

For Institutional Investors/Analysts



**KAGA ELECTRONICS
CO., LTD.**

Financial Results Briefing Material

for the Fiscal Year ended March 2022

KAGA ELECTRONICS CO., LTD.
TSE Prime Market 8154

May 26, 2022

My name is Kawamura with KAGA ELECTRONICS CO., LTD. Thank you very much for your continued patronage.

**Consolidated Financial Results
for the Fiscal Year ended March 2022**

Director,
Managing Executive Officer
Eiji Kawamura

I would like to review the financial results for the full fiscal year ended March 31, 2022.

Summary

Results for FY2022/3

- **Net sales:** Driven by the core electronic components business, robust demand continued as production activities recovered in manufacturing industries both in Japan and overseas. **Net sales grew significantly, achieving a record high for the first time in two years.**
- **Operating income:** Increased significantly as a result of increased gross profit due to higher sales and an improved profit margin, as well as continued efforts toward workstyle reforms and cost reductions amid the COVID-19 pandemic, **achieving a record high for the third consecutive fiscal year.**
- **Net income:** Despite the absence of the 7.96 billion yen “gain on bargain purchase” posted as extraordinary income in the previous fiscal year, **net income increased significantly thanks to expanded revenue in core businesses, achieving a record high for the second consecutive fiscal year.**

FY2023/3 earnings forecasts

- **Economic situation:** The business outlook remains cloudy both in Japan and overseas due to factors such as the renewed spread of COVID-19 due to variant strains, the future situation in Ukraine, and rising prices of crude oil and other resources.
- **Industry trends:** Although the supply of semiconductors and electronic parts remains tight for the foreseeable future, **demand for automobiles, communication equipment, and home appliances is expected to continue to grow.**
- **Company's outlook:** Maintain the momentum of growth in net sales and operating income by focusing on expanding revenue in key areas such as the automotive, industrial equipment, and medical fields.

Shareholder Return

- **FY2022/3:** The year-end dividend was revised upward to 75 yen per share due to the addition of a 10-yen “extraordinary dividend” to the previous forecast of 65 yen (40 yen in ordinary dividends + 25-yen extraordinary dividend).
*The full-year dividend is 120 yen per share, a 40-yen increase from the previous fiscal year.
- **FY2023/3:** Ordinary dividends were increased by 20 yen to 140 yen per share (70 yen for both the interim and year-end dividends). In addition, a 10-yen “55th anniversary commemorative dividend” will be paid as a year-end dividend. Accordingly, the full-year dividend is planned to be 150 yen per share, an increase of 30 yen.

Here is a summary. First, net sales increased significantly, driven by the mainstay electronic components business, as a result of continued strong demand in line with the recovery of production activities in the manufacturing industry both in Japan and overseas. This is the first time in two fiscal years that we have reached a record high.

Operating profit increased significantly as a result of higher gross profit due to increased sales and improved profit margins, as well as continued efforts to reform work styles and curb expenses amid the pandemic. This is the third consecutive year of record profits.

Net profit increased significantly due to the expansion of earnings in the mainstay businesses, despite an extraordinary income on negative goodwill of JPY7.96 billion, which was posted in the previous fiscal year. This is the second consecutive year of record profits.

This is the forecast for the fiscal year ending March 2023. The economic outlook in Japan and overseas remains uncertain due to the reemergence of COVID infections caused by mutant strains, conflicts in Ukraine, and soaring prices of crude oil and other natural resources.

As for industry trends, the tight supply-demand balance for semiconductors and electronic components will continue for the time being, but demand is expected to continue to grow for automobiles, telecommunications equipment, and home appliances.

In this environment, the Company's outlook is to focus on expanding earnings in focused areas such as automotive, industrial machinery, and medical, and to maintain the momentum of increased net sales and operating profit.

Next, I will discuss shareholder returns. For the fiscal year ended March 2022, we have increased the year-end dividend to JPY75 per share, adding a special dividend of JPY10 to the previous forecast of JPY65, an ordinary dividend of JPY40 and a special dividend of JPY25. The annual dividend is JPY120 per share, an increase of JPY40 from the previous fiscal year.

This is the dividend forecast for the fiscal year ending March 2023. The ordinary dividend was increased by JPY20 to JPY140 per share, or JPY70 each for the interim and year-end dividends. In addition, we will pay a commemorative dividend of JPY10 per share for the 55th anniversary of our founding as the year-end dividend, resulting in an annual dividend of JPY150 per share, an increase of JPY30 per share.

Financial Highlights for FY2022/3

(million yen)

	FY2021/3 Results		FY2022/3 Results		YoY	FY2022/3 Previous Forecasts (announced on Feb. 3, 2022)		vs Forecasts
Net sales	422,365		495,827		17.4%	475,000		4.4%
Gross profit	47,936	11.3%	60,547	12.2%	26.3%	—		—
SG&A	36,469	8.6%	39,632	8.0%	8.7%	—		—
Operating income	11,467	2.7%	20,915	4.2%	82.4%	17,500	3.7%	19.5%
Ordinary income	11,241	2.7%	21,456	4.3%	90.9%	18,000	3.8%	19.2%
Profit attributable to owners of parent	11,399	2.7%	15,401	3.1%	35.1%	12,000	2.5%	28.4%
EPS (Yen)	415.07		576.46		—	449.13		—

Continued below are the financial highlights for the fiscal year ended March 2022. Net sales totaled JPY495.827 billion, up 17.4% from the previous year. The forecast announced on February 3, 2022, for the fiscal year ended March 2022 was JPY475 billion, which represents an increase of 4.4%.

Gross profit totaled JPY60.547 billion, up 26.3% from the previous year. The gross profit margin was 12.2%, a 0.9% improvement over the previous year.

SG&A expenses totaled JPY39.632 billion, up 8.7% from the previous year. As a result, operating profit totaled JPY20.915 billion, up 82.4% from the previous year. The forecast announced on February 3 was JPY17.5 billion, which is 19.5% over the previous forecast. Ordinary profit totaled JPY21.456 billion, up 90.9% from the previous year. Since the previous forecast was JPY18 billion, this figure was exceeded by 19.2%.

Net income attributable to shareholders of the parent company was JPY15.401 billion, up 35.1% from the previous year. Since the previously announced figure was JPY12 billion, this figure was exceeded by 28.4%. As a result, EPS was JPY576.46. ROE was 15.7%, an improvement of 2.2 percentage points from the previous year.

Financial Results by Business Segment for FY2022/3

(million yen)

		FY2021/3 Results	FY2022/3 Results		YoY	FY2022/3 Previous Forecasts <small>(announced on Feb. 3, 2022)</small>	vs Forecasts
Electronin Component	Net sales	353,454	433,852		22.7%	414,000	4.8%
	Segment income	8,151 2.3%	18,107 4.2%		122.1%	14,800 3.6%	22.4%
Information Equipment	Net sales	48,389	39,616		-18.1%	40,000	-1.0%
	Segment income	2,482 5.1%	2,085 5.3%		-16.0%	2,000 5.0%	4.3%
Software	Net sales	2,932	2,767		-5.6%	3,000	-7.8%
	Segment income	263 9.0%	-26 -1.0%		-	200 6.7%	-
Others	Net sales	17,589	19,590		11.4%	18,000	8.8%
	Segment income	474 2.7%	626 3.2%		32.0%	500 2.8%	25.2%
Total	Net sales	422,365	495,827		17.4%	475,000	4.4%
	Segment income	11,467 2.7%	20,915 4.2%		82.4%	17,500 3.7%	19.5%

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

The following are the results by segment. Net sales in the electronic components business amounted to JPY433.852 billion, up 22.7% from the previous year. Since the previous forecast was JPY414 billion, this figure is 4.8% higher than the forecast. Segment profit was JPY18.107 billion, up 122.1% from the previous year. Compared to the forecast, the increase is 22.4%.

Next is information equipment. Net sales totaled JPY39.616 billion, down 18.1% from the previous year. This is a 1% decrease compared to the previous forecast. Segment profit was JPY2.085 billion, down 16% from the previous year and up 4.3% from the previous forecast.

For software, net sales totaled JPY2.767 billion, down 5.6% from the previous year and down 7.8% from the forecast. Segment profit was a loss of JPY26 million.

Net sales for other businesses totaled JPY19.59 billion, up 11.4% from the previous year and 8.8% from the forecast. Segment profit was 626 million, up 32% from the previous year and 25.2% from the forecast.

Financial Results by Company for FY2022/3

(million yen)

		FY2021/3 Results	FY2022/3 Results	YoY	FY2022/3 Previous Forecasts (announced on Feb. 3, 2022)	vs Forecasts
Kaga Electronics	Net sales	243,897	281,075	15.2%	265,000	6.1%
	Gross Profit	35,273 14.5%	41,767 14.9%	18.4%	38,300 14.5%	9.1%
	Operating income	11,083 4.5%	15,461 5.5%	39.5%	13,000 4.9%	18.9%
Kaga FEI	Net sales	131,932	149,455	13.3%	145,000	3.1%
	Gross Profit	10,307 7.8%	14,690 9.8%	42.5%	13,500 9.3%	8.8%
	Operating income	362 0.3%	3,654 2.4%	907.2%	2,600 1.8%	40.5%
Excel	Net sales	46,535	65,296	40.3%	65,000	0.5%
	Gross Profit	2,365 5.1%	4,247 6.5%	79.5%	4,200 6.5%	1.1%
	Operating income	6 0.0%	1,937 3.0%	–	1,900 2.9%	2.0%
Total	Net sales	422,365	495,827	17.4%	475,000	4.4%
	Gross Profit	47,936 11.3%	60,547 12.2%	26.3%	56,000 11.8%	8.1%
	Operating income	11,467 2.7%	20,915 4.2%	82.4%	17,500 3.7%	19.5%

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



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The following is a breakdown of our business performance by company. First, let us look at net sales for KAGA ELECTRONICS. The total amount was JPY281.075 billion, up 15.2% from the previous year and up 6.1% from the previously announced forecast. Gross profit totaled JPY41.767 billion, up 18.4% from the previous year and 9.1% from the forecast. The gross profit margin was 14.9%, an improvement of 0.4% from the previous year. Operating profit totaled JPY15.461 billion, up 39.5% from the previous year and 18.9% from the forecast.

KAGA FEI's net sales totaled JPY149.455 billion, up 13.3% from the previous year and 3.1% from the forecast. Gross profit totaled JPY14.69 billion, up 42.5% from the previous year and 8.8% from the forecast. Operating profit totaled JPY3.654 billion, up 907.2% from the previous year and 40.5% from the forecast. The gross profit margin was 9.8%, a 2% improvement.

EXCEL's net sales totaled JPY65.296 billion, up 40.3% from the previous year and 0.5% from the forecast. Gross profit totaled JPY4.247 billion, up 79.5% from the previous year and 1.1% from the forecast. The gross profit margin was 6.5%, an improvement of 1.4% from the previous year. Operating profit was JPY1.937 billion, a significant increase here. The forecasted increase is 2%.

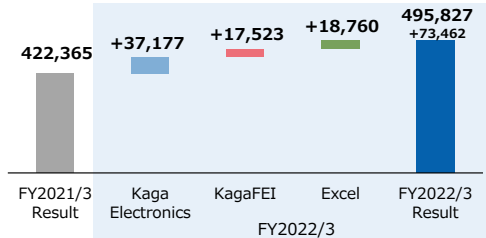
Effect of M&A for FY2022/3

* EXCEL's actual results for FY2021/3 do not include results of overseas subsidiaries' FY2021/Jan-Mar period.

(million yen)

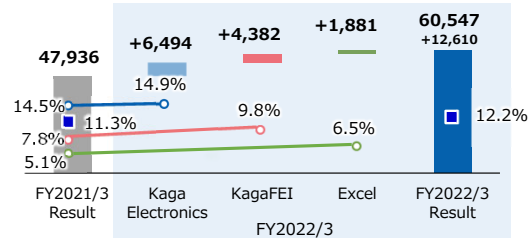
Net Sales

There was a significant increase in net sales in all three companies, driven by the electronic components business.



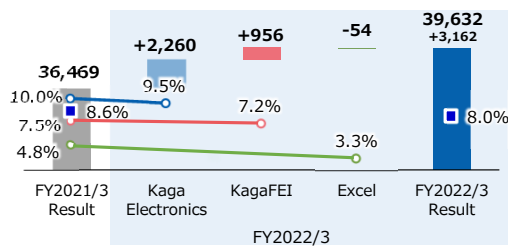
Gross profit / Gross profit margin

Profit grew for all three companies thanks to improved profit margins and increased gross profit in line with higher sales.



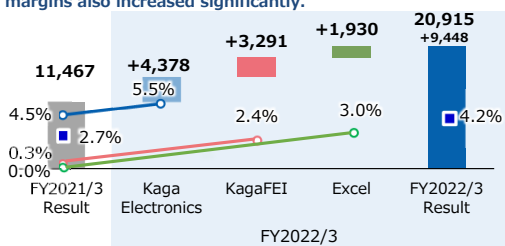
SG&A / SG&A ratio

Although expenses increased with growth in sales, SG&A ratios fell.



Operating income / Operating income margin

Higher expenses were absorbed by the increase in gross profit, maintaining increased income. Operating income margins also increased significantly.



(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 -157million yen, and operating income came to -137 million yen.

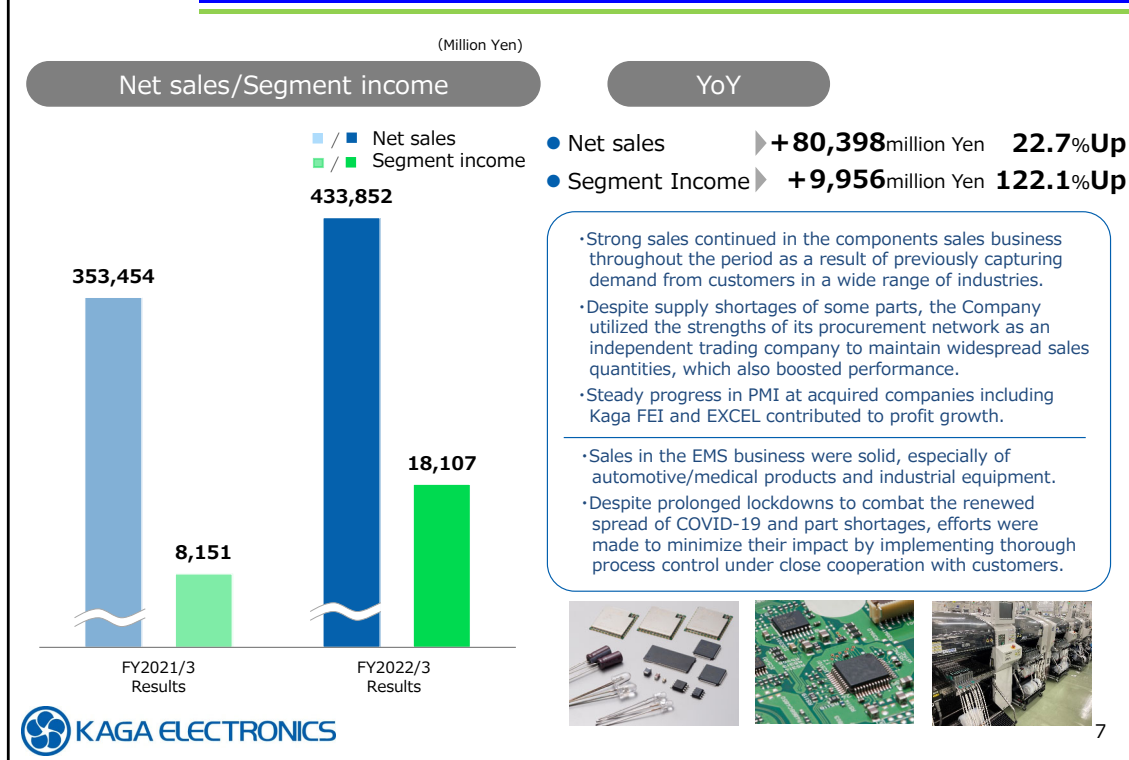
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These graphs show the impact of M&A for the fiscal year ended March 2022. First is net sales. All three companies achieved a significant increase in sales, driven by the electronic components business. Gross profit increased for all three companies due to the increase in profits resulting from the sales increase and an improvement in profit margins. The bar graph shows gross profit, and the line graph shows gross margin. As you can see here, the gross profit margin is 12.2% compared to 11.3% for the Group as a whole. As I reviewed earlier, we can see that the gross profit margins of each company have improved significantly. The blue represents KAGA ELECTRONICS. 14.5% to 14.9%. The red represents KAGA FEI. 7.8% to 9.8%. The green represents EXCEL. 5.1% to 6.5%.

SG&A expenses increased in line with the increase in sales, but the SG&A-to-sales ratio decreased. As can be seen from the graph, KAGA ELECTRONICS reduced its share from 10% to 9.5%, FEI from 7.5% to 7.2%, and EXCEL from 4.8% to 3.3%. For the Group total, it reduced from 8.6% to 8%.

Next, operating profit. The increase in gross profit absorbed the increase in expenses and secured an increase in profit, and the profit margin also increased significantly. As can be seen from the line graph, KAGA ELECTRONICS improved from 4.5% to 5.5%, FEI from 0.3% to 2.4%, and EXCEL from almost zero to 3%. The operating profit margin increased significantly from 2.7% to 4.2% for the Group.

Financial Highlights: Electronic Component



These graphs show the impact of M&A for the fiscal year ended March 2022. First is net sales. All three companies achieved a significant increase in sales, driven by the electronic components business. Gross profit increased for all three companies due to the increase in profits resulting from the sales increase and an improvement in profit margins. The bar graph shows gross profit, and the line graph shows gross margin. As you can see here, the gross profit margin is 12.2% compared to 11.3% for the Group as a whole. As I reviewed earlier, we can see that the gross profit margins of each company have improved significantly. The blue represents KAGA ELECTRONICS. 14.5% to 14.9%. The red represents KAGA FEI. 7.8% to 9.8%. The green represents EXCEL. 5.1% to 6.5%.

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Financial Highlights: Information Equipment

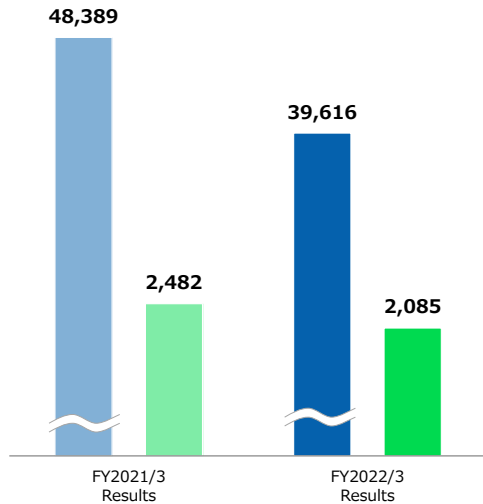
(Million Yen)

Net sales/Segment income

YoY

■ / ■ Net sales
■ / ■ Segment income

● Net sales ▶ **-8,772**million Yen **18.1%Down**
● Segment Income ▶ **-396**million Yen **16.0%Down**



• Although sales of PCs to educational institutions and PC peripherals such as security software were robust, sales of PCs to corporations were subdued as a result of the abatement of remote working and product supply difficulties.

• The LED installation business struggled due to extensions of construction periods caused by difficulty procuring materials/equipment and delivery delays.



Next is the information equipment business. Net sales totaled JPY39.616 billion and profit was JPY2.085 billion.

Sales of PCs, security software and other PC peripherals to educational institutions were strong, but sales to corporate customers were weak due to the feeling of one round of remote work demand and product supply difficulties. The LED equipment installation business remained sluggish, affected by difficulties in procuring materials and equipment and the extension of construction periods due to delays in deliveries.

Pages 8 through 14 are a presentation of the most recent three months' results, so I will omit them.

(million yen)

	FY2021/3 4Q Results		FY2022/3 3Q Results		FY2022/3 4Q Results		YoY	QoQ
Net sales	128,099		129,675		143,143		11.7%	10.4%
Gross profit	14,289	11.2%	15,628	12.1%	17,786	12.4%	24.5%	13.8%
SG&A	10,339	8.1%	9,270	7.1%	11,529	8.1%	11.5%	24.4%
Operating income	3,950	3.1%	6,357	4.9%	6,257	4.4%	58.4%	-1.6%
Ordinary income	4,010	3.1%	6,434	5.0%	6,569	4.6%	63.8%	2.1%
Profit attributable to owners of parent	-1,329	-1.0%	4,790	3.7%	4,986	3.5%	-	4.1%
EPS	-48.38		182.57		189.99		-	-

Financial Results by Business Segment (3 months)

(million yen)

		FY2021/3 4Q Results		FY2022/3 3Q Results		FY2022/3 4Q Results		YoY	QoQ
Electronic Components	Net sales	106,750		117,005		122,440		14.7%	4.6%
	Segment income	2,732	2.6%	5,878	5.0%	5,105	4.2%	86.8%	-13.1%
Information Equipment	Net sales	14,451		7,587		13,315		-7.9%	75.5%
	Segment income	728	5.0%	305	4.0%	869	6.5%	19.2%	184.2%
Software	Net sales	927		603		926		-0.1%	53.5%
	Segment income	156	16.9%	-0	-0.1%	83	9.0%	-46.9%	-
Others	Net sales	5,969		4,478		6,460		8.2%	44.2%
	Segment income	325	5.5%	152	3.4%	152	2.4%	-53.0%	0.1%
Total	Net sales	128,099		129,675		143,143		11.7%	10.4%
	Segment income	3,950	3.1%	6,357	4.9%	6,257	4.4%	58.4%	-1.6%

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

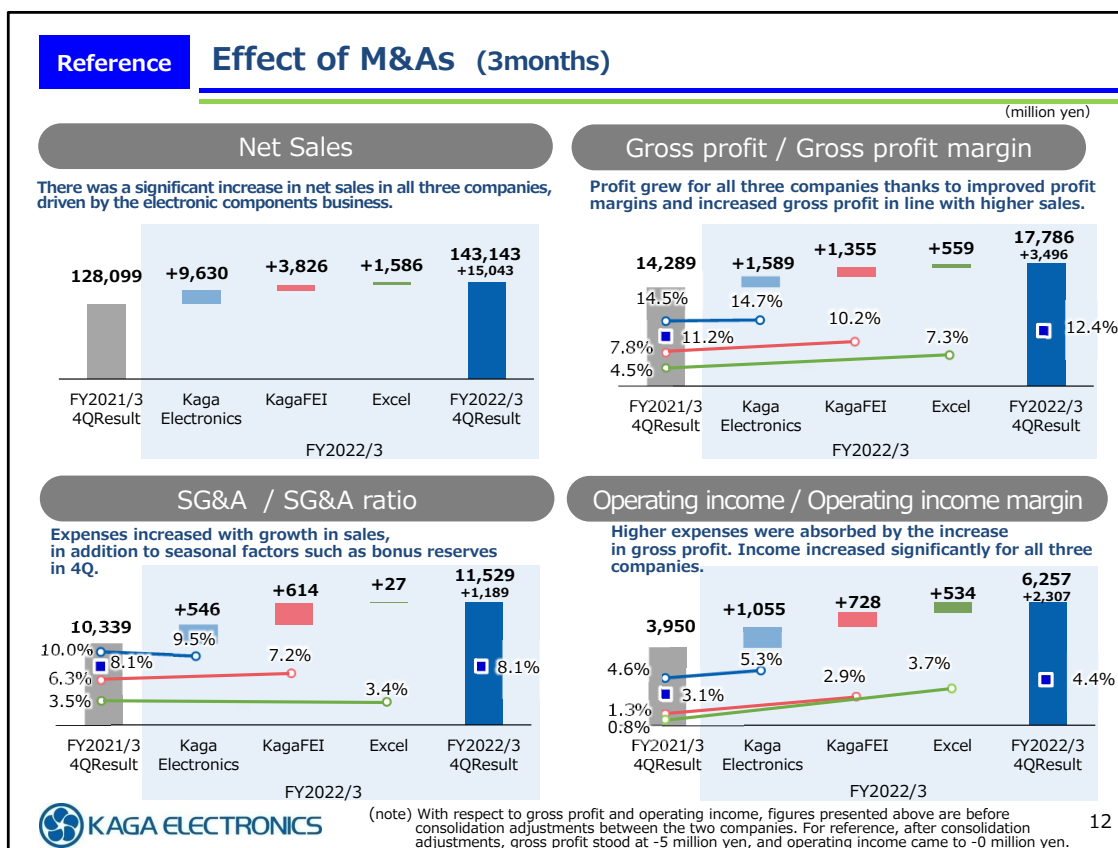
Reference

Financial Results by Company (3 months)

(million yen)

		FY2021/3		FY2022/3		FY2022/3		YoY	QoQ
		4QResults		3QResults		4QResults			
Kaga Electronics	Net sales	72,423		73,748		82,054		+13.3%	+11.3%
	Gross Profit	10,488	14.5%	10,839	14.7%	12,077	14.7%	+15.3%	+11.4%
	Operating income	3,304	4.6%	4,698	6.4%	4,360	5.3%	+32.0%	-7.2%
Kaga FEI	Net sales	39,511		37,876		43,338		+9.7%	+14.4%
	Gross Profit	3,064	7.8%	3,945	10.4%	4,419	10.2%	+44.2%	+12.0%
	Operating income	506	1.3%	1,351	3.6%	1,235	2.9%	+143.8%	-8.6%
Excel	Net sales	16,163		18,050		17,750		+9.8%	-1.7%
	Gross Profit	733	4.5%	850	4.7%	1,293	7.3%	+76.3%	+52.1%
	Operating income	128	0.8%	308	1.7%	662	3.7%	+417.1%	114.6%
Total	Net sales	128,099		129,675		143,143		+11.7%	+10.4%
	Gross Profit	14,289	11.2%	15,628	12.1%	17,786	12.4%	+24.5%	+13.8%
	Operating income	3,950	3.1%	6,357	4.9%	6,257	4.4%	+58.4%	-1.6%

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



Please go to page 15, and here I will review the difference between the actual results and the previous forecast for the fiscal year ended March 2022. First, net sales exceeded JPY20.827 billion by segment. The breakdown is JPY19.852 billion increase in electronic components, JPY383 billion decrease in information equipment, JPY232 billion decrease in software, and JPY1.59 billion increase in others.

By company, KAGA ELECTRONICS increased by JPY16.075 billion, KAGA FEI by JPY4.455 billion, and EXCEL by JPY296 billion.

Operating profit increased by JPY3.415 billion. By segment, the electronic components business increased by JPY3.307 billion, information equipment increased by JPY85 million, software decreased by JPY226 million, and others increased by JPY126 million.

By company, KAGA ELECTRONICS increased by JPY2.461 billion, KAGA FEI by JPY1.054 billion, and EXCEL by JPY37 million.

(Million Yen)

Net sales/Segment income

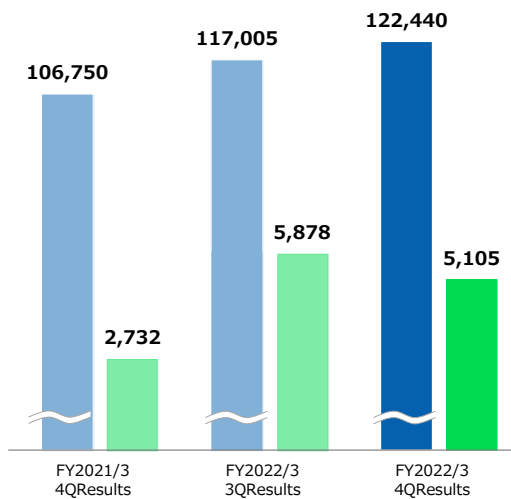
YoY

■ / ■ Net Sales
■ / ■ Segment Income

- Net sales ▶ +15,690million Yen **14.7%Up**
- Segment ▶ +2,372million Yen **86.8%Up**
Income

QoQ

- Net sales ▶ +5,435million Yen **4.6%Up**
- Segment ▶ -772million Yen **13.1%Down**
Income



(Million Yen)

Net sales/Segment income

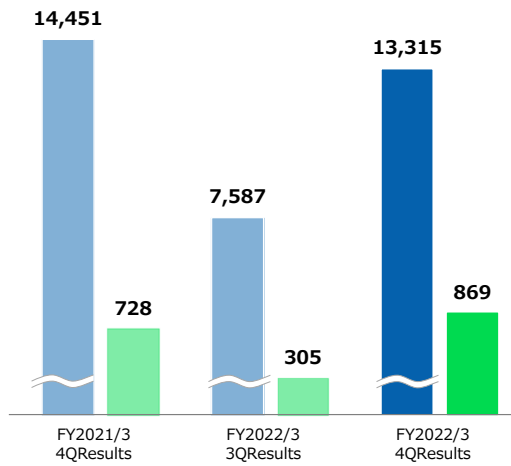
YoY

■ / ■ Net Sales
■ / ■ Segment Income

● Net sales ▶ **-1,135**million Yen **7.9%Down**
● Segment Income ▶ **+140**million Yen **19.2%Up**

QoQ

● Net sales ▶ **+5,728**million Yen **75.5%Up**
● Segment Income ▶ **+563**million Yen **184.2%Up**



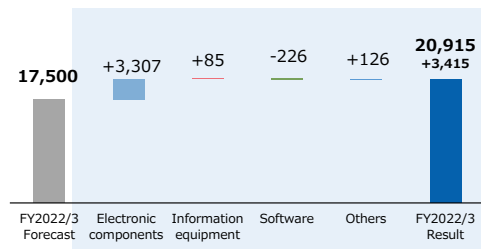
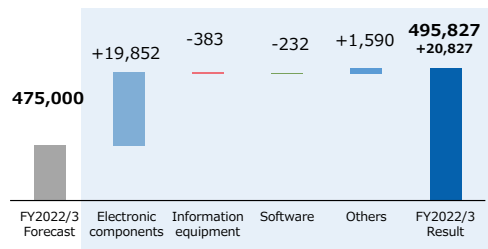
Changes from Previous forecast (announced on February 3, 2022)

(million yen)

Net sales

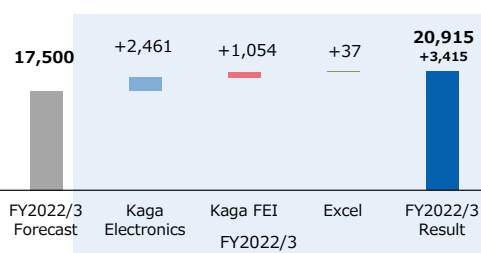
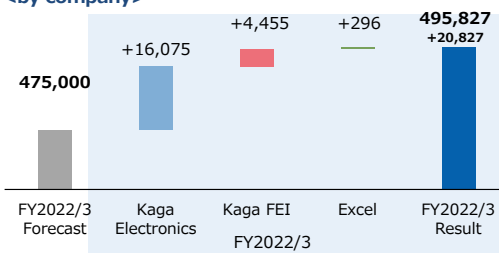
Operating income

< by Business Segment >



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

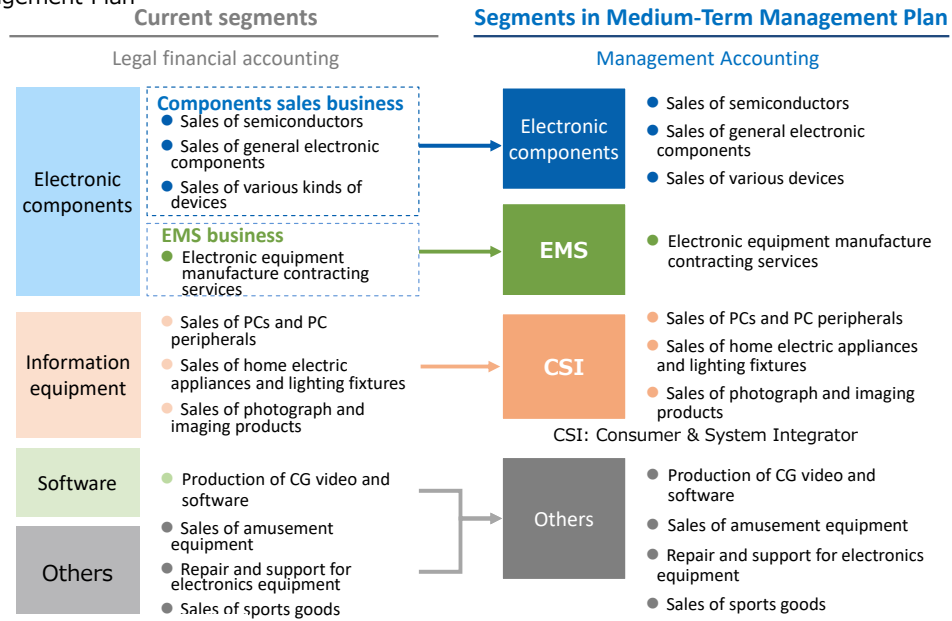
< by company >



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

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



Reference		Financial Highlights by Business Segment of the Medium-Term Management Plan							
		* announced on February 3, 2022				(million yen)			
		FY2021/3 Results		FY2022/3 Previous Forecasts(+)		FY2022/3 Results		YoY	vs Forecasts
Electronic Components	Net sales	262,318		313,000		325,830		+24.2%	+4.1%
	Segment income	2,961	1.1%	8,700	2.8%	11,094	3.4%	+274.6%	+27.5%
EMS	Net sales	99,599		110,000		117,828		+18.3%	+7.1%
	Segment income	5,539	5.6%	6,400	5.8%	7,356	6.2%	+32.8%	+14.9%
CSI	Net sales	48,389		40,000		39,616		-18.1%	-1.0%
	Segment income	2,482	5.1%	2,000	5.0%	2,085	5.3%	-16.0%	+4.3%
Others	Net sales	12,057		12,000		12,552		+4.1%	+4.6%
	Segment income	387	3.2%	400	3.3%	255	2.0%	-34.0%	-36.0%
Total	Net sales	422,365		475,000		495,827		+17.4%	+4.4%
	Segment income	11,467	2.7%	17,500	3.7%	20,915	4.2%	+82.4%	+19.5%

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

Next, I will review our performance by segment based on our medium-term management plan segmentation for the fiscal year ended March 2022.

Net sales of electronic components business totaled JPY325.83 billion, up 24.2% from the previous year and 4.1% from the forecast. Segment profit totaled JPY11.094 billion, up 274.6% from the previous year and 27.5% from the forecast.

Next is the EMS business. Net sales totaled JPY117.828 billion, up 18.3% from the previous year and 7.1% from the forecast. Segment profit totaled JPY7.356 billion, up 32.8% from the previous year and 14.9% from the forecast.

Sales in the CSI business totaled JPY39.616 billion, down 18.1% from the previous year and down 1% from the forecast. Segment profit was JPY2.085 billion, down 16% from the previous year and up 4.3% from the forecast.

Other businesses posted sales of JPY12.552 billion, up 4.1% from the previous year and 4.6% from the forecast. Segment profit was JPY255 million, down 34% from the previous year and 36% from the forecast.

Reference

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

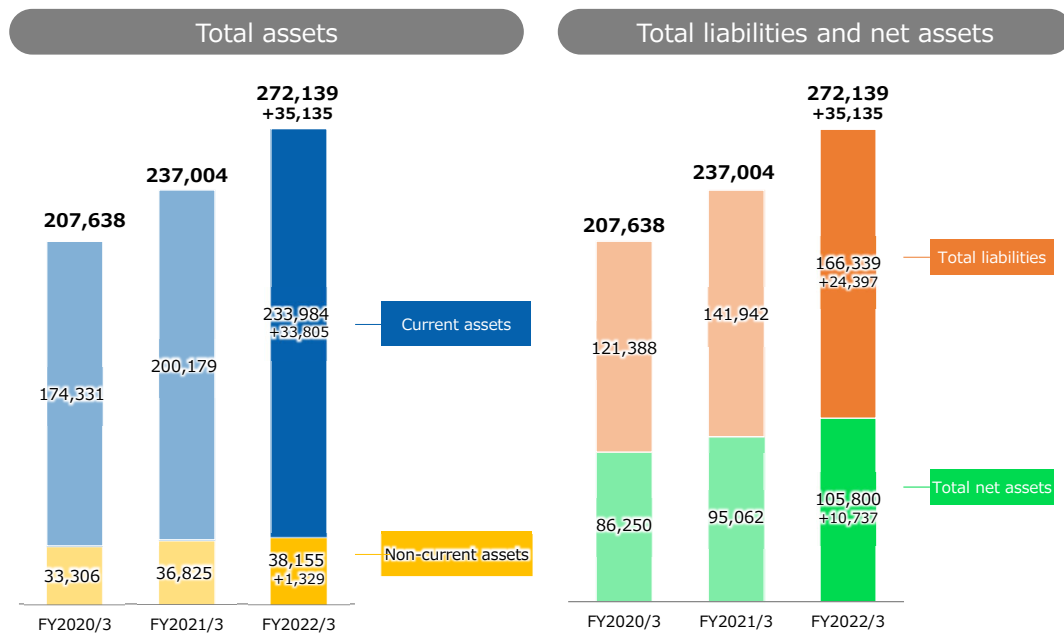
							(million yen)		
		FY2021/3		FY2022/3		FY2022/3		YoY	vs
		4QResults		3QResults		4QResults			Forecasts
Electronic Components	Net sales	80,405		88,079		92,960		+15.6%	+5.5%
	Segment income	1,304	1.6%	3,824	4.3%	3,321	3.6%	+154.6%	-13.1%
EMS	Net sales	29,383		31,142		33,232		+13.1%	+6.7%
	Segment income	1,649	5.6%	2,140	6.9%	1,893	5.7%	+14.8%	-11.6%
CSI	Net sales	14,451		7,587		13,315		-7.9%	+75.5%
	Segment income	728	5.0%	305	4.0%	869	6.5%	+19.2%	+184.2%
Others	Net sales	3,858		2,865		3,634		-5.8%	+26.8%
	Segment income	261	6.8%	64	2.3%	126	3.5%	-51.5%	+95.1%
Total	Net sales	128,099		129,675		143,143		+11.7%	+10.4%
	Segment income	3,950	3.1%	6,357	4.9%	6,257	4.4%	+58.4%	-1.6%

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

Page 18 is a summary of the recent three months by segment.

Balance Sheet Main Items

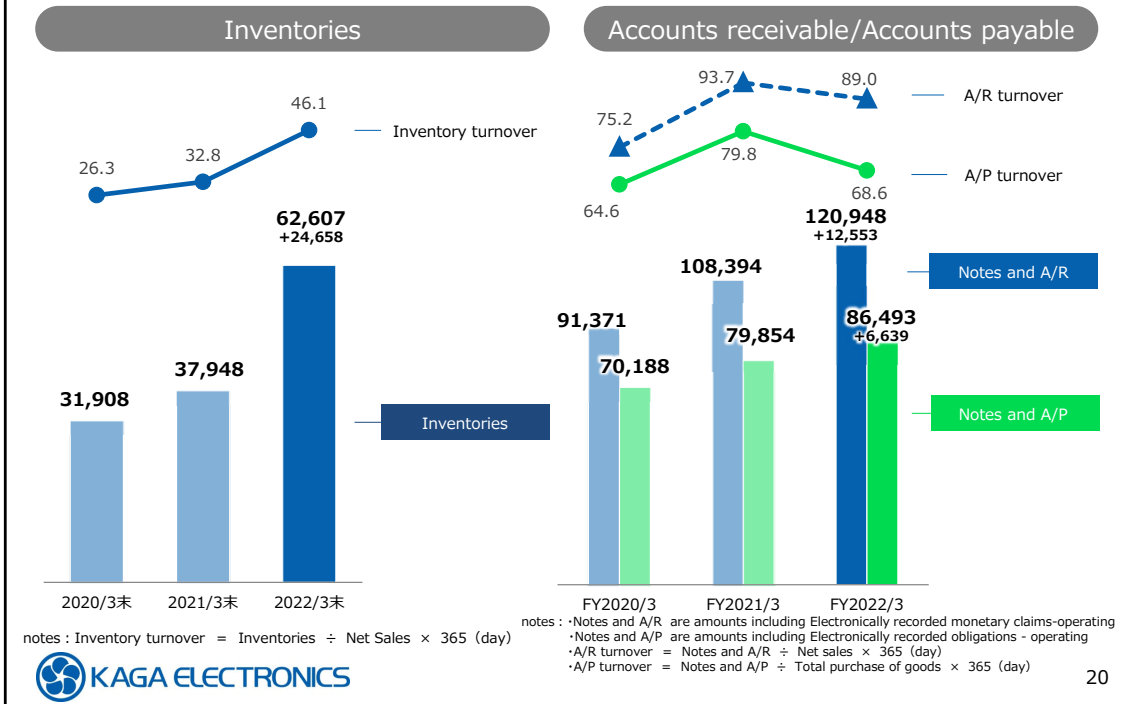
(million yen)



I would like to continue with an analysis of key items on the balance sheet. Total assets amounted to JPY272.139 billion, up JPY35.135 billion from the previous year. Current assets totaled JPY233.984 billion, up JPY33.805 billion from the previous year. Fixed assets totaled JPY38.155 billion, up JPY1.329 billion from the previous year. Regarding liabilities and net assets, total liabilities amounted to JPY166.339 billion, up JPY24.397 billion. Net assets totaled JPY105.8 billion, an increase of JPY10.737 billion.

Balance Sheet Main Items

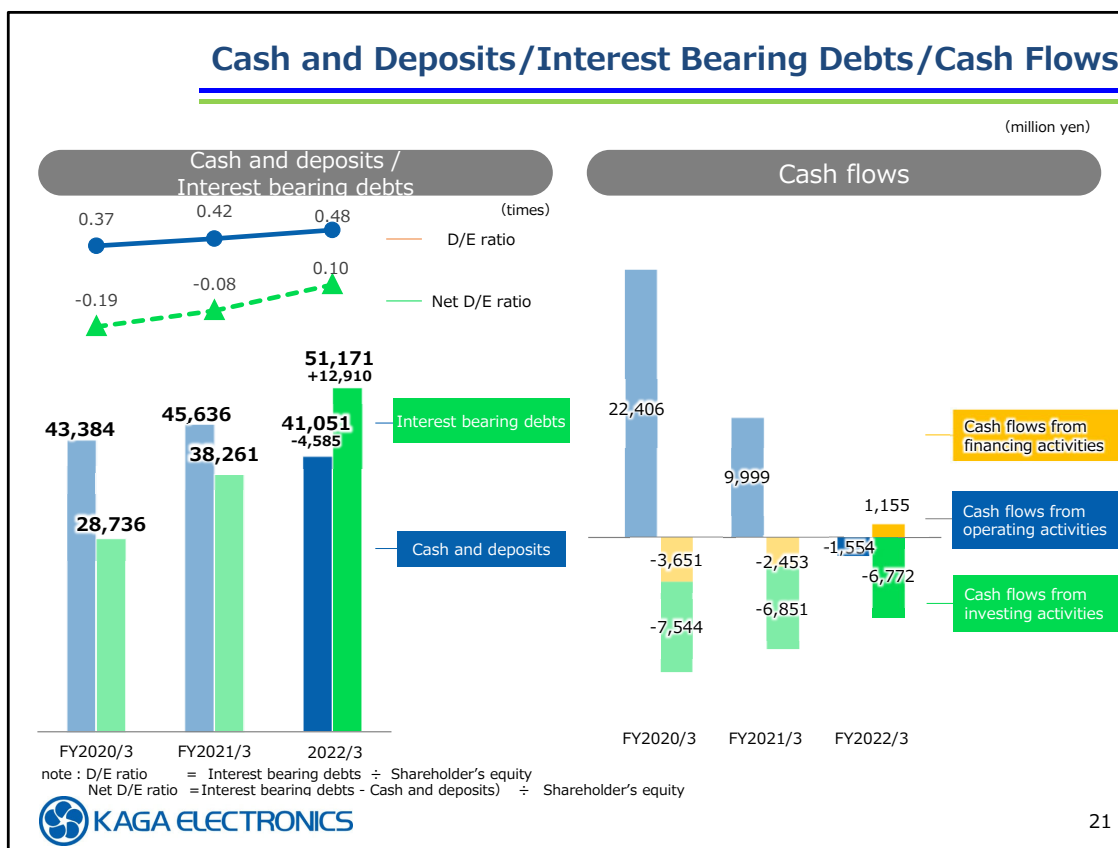
(million yen, day)



20

The next item on the balance sheet is inventories. Inventories totaled JPY62.607 billion, up JPY24.658 billion from the previous year. Inventory turnover days increased to 46.1 days.

These are trade receivables and trade payables. Trade receivables amounted to JPY120.948 billion, up JPY12.553 billion from the previous year. Trade payables totaled JPY86.493 billion, an increase of JPY6.639 billion. The trade receivables turnover was 89 days, and the trade payables turnover was 68.6 days.

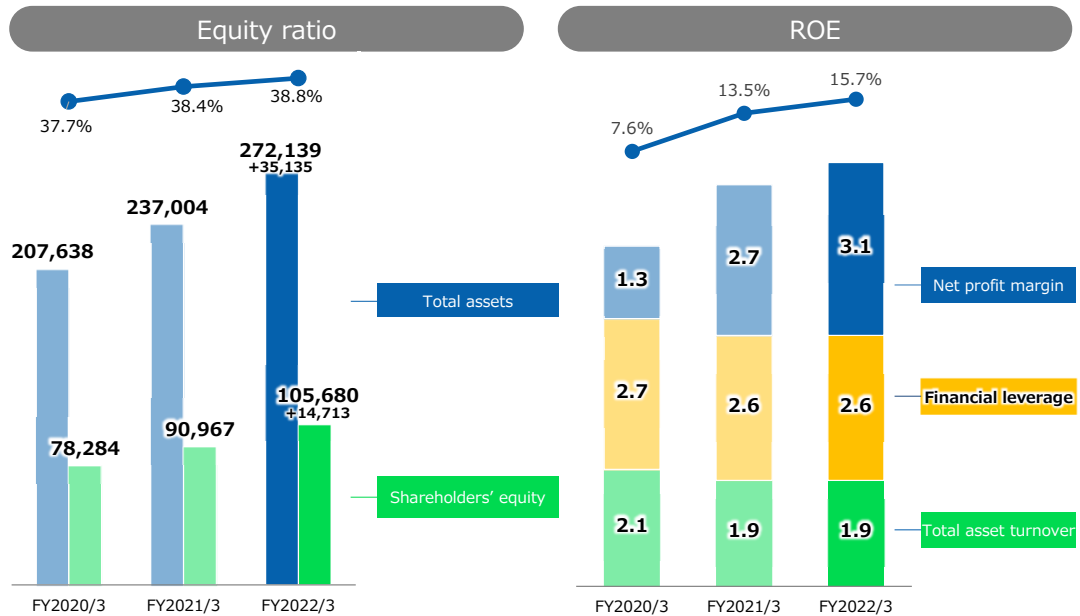


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Major Business Indicators

(million yen)



Next, I would like to explain management KPIs. Total assets amounted to JPY272.139 billion, an increase of JPY35.135 billion. Shareholders' equity totaled JPY105.68 billion, up from JPY14.713 billion in the previous year. As a result, the equity ratio is 38.8%. Next is ROE. ROE came in at 15.7%. This breakdown shows a total asset turnover of 1.9, financial leverage of 2.6, and net profit margin of 3.1.

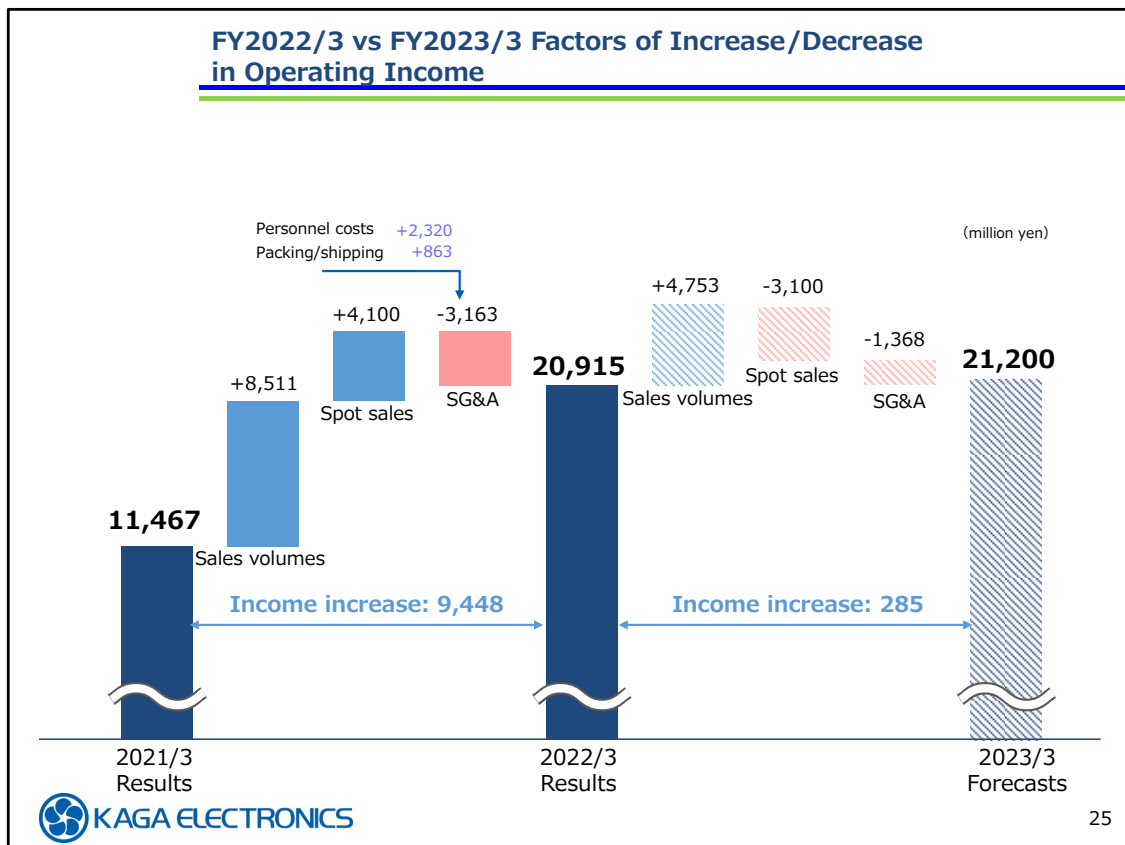
Forecasts for FY2023/3

Forecasts for FY2023/3

(million yen)

	FY2022/3 Results		FY2023/3 Forecasts		YoY
Net sales	495,827		510,000		2.9%
Operating income	20,915	4.2%	21,200	4.2%	1.4%
Ordinary income	21,456	4.3%	21,200	4.2%	-1.2%
Profit attributable to owners of parent	15,401	3.1%	14,500	2.8%	-5.9%
EPS (Yen)	576.45		552.42		-
ROE	15.7%		13.0%		

I would like to continue with our earnings forecast for the fiscal year ending March 2023. Net sales are projected at JPY510 billion. This represents a 2.9% increase over the previous year. Operating profit is projected at JPY21.2 billion, an increase of 1.4%. We also forecast an ordinary profit of JPY21.2 billion, the same amount as operating profit. This is a 1.2% decrease from the previous year. Net income attributable to shareholders of the parent company is projected at JPY14.5 billion, a decrease of 5.9%. As a result, EPS is projected to be JPY552.42 and ROE is 13%.



I would like to review the factors behind the increase or decrease in operating profit for the fiscal year ended March 2022 and the fiscal year ending March 2023. The bar in the middle of the chart shows the actual results for the fiscal year ended March 2022, with an operating profit of JPY20.915 billion, an increase of JPY9.448 billion over the previous year. The increase was due to an increase of JPY8.511 billion in sales volume, an increase of JPY4.1 billion in spot sales, and a decrease of JPY3.163 billion in SG&A expenses. On the right is the forecast for the fiscal year ending March 2023, with an operating profit of JPY21.2 billion, an increase of JPY285 million over the previous year. The breakdown is as follows: an increase of JPY4.753 billion due to an increase in sales volume, a decrease of JPY3.1 billion due to a decrease in spot sales, and a decrease of JPY1.368 billion due to an increase in SG&A expenses.

Forecasts for FY2023/3 by Segment

(million yen)

		FY2022/3 Results		FY2023/3 Forecasts		YoY
Electronic components	Net sales	433,852		447,000		3.0%
	Segment income	18,127	4.2%	18,500	4.1%	2.2%
Information equipment	Net sales	39,616		39,000		-1.6%
	Segment income	2,085	5.3%	2,000	5.1%	-4.1%
Software	Net sales	2,767		4,000		44.5%
	Segment income	-26	0.1%	100	2.5%	-
Others	Net sales	19,590		20,000		2.1%
	Segment income	626	3.2%	600	3.0%	-4.2%
Total	Net sales	495,827		510,000		2.9%
	Segment income	20,934	4.2%	21,200	4.2%	1.4%

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

Business performance by segment. The electronic components business is projected to post sales of JPY447 billion, up 3% from the previous year, and segment profit of JPY18.5 billion, up 2.2%.

In information equipment, we forecast net sales of JPY39 billion, down 1.6%, and segment profit of JPY2 billion, down 4.1%.

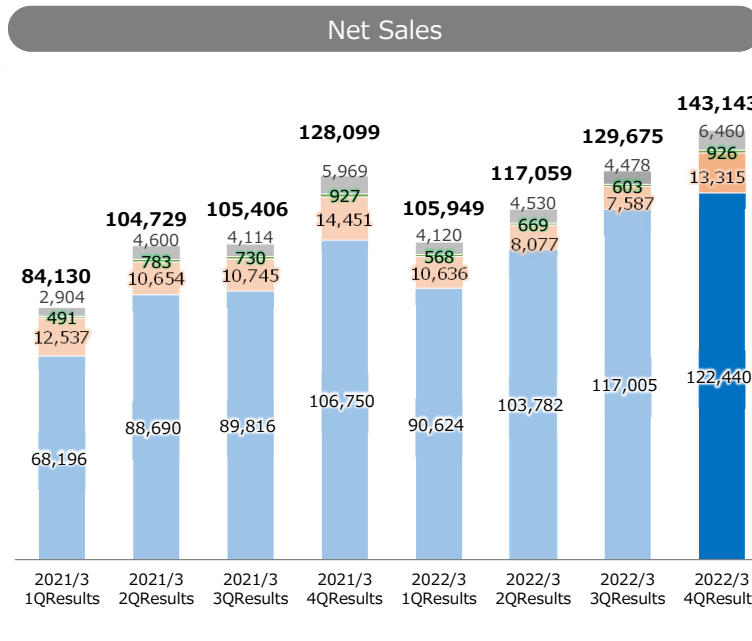
For software, we forecast net sales of JPY4 billion, an increase of 44.5%, and a segment profit of JPY100 billion.

In the other segment, we forecast net sales of JPY20 billion, up 2.1%, and segment profit of JPY600 million, down 4.2%.

Reference

Financial Highlights by Business Segment <Net Sales>

(million yen)



Total	
YoY	: +15,043
QoQ	: +13,467

Other	
YoY	: +490
QoQ	: +1,981

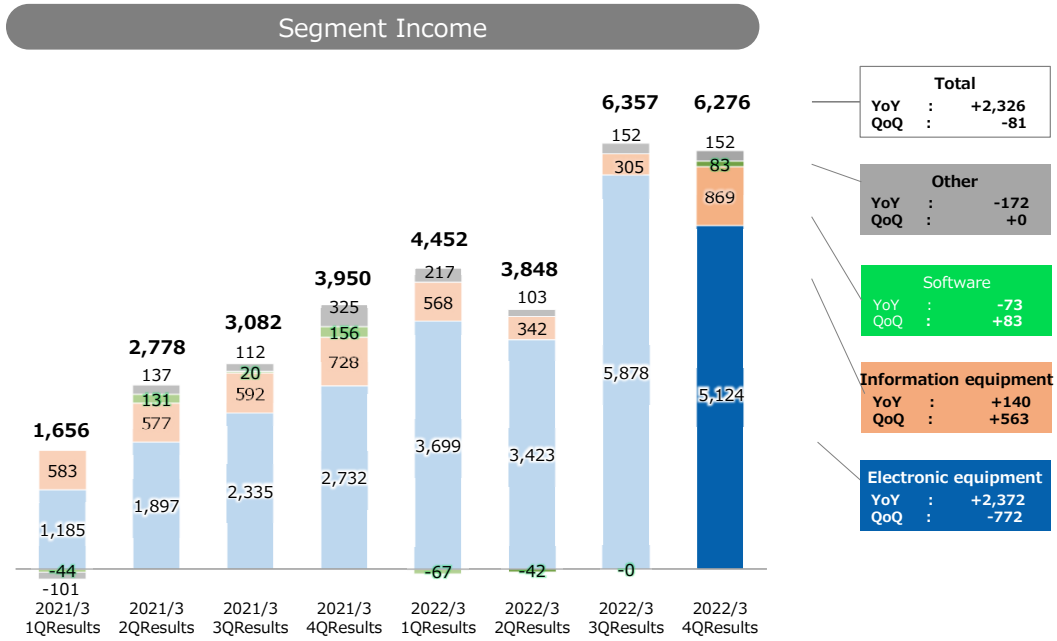
Software	
YoY	: -1
QoQ	: +322

Information equipment	
YoY	: -1,135
QoQ	: +5,728

Electronic equipment	
YoY	: +15,690
QoQ	: +5,435

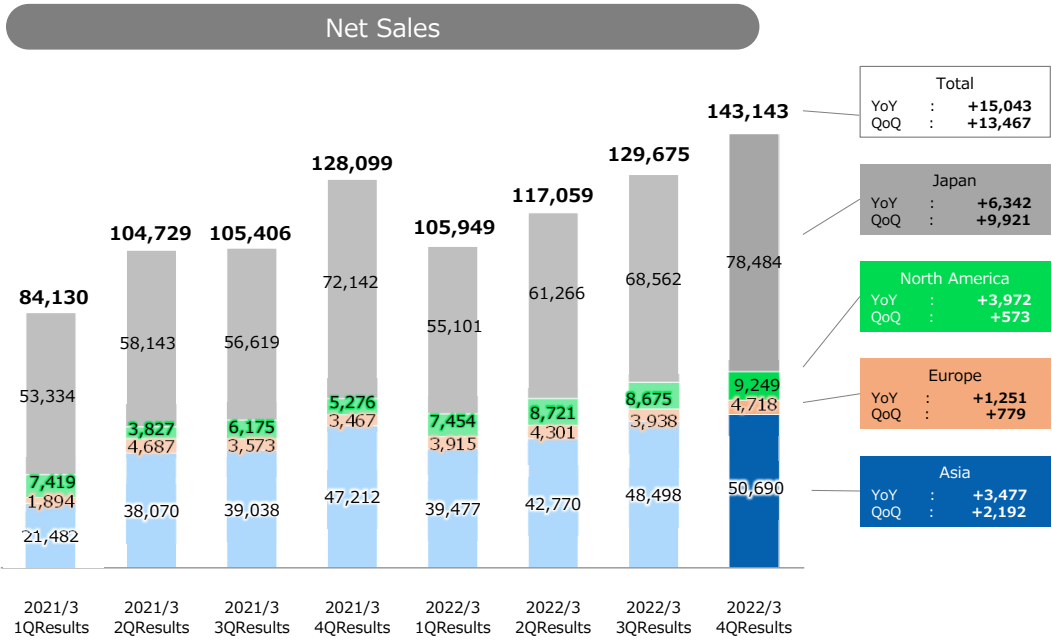
Financial Highlights by Business Segment < Segment Income >

(million yen)



Net Sales by Region

(million yen)



Exchange Rate/FOREX Sensitivity

	FY2021/3 Results (Yen)	FY2022/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2023/3(yen)
			Net sales	Operating income	
USD	106.06	112.38	1,573	46	116.00
RMB	15.48	17.03	242	9	18.00
THB	3.42	3.44	251	14	3.50
HKD	13.68	14.44	208	6	14.50
EUR	123.70	130.50	10	0	130.00

**“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/>

This concludes my review of financial results for the fiscal year ended March 2022 and our forecast for the fiscal year ending March 2023.

Thank you very much for your kind attention.

- 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.