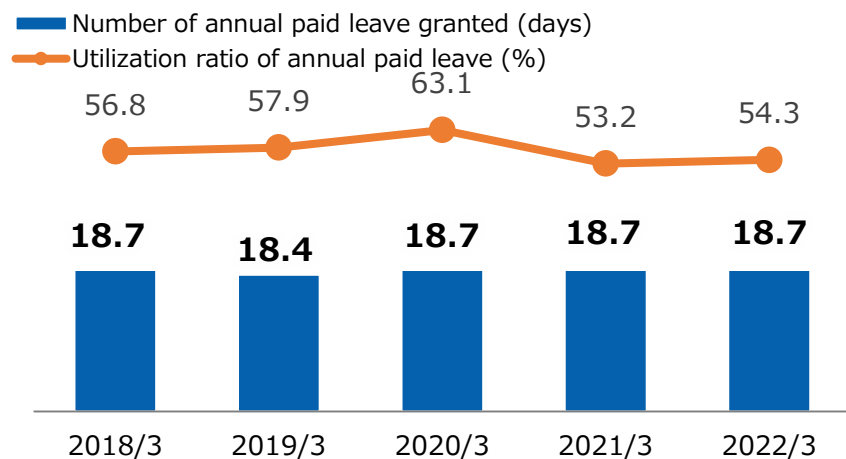
- ▶ Components sales business: targeting 15 days in inventory
- ▶ EMS business: targeting 45 days in inventory
- ▶ By achieving the above, targeting inventory level of ¥50 billion or less and 30 days in inventory at March 31, 2023

Human capital investment: from the Integrated Report 2022

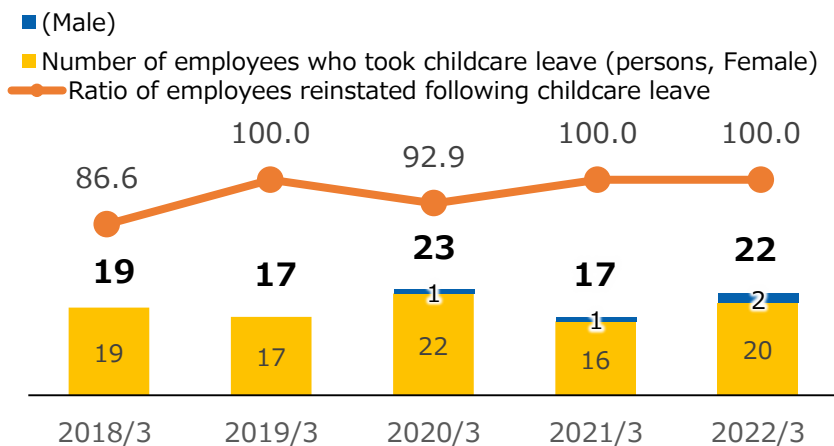
Average length of service / Job turnover rate



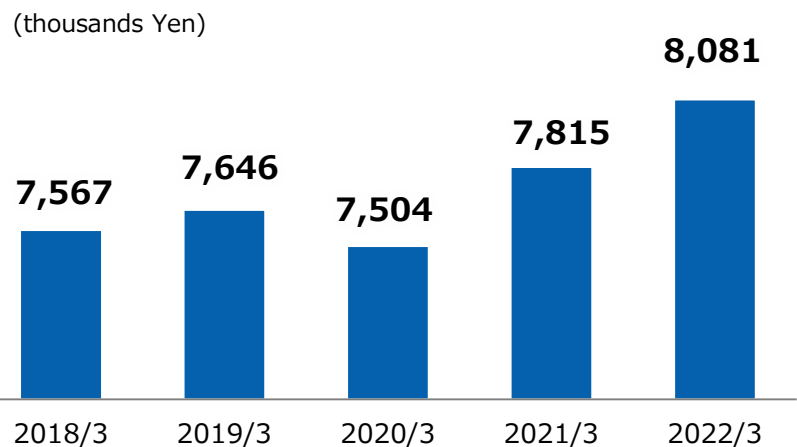
Number of annual paid leave granted / Utilization ratio of annual paid leave



Number of employees who took childcare leave / Ratio of employees reinstated following childcare leave

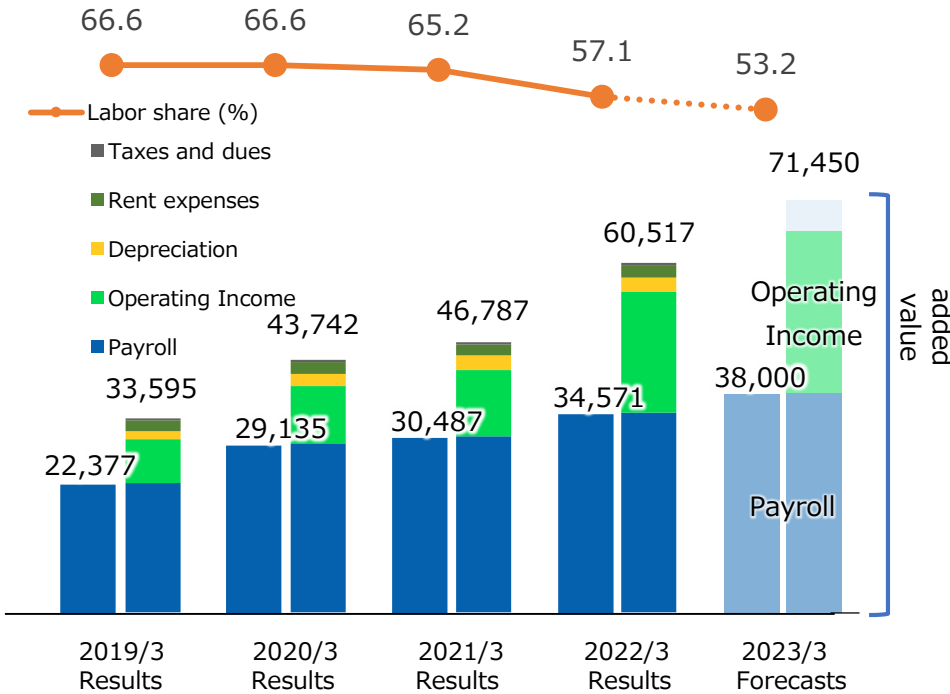


Average annual wage (including bonus)



Distribution and return of profits to stakeholders

Labor share



Monthly salary: aiming for industry's top level

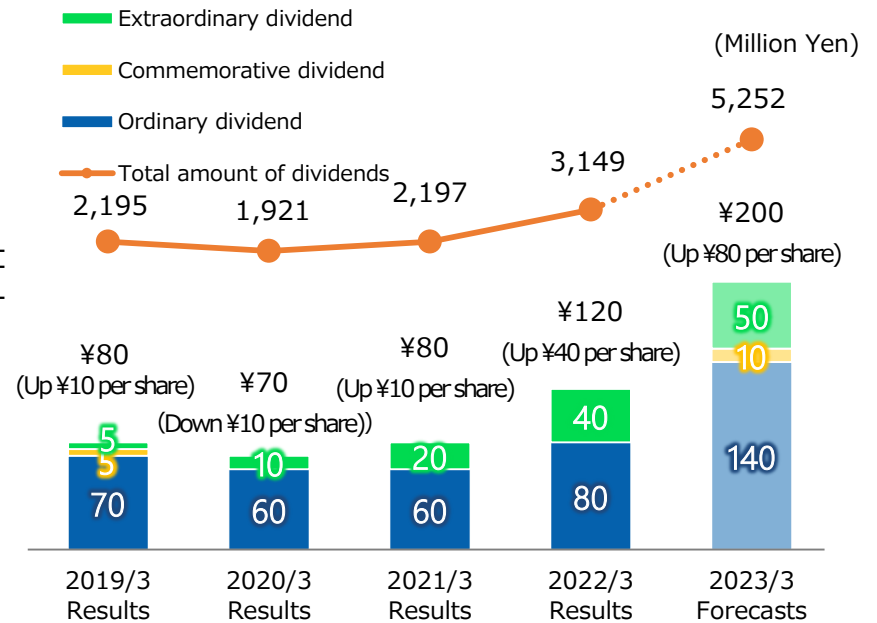


Periodic bonus (summer/winter): focus on stability



Fiscal year-end bonus: focus on performance linkage

Dividend per share & Total dividends



Ordinary dividend: focus on stability and continuity



Extraordinary dividend: focus on performance linkage



Commemorative dividend: focus on event elements such as anniversaries

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



20 Kandamatsunagacho, Chiyoda-ku, Tokyo 101-8629

Contact: Investor Relations & Public Relations Office

TEL: +81-3-5657-0106

FAX: +81-3-3254-7133

E-mail : webmaster@taxan.co.jp

<https://www.taxan.co.jp/en/>