

Financial Results Briefing Material

for the First Half of the
Fiscal Year Ending March 2025

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

November 28, 2024

KAGA ELECTRONICS CO., LTD.

Consolidated Financial Results

for the First Half of the
Fiscal Year Ending March 2025

Senior Executive Officer
Head of Administration Headquarters
Yasuhiro Ishihara

Summary of Financial Results for FY2025/3 2Q

FY2025/3 2Q results

- Net sales: decreased by 15.9 billion yen or 5.8% YoY to 259.0 billion yen.
The electronic components business was still affected by the impact of prolonged inventory adjustments at key customers and diminution of transactions with a certain major customer.
- Operating income: decreased by 2.3 billion yen or 17.1% YoY to 11.5 billion yen.
While improved product mix kept gross profit decline to 2.9% year on year, SG&A expenses increased due partly to increase in personnel expenses resulting from implementation of wage increases and rising logistics costs.
- Ordinary income: decreased by 2.6 billion yen or 19.1% YoY to 11.2 billion yen.
The decrease was due primarily to recording of foreign exchange losses (net negative impact of 0.7 billion yen YoY).
- Net profit: decreased by 3.4 billion yen or 30.4% YoY to 7.9 billion yen.
The decrease reflected absence of 1.07 billion yen in gain on sale of investment securities and 0.48 billion yen in gain on bargain purchase associated with a corporate acquisition recorded a year ago.
- First-half results comparison with internal plan: net sales +4.0 billion yen, operating income +1.5 billion yen.
Upward momentum in 1Q was maintained.

FY2025/3 earnings forecast

- Maintaining full-year earnings forecasts announced on May 9, 2024.
While prolonged inventory adjustment is a concern, the outlook is for this trend to gradually ease in the second half and demand to start recovering.

	Net Sales	Operating income	Net income
FY2025/3 Forecasts	JPY 550.0 bn	JPY 26.0 bn	JPY 18.0 bn
2Q Progress rate	46.7%	44.2%	44.1%

Financial Highlights for FY2025/3 2Q

(million yen)

	FY2024/3 2Q Results	FY2025/3 2Q Results	YoY	FY2025/3 Forecasts (Announced on May 9, 2024)	Progress rate
Net sales	275,044	259,064	-5.8%	555,000	46.7%
Gross Profit	35,160 <i>12.8%</i>	34,133 <i>13.2%</i>	-2.9%	–	–
SG&A	21,284 <i>7.7%</i>	22,631 <i>8.7%</i>	6.3%	–	–
Operating income	13,876 <i>5.0%</i>	11,501 <i>4.4%</i>	-17.1%	26,000 <i>4.7%</i>	44.2%
Ordinary income	13,945 <i>5.1%</i>	11,278 <i>4.4%</i>	-19.1%	26,000 <i>4.7%</i>	43.4%
Profit attributable to owners of parent	11,404 <i>4.1%</i>	7,941 <i>3.1%</i>	-30.4%	18,000 <i>3.2%</i>	44.1%
EPS (yen) *2	217.11	151.15	–	342.63	–
Exchange Rate yen / USD	141.00	152.63	–	145.00	–

- Note: 1. The effect of exchange rates on the conversion into yen is approximately 7,992 million yen on net sales and 253 million yen on operating income.
 2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. EPS is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2024.
 3. "x. x%" represents the ratio to net sales.

Results by Business Segment for FY2025/3 2Q

(million yen)

		FY2024/3 2Q Results	FY2025/3 2Q Results	YoY	FY2025/3 Forecasts <small>(Announced on May 9, 2024)</small>	Progress rate
Electronic Component	Net sales	242,564	225,866	-6.9%	482,500	46.8%
	Segment income	11,785 <i>4.9%</i>	8,679 <i>3.8%</i>	-26.4%	20,900 <i>4.3%</i>	41.5%
Information Equipment	Net sales	20,715	18,633	-10.1%	45,000	41.4%
	Segment income	1,280 <i>6.2%</i>	1,392 <i>7.5%</i>	8.7%	3,000 <i>6.7%</i>	46.4%
Software	Net sales	1,225	1,471	20.1%	3,000	49.1%
	Segment income	112 <i>9.2%</i>	256 <i>17.4%</i>	127.2%	400 <i>13.3%</i>	64.2%
Others	Net sales	10,539	13,093	24.2%	24,500	53.4%
	Segment income	623 <i>5.9%</i>	1,094 <i>8.4%</i>	75.6%	1,700 <i>6.9%</i>	64.4%
Total	Net sales	275,044	259,064	-5.8%	555,000	46.7%
	Segment income	13,876 <i>5.0%</i>	11,501 <i>4.4%</i>	-17.1%	26,000 <i>4.7%</i>	44.2%

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.

Results by Company for FY2025/3 2Q

(million yen)

		FY2024/3 2Q Results	FY2025/3 2Q Results	YoY
Kaga Electronics	Net sales	156,408	148,154	-5.3%
	Gross Profit	23,651 <i>15.1%</i>	23,685 <i>16.0%</i>	0.1%
	Operating income	10,568 <i>6.8%</i>	9,689 <i>6.5%</i>	-8.3%
Kaga FEI	Net sales	98,766	96,783	-2.0%
	Gross Profit	9,632 <i>9.8%</i>	8,678 <i>9.0%</i>	-9.9%
	Operating income	2,422 <i>2.5%</i>	991 <i>1.0%</i>	-59.1%
Excel	Net sales	19,869	14,127	-28.9%
	Gross Profit	1,925 <i>9.7%</i>	1,735 <i>12.3%</i>	-9.9%
	Operating income	865 <i>4.4%</i>	693 <i>4.9%</i>	-19.8%
Total	Net sales	275,044	259,064	-5.8%
	Gross Profit	35,160 <i>12.8%</i>	34,133 <i>13.2%</i>	-2.9%
	Operating income	13,876 <i>5.0%</i>	11,501 <i>4.4%</i>	-17.1%

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

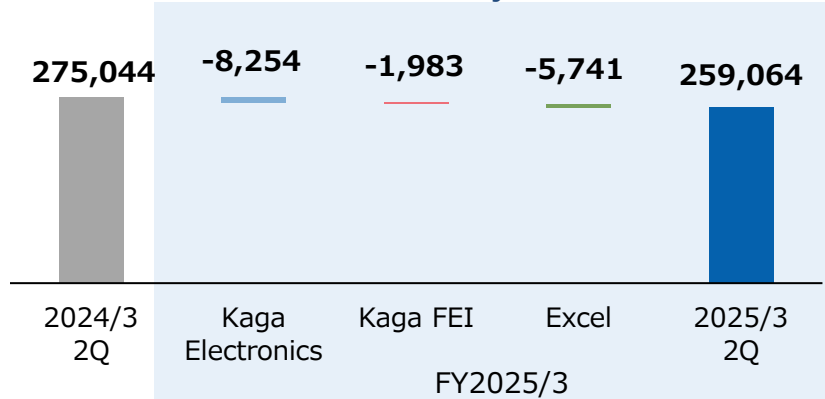
2. "x. x%" represents the profit margin.

Analysis of Changes in Net Sales through Operating Income by Corporate Group for FY2025/3 2Q

(million yen)

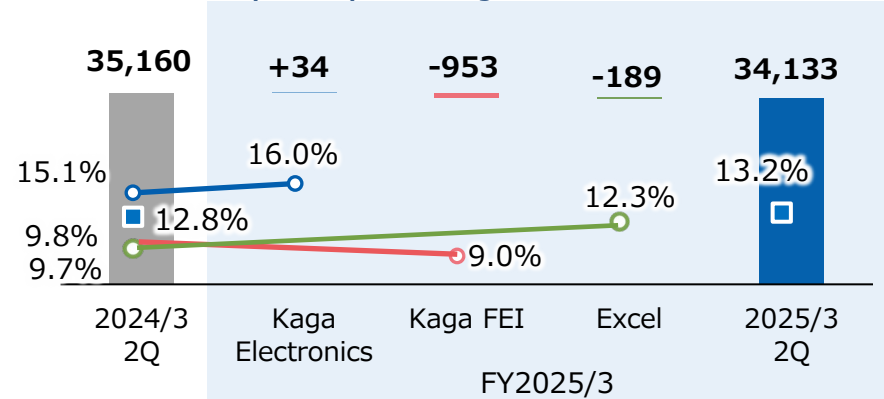
Net Sales

Kaga Electronics and Kaga FEI posted sales decrease due partly to impact of inventory adjustments. Excel saw a decrease in sales to a major customer.



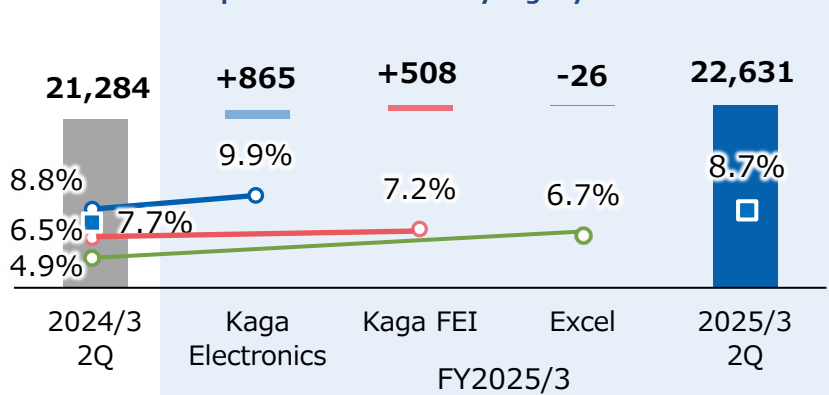
Gross profit / Gross profit margin

Kaga Electronics' gross profit remained flat. Kaga FEI and Excel recorded gross profit decrease due to lower sales. Kaga Electronics and Excel improved profit margin due to better sales mix.



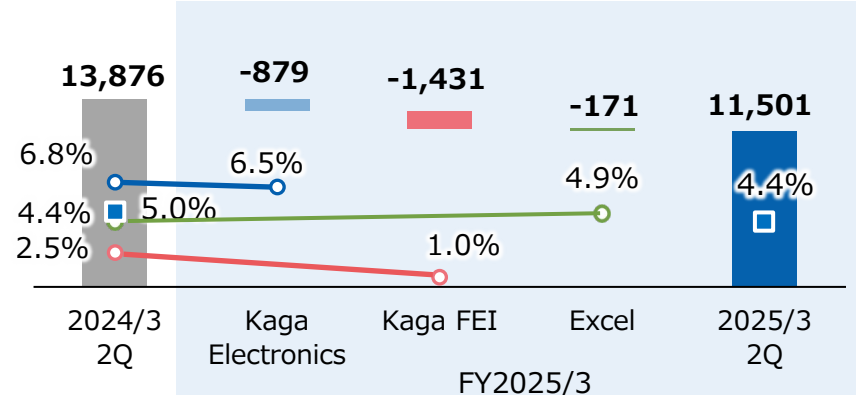
SG&A / SG&A ratio

Personnel expenses increased in all three companies due to implementation of wage increases. Despite the impact of wage increases, Excel's SG&A expenses decreased only slightly due to lower sales.



Operating income / Operating income margin

Kaga Electronics' operating income decrease was due primarily to increase in SG&A expenses. At Kaga FEI and Excel, gross profit decline was an additional factor that led to income decrease.

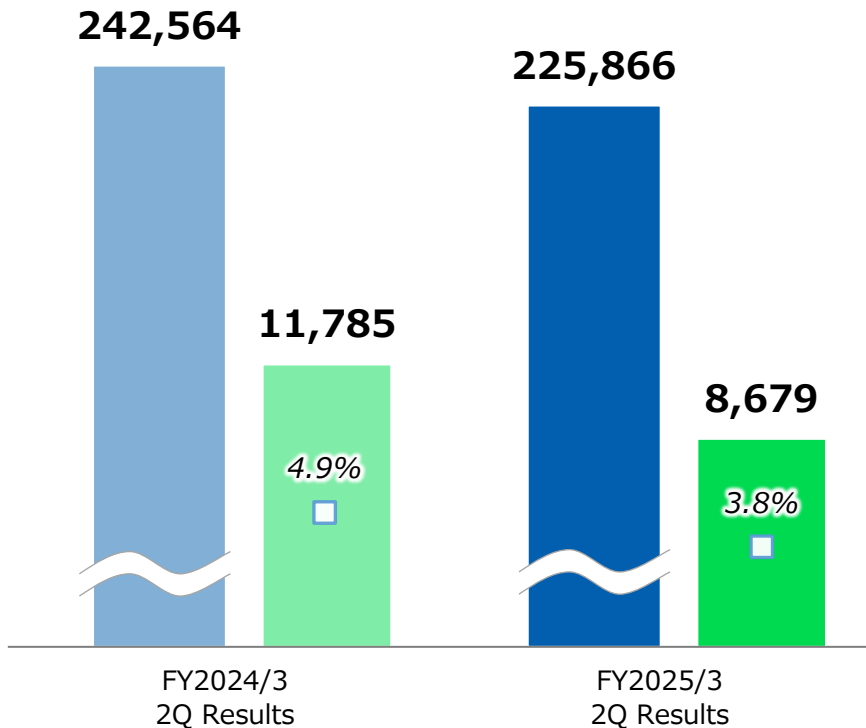


Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

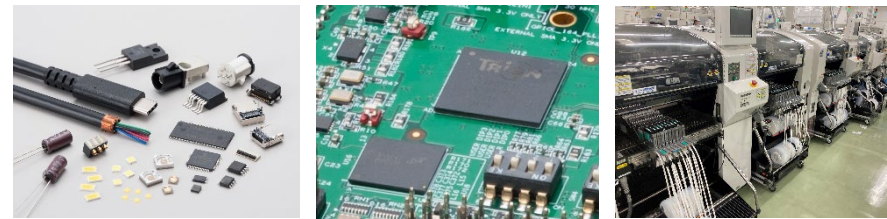
■/■ Net Sales
■/■ Segment income



YoY

- Net Sales ▶ **-16,698**million yen **6.9%Down**
- Segment income ▶ **-3,105**million yen **26.4%Down**

- Both net sales and income decreased in the component sales business due largely to the impact of inventory adjustments at key customers and diminution of transactions with a certain major customer of Excel.
- Kaga FEI's SoC (System on Chip) products continued to enjoy solid sales.
- EMS business increased sales and profit, due to strong sales in automotive sector and recovery in industrial equipment sector. Even sales to air conditioning equipment sector starts to show positive sign of recovery since the second quarter while being affected by inventory adjustments at major customers.

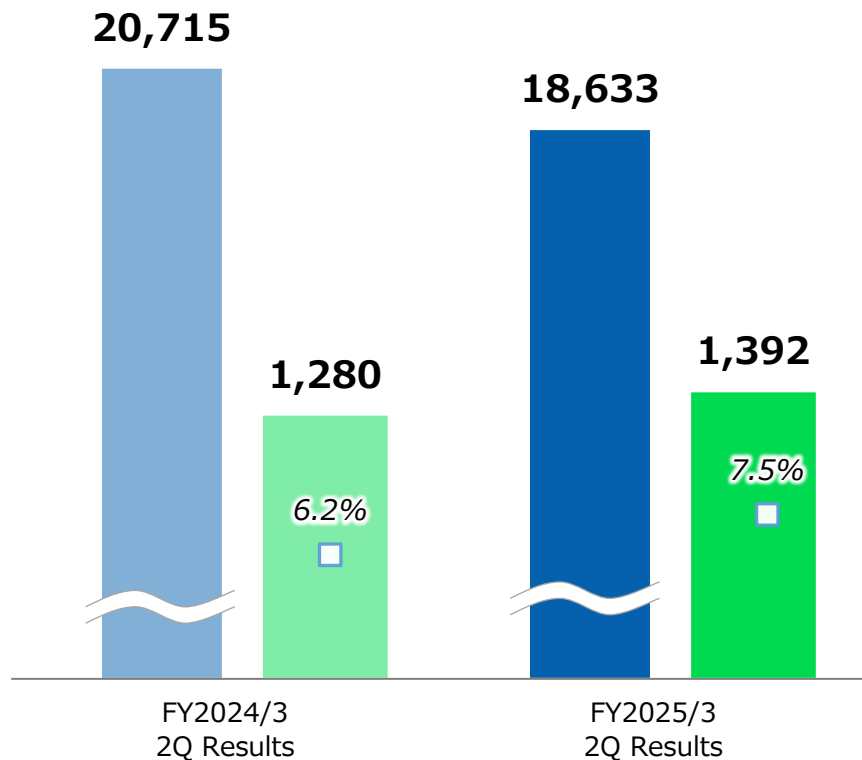


Financial Highlights: Information Equipment Segment

Net sales/Segment income

(million yen)

■/■ Net Sales
■/■ Segment income



YoY

- Net Sales ▶ **-2,082**million yen **10.1%Down**
- Segment income ▶ **+111**million yen **8.7%Up**

- Sales of PCs for educational institutions remained strong, in contrast to sluggish sales of PCs for mass retailers due to a reduction in product lines by a major PC supplier.
- Segment income increased due notably to robust sales of security software.
- The LED installation business enjoyed contribution from sales of large-scale projects that the Group has been pushing forward on a full scale since the previous fiscal year.



Financial Highlights for FY2025/3 2Q (3 months)

Reference

(million yen)

	FY2024/3 2Q Results	FY2025/3 1Q Results	FY2025/3 2Q Results	YoY	QoQ
Net sales	137,350	128,638	130,426	-5.0%	1.4%
Gross Profit	17,607 <i>12.8%</i>	16,980 <i>13.2%</i>	17,152 <i>13.2%</i>	-2.6%	1.0%
SG&A	10,725 <i>7.8%</i>	11,430 <i>8.9%</i>	11,200 <i>8.6%</i>	4.4%	-2.0%
Operating income	6,882 <i>5.0%</i>	5,550 <i>4.3%</i>	5,951 <i>4.6%</i>	-13.5%	7.2%
Ordinary income	7,035 <i>5.1%</i>	6,045 <i>4.7%</i>	5,232 <i>4.0%</i>	-25.6%	-13.5%
Profit attributable to owners of parent	5,636 <i>4.1%</i>	4,127 <i>3.2%</i>	3,814 <i>2.9%</i>	-32.3%	-7.6%
EPS (yen) *2	107.30 –	78.56 –	72.59 –	–	–

- Note: 1. The effect of exchange rates on the conversion into yen is approximately 3,898 million yen on net sales and 117 million yen on operating income.
 2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. EPS is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2024.
 3. "x. x%" represents the ratio to net sales.

Results by Business Segment for FY2025/3 2Q (3 months)

Reference

(million yen)

		FY2024/3 2Q Results	FY2025/3 1Q Results	FY2025/3 2Q Results	YoY	QoQ
Electronic Component	Net sales	122,549	111,320	114,545	-6.5%	2.9%
	Segment income	5,862 <i>4.8%</i>	4,331 <i>3.9%</i>	4,348 <i>3.8%</i>	-25.8%	0.4%
Information Equipment	Net sales	8,664	10,606	8,026	-7.4%	-24.3%
	Segment income	533 <i>6.2%</i>	639 <i>6.0%</i>	753 <i>9.4%</i>	41.1%	17.8%
Software	Net sales	647	631	840	29.7%	33.1%
	Segment income	117 <i>18.1%</i>	35 <i>5.6%</i>	221 <i>26.3%</i>	88.4%	527.9%
Others	Net sales	5,488	6,079	7,013	27.8%	15.4%
	Segment income	331 <i>6.0%</i>	461 <i>7.6%</i>	633 <i>9.0%</i>	90.8%	37.2%
Total	Net sales	137,350	128,638	130,426	-5.0%	1.4%
	Segment income	6,882 <i>5.0%</i>	5,550 <i>4.3%</i>	5,951 <i>4.6%</i>	-13.5%	7.2%

- 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.

Results by Company for FY2025/3 2Q (3 months)

Reference

(million yen)

		FY2024/3 2Q Results	FY2025/3 1Q Results	FY2025/3 2Q Results	YoY	QoQ
Kaga Electronics	Net sales	77,792	73,621	74,532	-4.2%	1.2%
	Gross Profit	11,504 <i>14.8%</i>	11,595 <i>15.8%</i>	12,089 <i>16.2%</i>	5.1%	4.3%
	Operating income	4,905 <i>6.3%</i>	4,423 <i>6.0%</i>	5,266 <i>7.1%</i>	7.4%	19.1%
Kaga FEI	Net sales	50,631	48,663	48,119	-5.0%	-1.1%
	Gross Profit	5,252 <i>10.4%</i>	4,616 <i>9.5%</i>	4,062 <i>8.4%</i>	-22.7%	-12.0%
	Operating income	1,625 <i>3.2%</i>	831 <i>1.7%</i>	160 <i>0.3%</i>	-90.2%	-80.7%
Excel	Net sales	8,925	6,352	7,774	-12.9%	22.4%
	Gross Profit	910 <i>10.2%</i>	785 <i>12.4%</i>	949 <i>12.2%</i>	4.3%	20.9%
	Operating income	379 <i>4.3%</i>	268 <i>4.2%</i>	424 <i>5.5%</i>	11.9%	58.2%
Total	Net sales	137,350	128,638	130,426	-5.0%	1.4%
	Gross Profit	17,607 <i>12.8%</i>	16,980 <i>13.2%</i>	17,152 <i>13.2%</i>	-2.6%	1.0%
	Operating income	6,882 <i>5.0%</i>	5,550 <i>4.3%</i>	5,951 <i>4.6%</i>	-13.5%	7.2%

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.

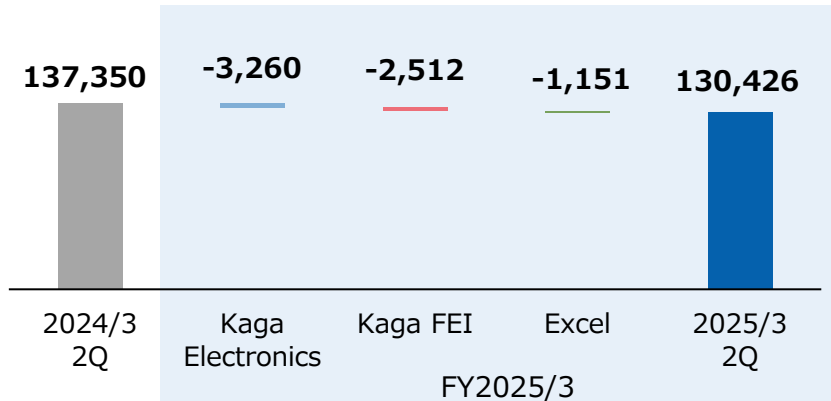
Analysis of Changes in Net Sales through Operating Income by Corporate Group for FY2025/3 2Q (3 months)

Reference

(million yen)

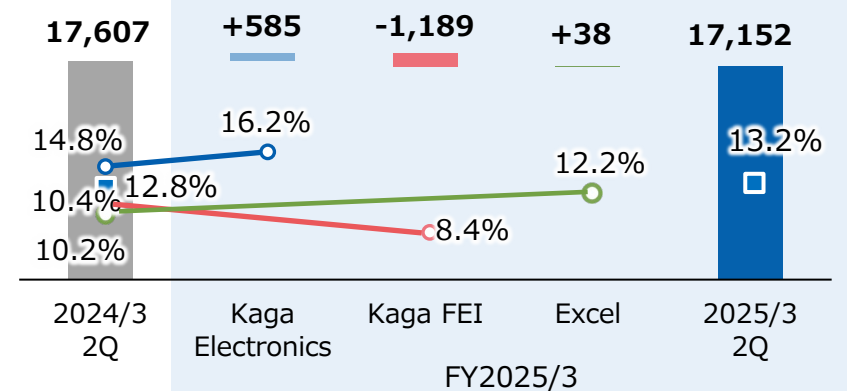
Net Sales

All three companies recorded a decrease in net sales due to a sales decrease in the electronic components business.



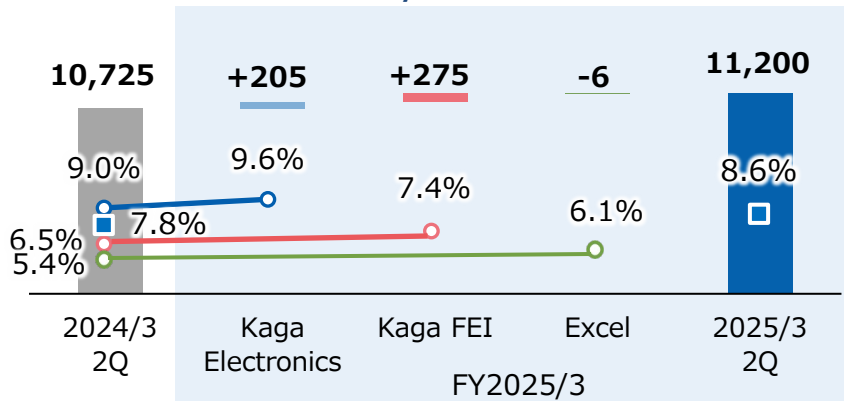
Gross profit / Gross profit margin

Both Kaga Electronics and Excel increased gross profit due to sales increase in EMS business and better sales mix, despite lower net sales. Kaga FEI recorded gross profit decrease due to sales decrease.



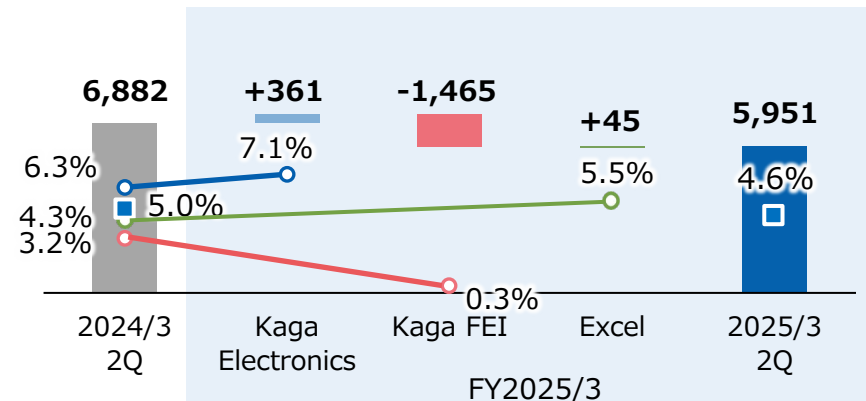
SG&A / SG&A ratio

Increase in personnel expenses had an impact on all three companies, but Excel maintained its SG&A expenses at roughly last year's level.



Operating income / Operating income margin

Kaga Electronics and Excel secured increase in operating income. Kaga FEI recorded income decrease due to gross profit decline.



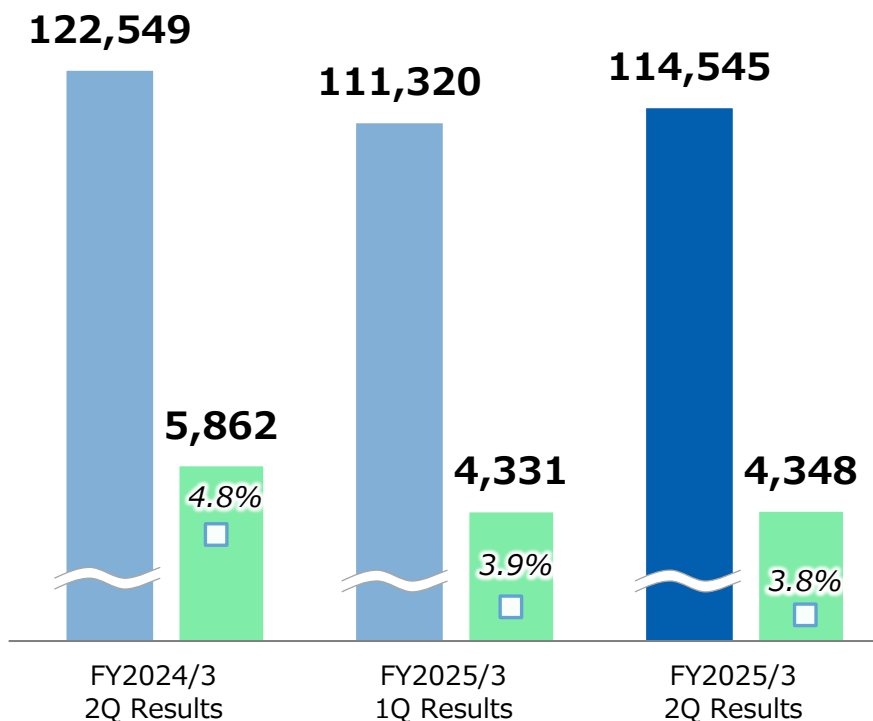
Financial Highlights: Electronic Component Segment (3 months)

Reference

Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



YoY

- Net Sales ▶ **-8,003**million yen **6.5%Down**
- Segment income ▶ **-1,514**million yen **25.8%Down**

QoQ

- Net Sales ▶ **+3,225**million yen **2.9%Up**
- Segment income ▶ **+16**million yen **0.4%Up**

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

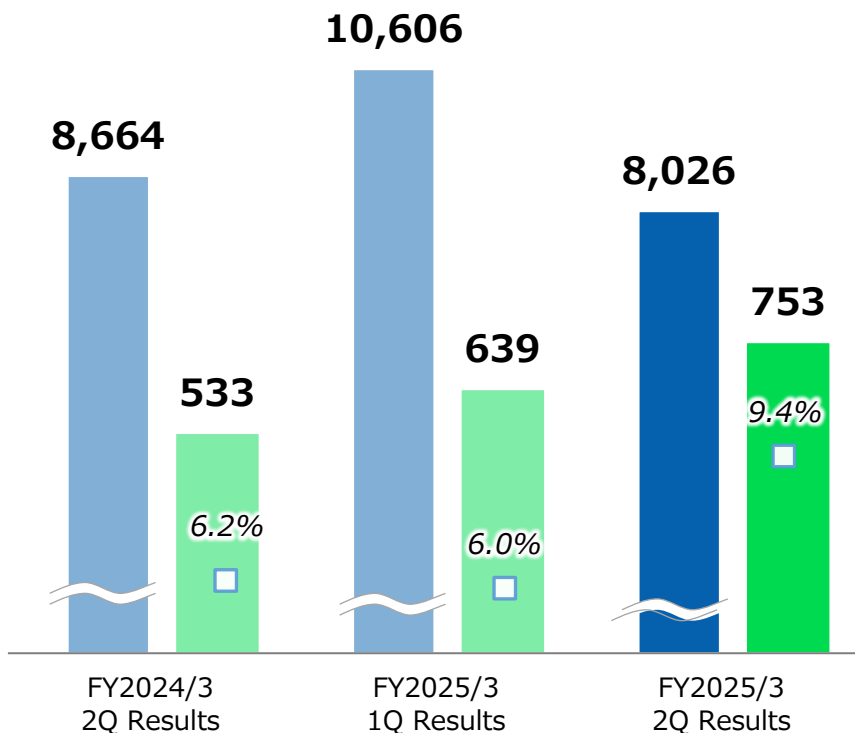
Financial Highlights: Information Equipment Segment (3 months)

Reference

Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



YoY

- Net Sales ▶ **-638**million yen **7.4%Down**
- Segment income ▶ **+219**million yen **41.1%Up**

QoQ

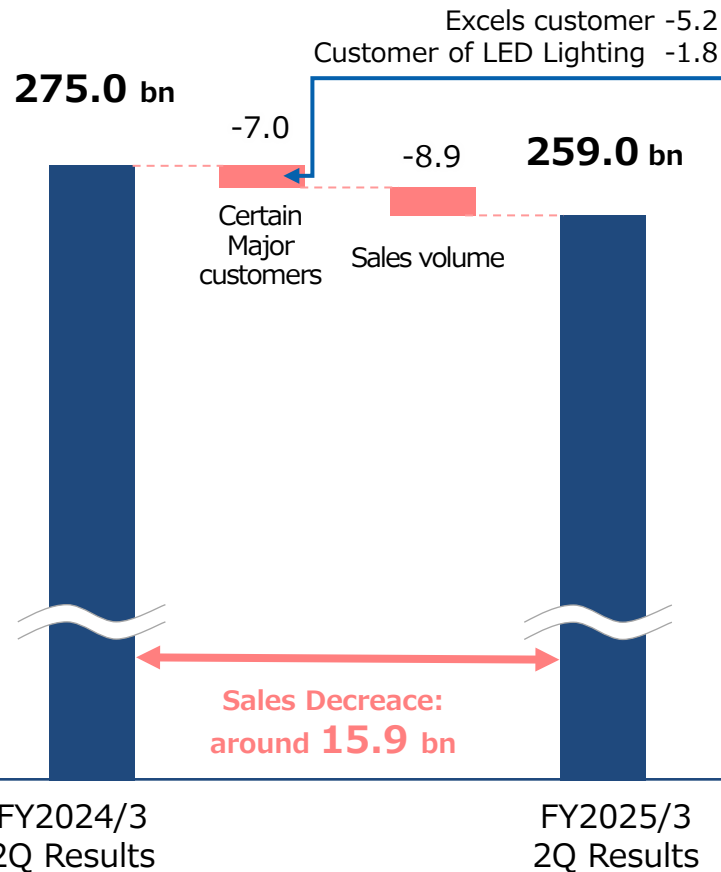
- Net Sales ▶ **-2,579**million yen **24.3%Down**
- Segment income ▶ **+113**million yen **17.8%Up**

Analysis of Changes in Net Sales and Operating Income for FY2025/3 2Q

Reference

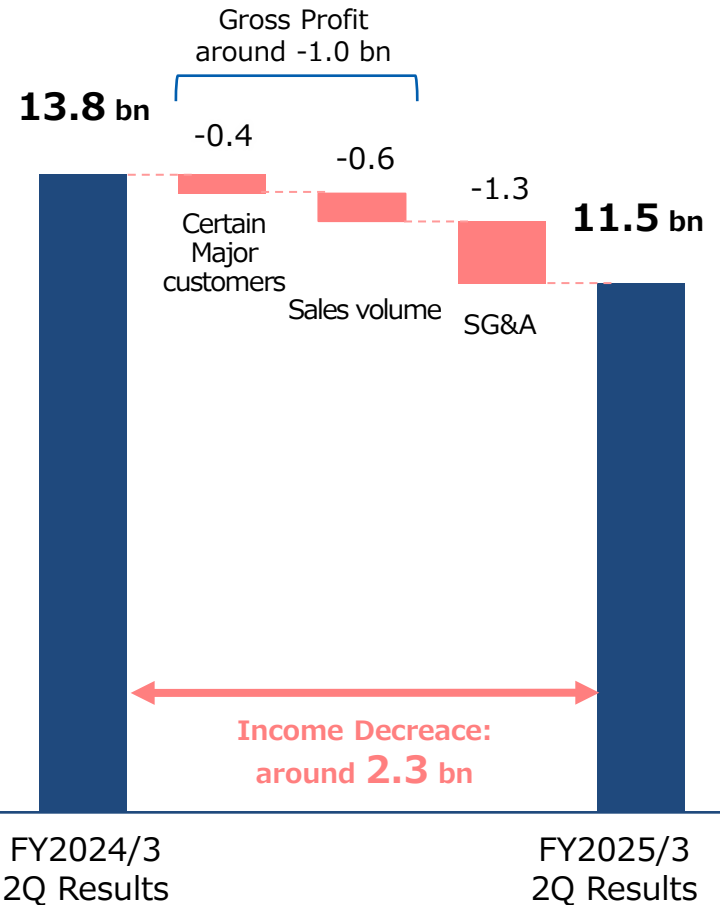
Net Sales

(billion yen)



Operating Income

(billion yen)



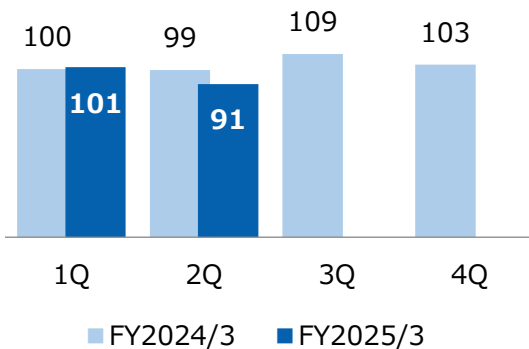
Trends in Sales to Key Customers

Reference

Company A in automotive sector

YoY: -8.4%

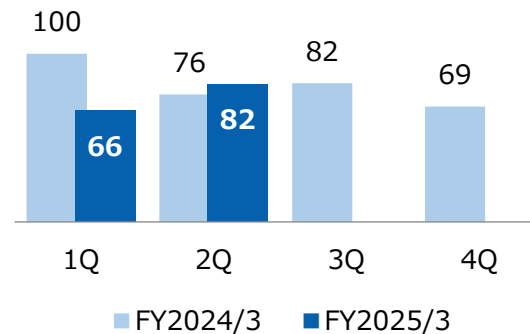
QoQ: -9.5%



Company B in air-conditioner sector

YoY: +8.3%

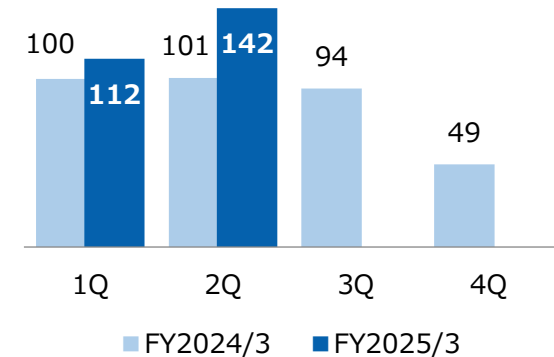
QoQ: +23.7%



Company C in office-equipment sector

YoY: +42.1%

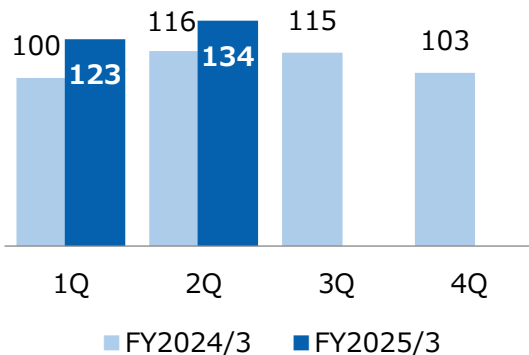
QoQ: +26.4%



Company D in automotive sector

YoY: +15.3%

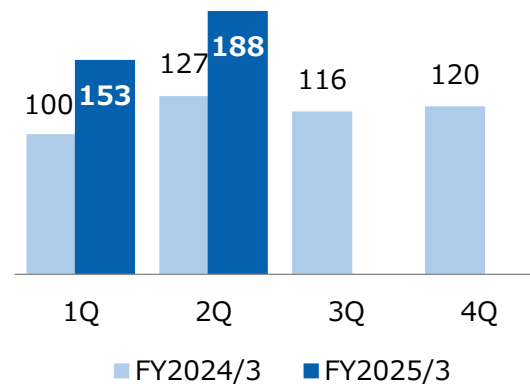
QoQ: +8.5%



Company E in industrial-equipment sector

YoY: +47.7%

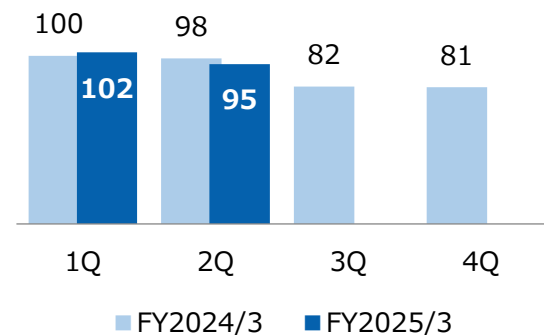
QoQ: +23.0%



Company F in medical-equipment sector

YoY: -3.2%

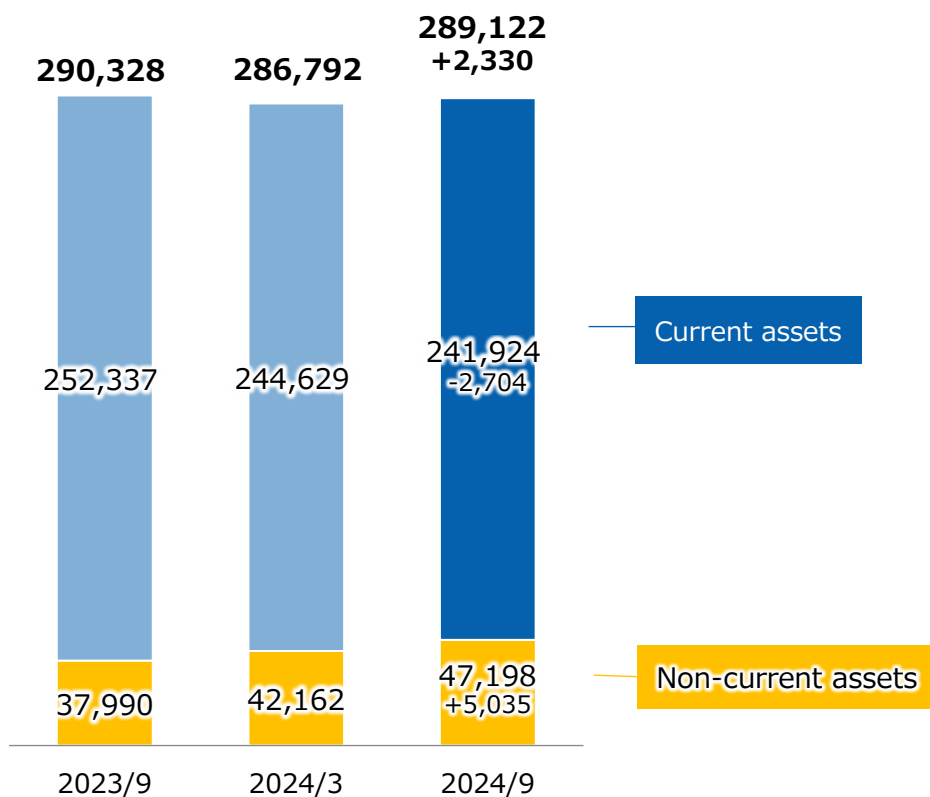
QoQ: -6.6%



Balance Sheet Main Items

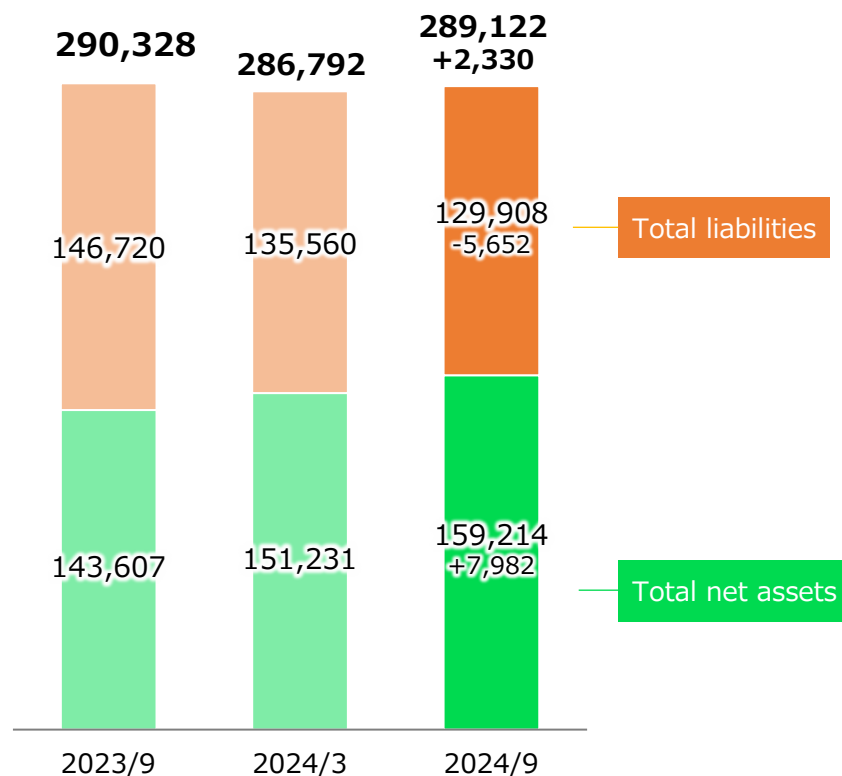
Total assets

(million yen)



Total liabilities and net assets

(million yen)



Balance Sheet Main Items

Inventories

(million Yen, day)

— Inventory turnover

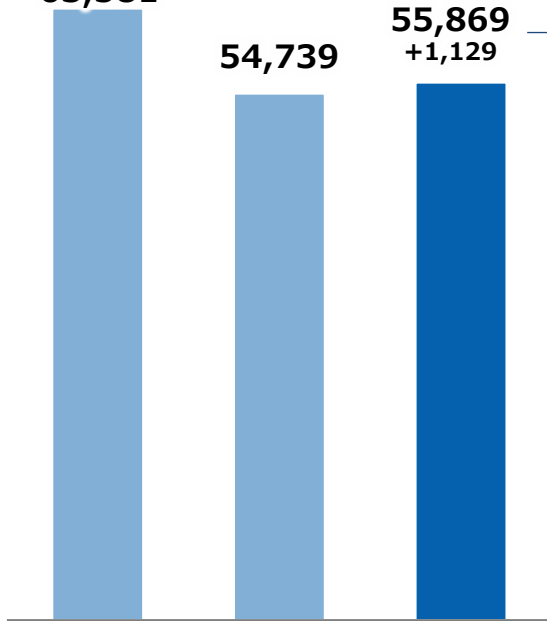


63,581

54,739

55,869
+1,129

Inventories



2023/9

2024/3

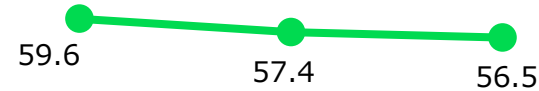
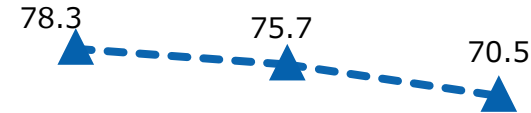
2024/9

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

Accounts receivable/Accounts payable

(million Yen, day)

— A/R turnover



— A/P turnover

117,752

112,574

99,858
-12,716

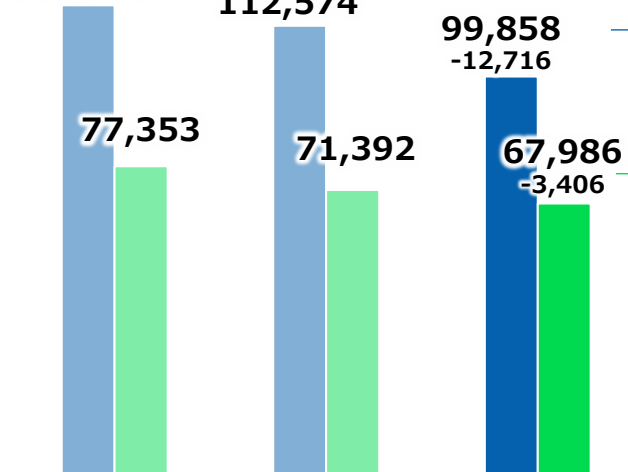
Notes and A/R

77,353

71,392

67,986
-3,406

Notes and A/P



2023/9

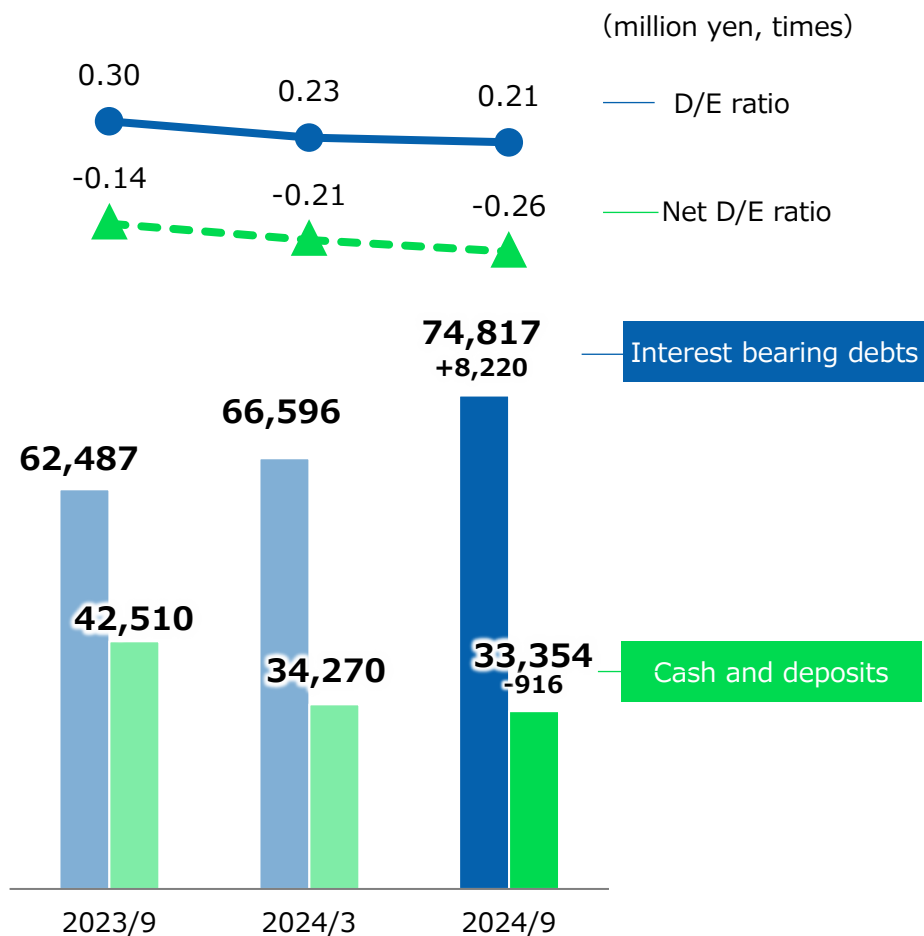
2024/3

2024/9

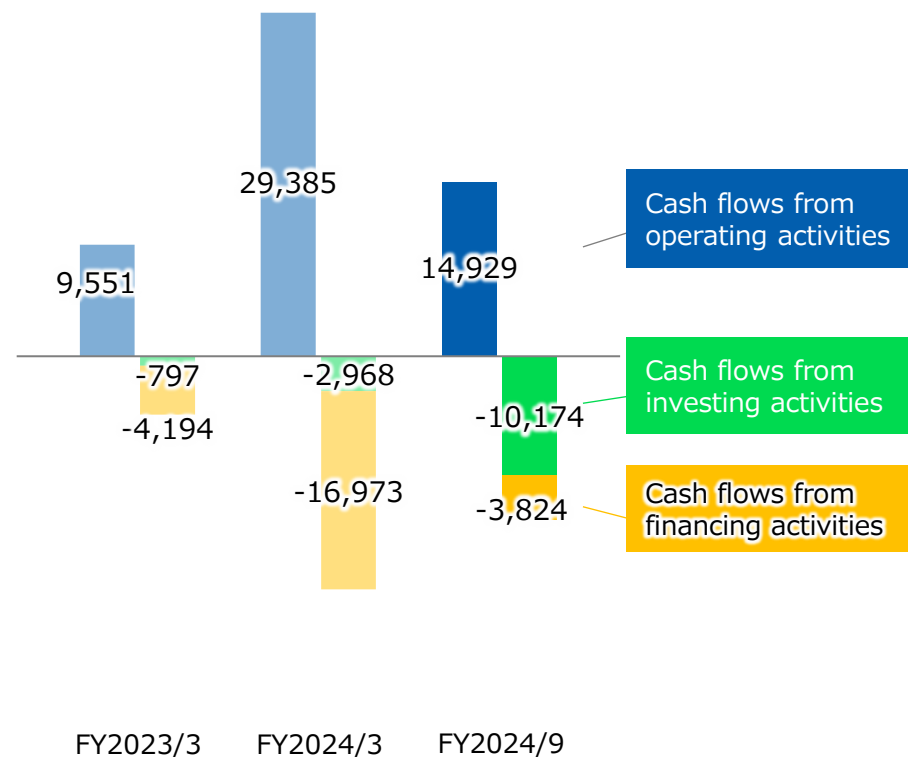
Notes : 1. •Notes and A/R are amounts including Electronically recorded monetary claims-operating
 2. •Notes and A/P are amounts including Electronically recorded obligations - operating
 3. •A/R turnover = Notes and A/R ÷ Net sales × 183 (day)
 4. •A/P turnover = Notes and A/P ÷ Total purchase of goods × 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 FY2025/3

Forecasts for FY2025/3

(million yen)

		FY2024/3 Results	FY2025/3 Forecasts	YoY
Net sales		542,697	555,000	2.3%
Operating income		25,845 <i>4.8%</i>	26,000 <i>4.7%</i>	0.6%
Ordinary income		25,976 <i>4.8%</i>	26,000 <i>4.7%</i>	0.1%
Profit attributable to owners of parent		20,345 <i>3.7%</i>	18,000 <i>3.2%</i>	-11.5%
EPS (yen) *1		387.30	342.63	—
ROE		14.5%	11.5%	-3.0pt
Annual Dividends (yen)*2	Interim	110.00	110.00	—
	Full year	110.00	55.00	—

Note: 1. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. EPS is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2024.

2. The amount of the year-end dividend per share presented above for the fiscal year ending March 2025 (forecast) takes into account the effect of the stock split. If the stock split is not taken into account, the year-end dividend per share for the fiscal year ending March 2025 (forecast) would be 110.00 yen.

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

Forecasts by Business Segment for FY2025/3

(million yen)

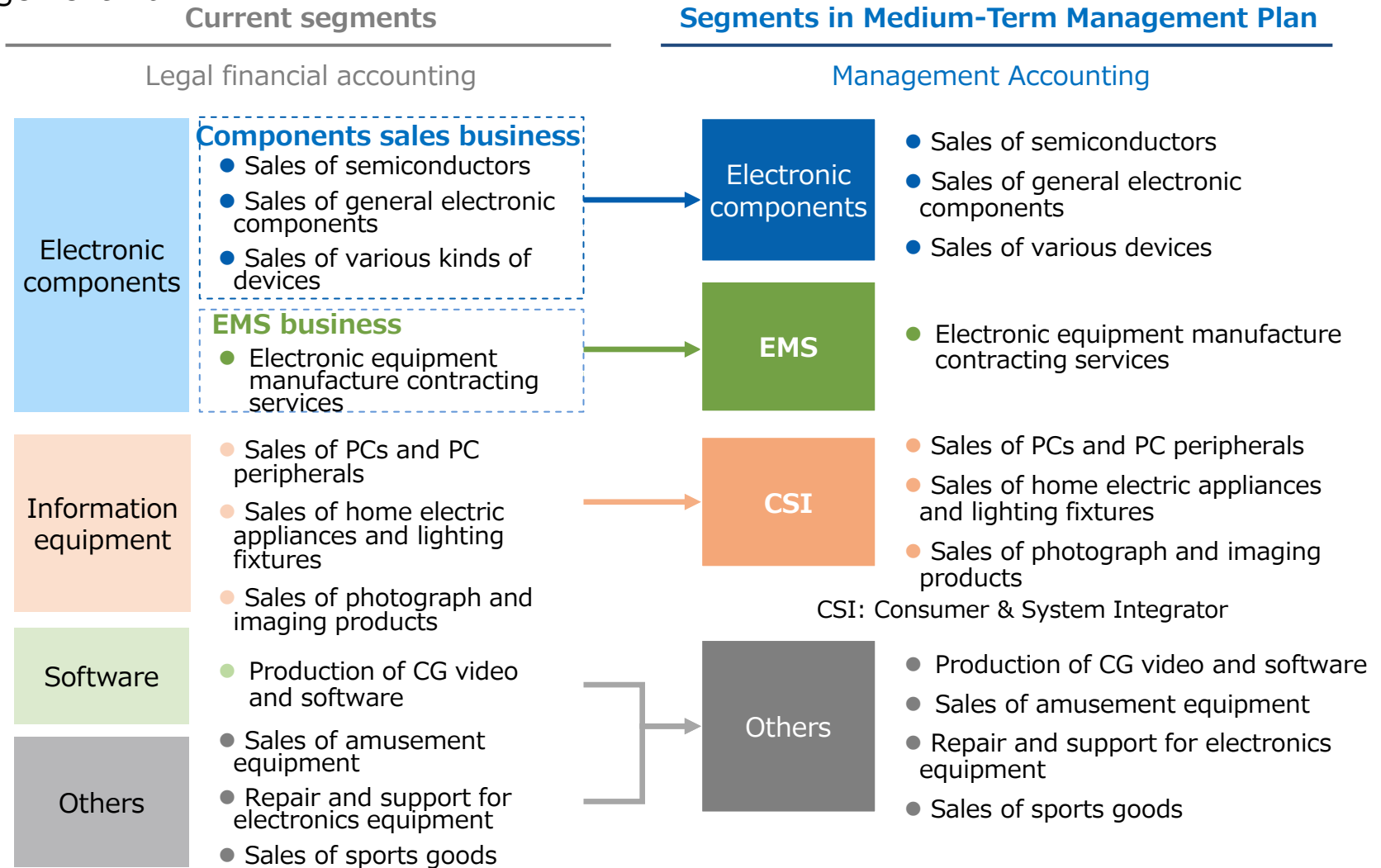
		FY2024/3 Results	FY2025/3 Forecasts	YoY
Electronic Component	Net sales	472,583	482,500	2.1%
	Segment income	20,887 <i>4.4%</i>	20,900 <i>4.3%</i>	0.1%
Information Equipment	Net sales	44,305	45,000	1.6%
	Segment income	2,924 <i>6.6%</i>	3,000 <i>6.7%</i>	2.6%
Software	Net sales	2,567	3,000	16.8%
	Segment income	370 <i>14.4%</i>	400 <i>13.3%</i>	8.1%
Others	Net sales	23,241	24,500	5.4%
	Segment income	1,555 <i>6.7%</i>	1,700 <i>6.9%</i>	9.3%
Total	Net sales	542,697	555,000	2.3%
	Segment income	25,845 <i>4.8%</i>	26,000 <i>4.7%</i>	0.6%

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

(million yen)

		FY2024/3 2Q Results	FY2025/3 2Q Results	YoY
Electronic Component	Net sales	184,368	166,185	-9.9%
	Segment income	8,002 <i>4.3%</i>	5,019 <i>3.0%</i>	-37.3%
EMS	Net sales	62,122	64,981	4.6%
	Segment income	4,143 <i>6.7%</i>	4,164 <i>6.4%</i>	0.5%
CSI	Net sales	20,715	18,633	-10.1%
	Segment income	1,280 <i>6.2%</i>	1,392 <i>7.5%</i>	8.7%
Others	Net sales	7,837	9,264	18.2%
	Segment income	375 <i>4.8%</i>	847 <i>9.1%</i>	125.6%
Total	Net sales	275,044	259,064	-5.8%
	Segment income	13,876 <i>5.0%</i>	11,501 <i>4.4%</i>	-17.1%

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)

(million yen)

		FY2024/3 2Q Results	FY2025/3 1Q Results	FY2025/3 2Q Results	YoY	QoQ
Electronic Component	Net sales	94,253	80,696	85,489	-9.3%	5.9%
	Segment income	4,307 <i>4.6%</i>	2,497 <i>3.1%</i>	2,521 <i>2.9%</i>	-41.5%	0.9%
EMS	Net sales	30,348	32,930	32,050	5.6%	△2.7%
	Segment income	1,709 <i>5.6%</i>	2,069 <i>6.3%</i>	2,094 <i>6.5%</i>	22.6%	1.2%
CSI	Net sales	8,664	10,606	8,026	-7.4%	△24.3%
	Segment income	533 <i>6.2%</i>	639 <i>6.0%</i>	753 <i>9.4%</i>	41.1%	17.8%
Others	Net sales	4,083	4,404	4,860	19.0%	10.3%
	Segment income	294 <i>7.2%</i>	260 <i>5.9%</i>	586 <i>12.1%</i>	99.3%	125.1%
Total	Net sales	137,350	128,638	130,426	-5.0%	1.4%
	Segment income	6,882 <i>5.0%</i>	5,550 <i>4.3%</i>	5,951 <i>4.6%</i>	-13.5%	7.2%

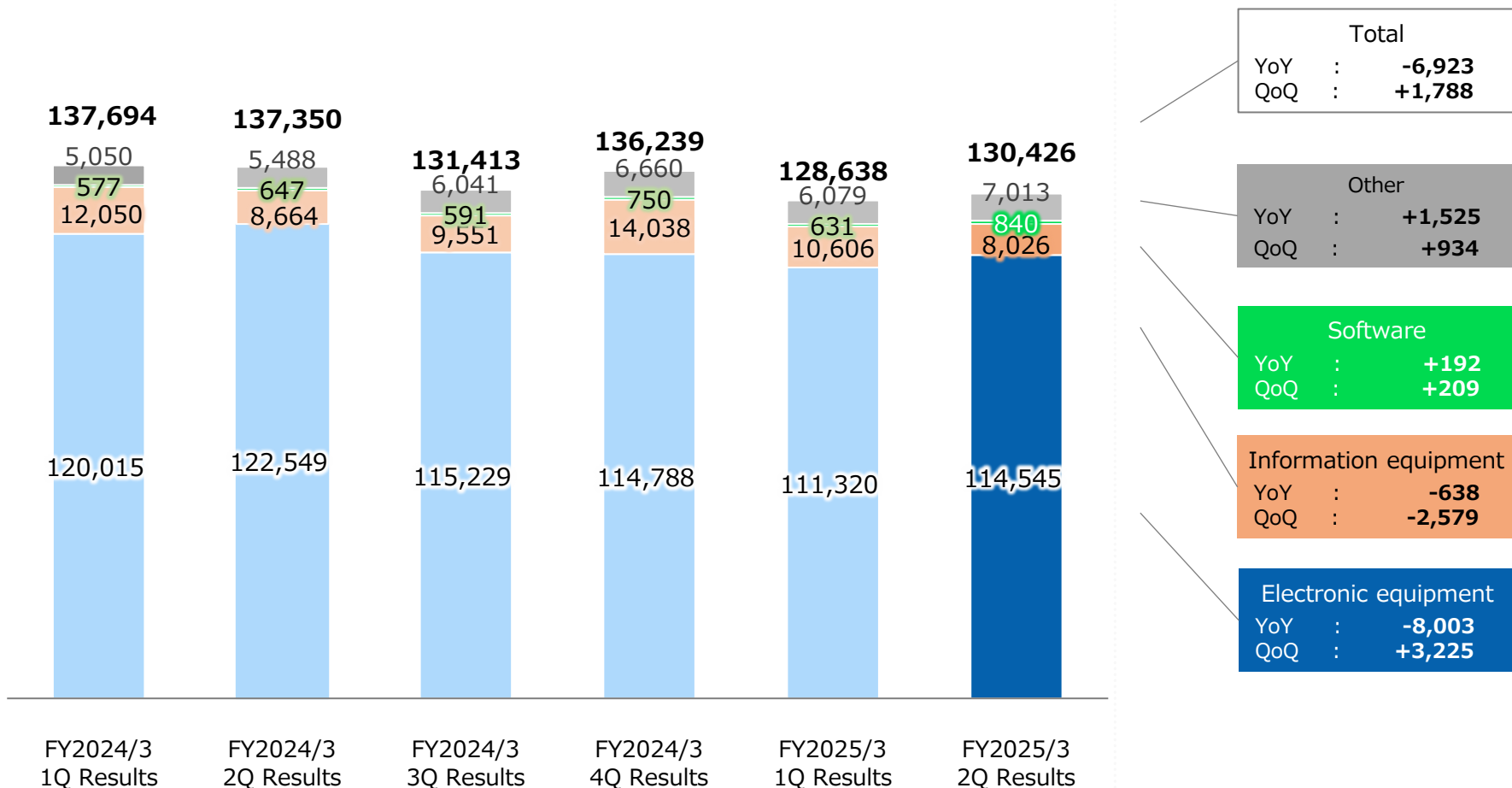
Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

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

Quarterly Net Sales Trends (3months)

Net Sales

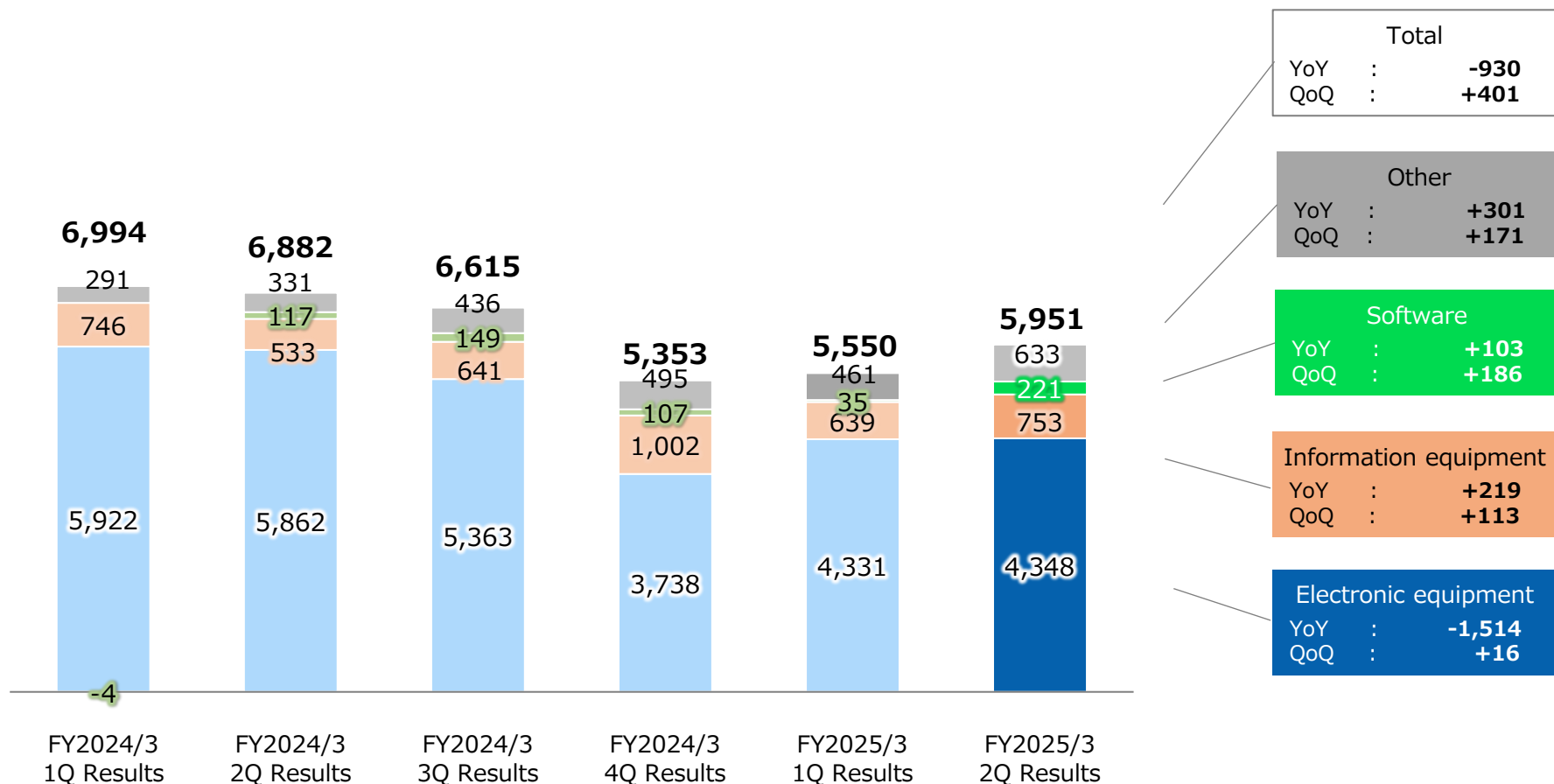
(million yen)



Quarterly Segment Income Trends (3months)

Segment Income

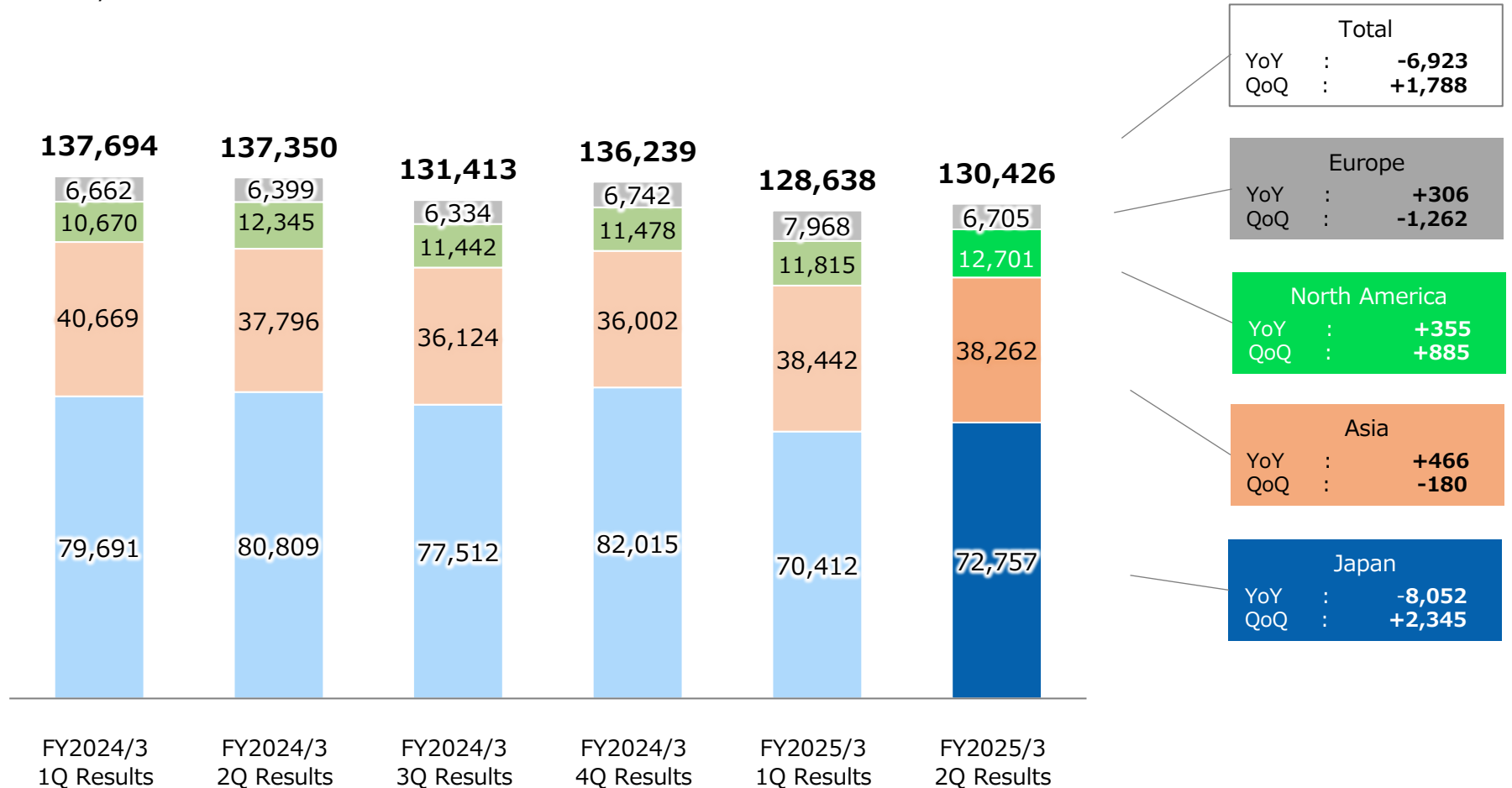
(million yen)



Net Sales by Region (3months)

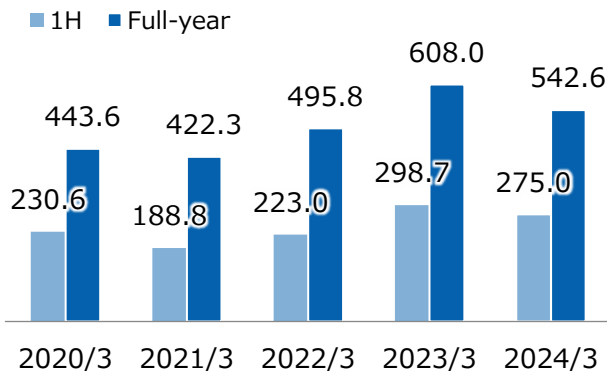
Net Sales

(million yen)

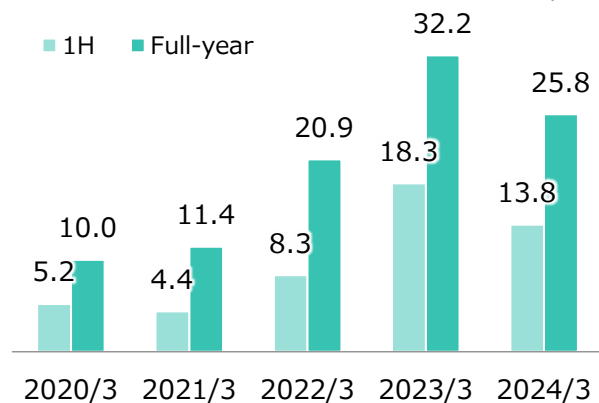


Latest 5 years Financial Trends

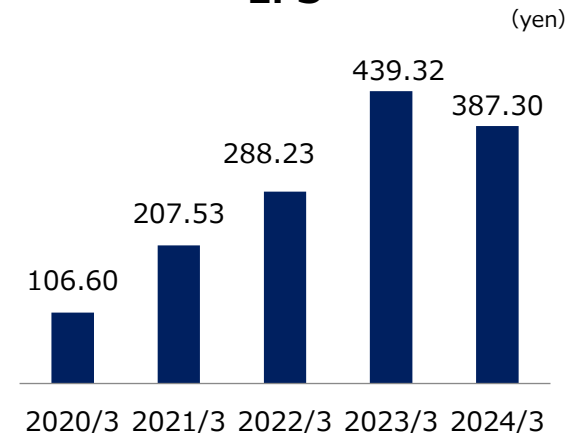
Net Sales (billion yen)



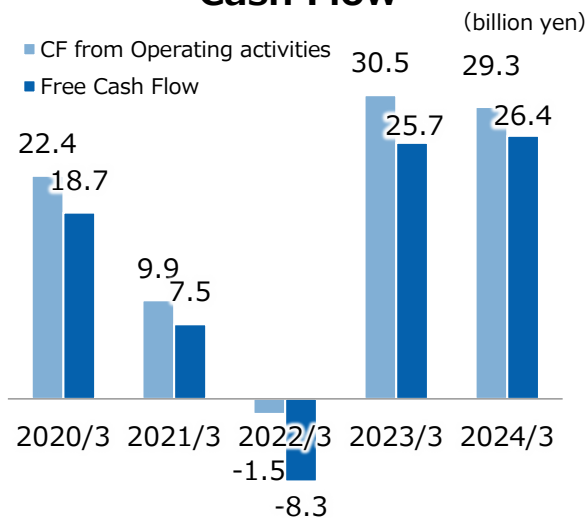
Operating Income (billion yen)



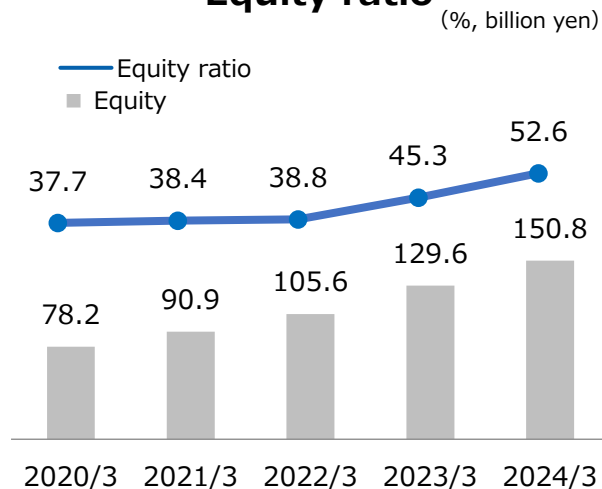
EPS (yen)



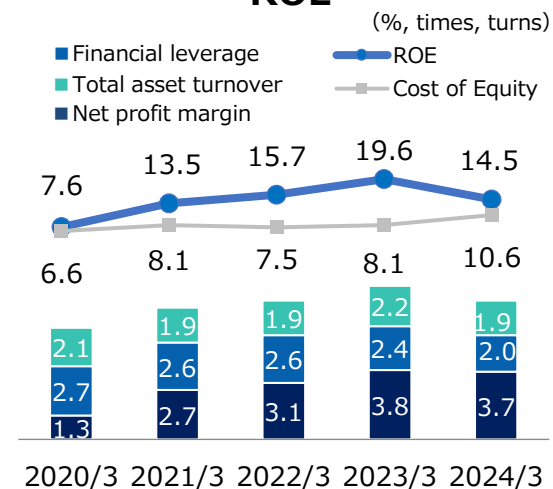
Cash Flow (billion yen)



Equity ratio (% , billion yen)



ROE (% , times, turns)



Exchange Rate/FOREX Sensitivity

	FY2024/3 2Q Results (Yen)	FY2025/3 2Q Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2025/3(yen)
			Net sales	Operating income	
USD	141.00	152.63	984	14	145.00
RMB	19.45	21.05	122	7	19.50
THB	4.05	4.27	159	9	4.00
HKD	18.00	19.55	104	3	18.50
EUR	153.39	165.95	3	0	155.00

“Everything we do is for our customers



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