



Financial Results Briefing Material
for the Fiscal Year ended March 2024

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

May 23, 2024

KAGA ELECTRONICS CO., LTD.

I am Ishihara from Kaga Electronics.

Thank you very much for your continued support and thank you for watching our financial results briefing today.

Consolidated Financial Results
for the Fiscal Year ended March 2024

Senior Executive Officer
Head of Administration Headquarters
Yasuhiro Ishihara

I would like to present an overview of our financial results for the fiscal year ended March 31, 2024.

Summary of Financial Results for FY2024/3

Results for FY2024/3

- **Net sales decreased by 65.3 billion yen or 10.8% year on year to 542.6 billion yen.** The electronic components business was affected by **full-scale impact of inventory adjustment from 3Q**, in addition to disappearance of spot demand and diminution of transactions with a major customer of a Group company.
- **Operating income decreased by 6.4 billion yen or 19.9% year on year to 25.8 billion yen.** The decrease primarily reflected a decrease in gross profit due to lower net sales, despite efforts to reduce SG&A expenses.
- **Net income decreased by 2.7 billion yen or 11.8% year on year to 20.3 billion yen.** 1.4 billion yen in gain on sale of investment securities and 0.4 billion yen in gain on bargain purchase associated with a corporate acquisition were posted.
- **Compared with the Company plan**, net sales fell slightly short of the plan, but **incomes exceeded the plan.**

FY2025/3 earnings forecast

- **Sales assumptions:** Although there is no change to the medium- to long-term growth scenario for the electronics-related markets with the automotive area as one of the major drivers, **full-fledged demand recovery is not expected until the second half of FY2025/3** given that full-scale inventory adjustment observed since the second half of FY2024/3 will continue for some time.
- **Income assumptions:** Increase in expenses due to salary increases, etc. are factored in, in addition to prolonged inventory adjustment.
- **Earnings forecast:** In light of the above, [**net sales of 550.0 billion yen (up 2.3%), operating income of 26.0 billion yen (up 0.6%), and net income of 18.0 billion yen (down 11.5%)**] are projected.

Shareholder Return

- FY2024/3: The year-end dividend **will be 110 yen per share** as previously forecast on May 11, 2023. **The annual dividend including interim dividend amounts to 220 yen per share, unchanged from the previous fiscal year.**
- FY2025/3: Despite a projected decrease in final income, the previous fiscal year's **220 yen per share will be maintained.**



2

These are the results for the fiscal year ended March 31, 2024.

Net sales decreased by 65.3 billion yen from the previous year to 542.6 billion yen.

Operating income decreased by 6.4 billion yen from the previous year to 25.8 billion yen.

The primary cause of decreases in net sales and income is the disappearance of spot demand in our mainstay electronic components business and full-scale impact of inventory adjustment by customers from 3Q.

Operating income decreased from the previous year, reflecting a decline in gross profit due to lower net sales, despite efforts to control and reduce SG&A expenses.

Profit decreased by 2.7 billion yen from the previous year to 20.3 billion yen, reflecting in part posting of extraordinary income, including gain on sales of investment securities and gain on bargain purchase associated with a corporate acquisition.

Compared with the internal plan announced in May last year, net sales fell slightly short of the plan, but operating income, ordinary income, and profit all exceeded the plan.

Next is the earnings forecast for the year ending March 31, 2025.

In the electronics-related market to which we belong, our medium- to long-term growth scenario, driven mainly by the automotive market, will remain unchanged. However, we expect inventory adjustment, which began in full swing in the second half of the year ended March 31, 2024, to continue for some time, and a full-fledged demand recovery is not expected until the second half of the year ending March 31, 2025.

Factoring in the business conditions and increased costs partly from recent salary increases, our earnings forecast for the year ending March 31, 2025, is net sales of 555.0 billion yen, operating income of 26.0 billion yen, and profit of 18.0 billion yen.

I explain our shareholder return policy.

As announced in May last year, the year-end dividend for the year ended March 31, 2024, will be 110 yen per share.

The annual dividend including interim dividend will be 220 yen per share, the same amount as the previous fiscal year.

For the year ending March 31, 2025, we intend to maintain the dividend of 220 yen per share, even though the final profit is expected to decrease.

Financial Highlights for FY2024/3

(million yen)


	FY2023/3 Results	FY2024/3 Results	YoY	FY2024/3 Forecasts (Announced on May 11, 2023)	Progress rate
Net sales	608,064	542,697	-10.8%	550,000	-1.3%
Gross Profit	78,514 <i>12.9%</i>	70,452 <i>13.0%</i>	-10.3%	—	—
SG&A	46,265 <i>7.6%</i>	44,607 <i>8.2%</i>	-3.6%	—	—
Operating income	32,249 <i>5.3%</i>	25,845 <i>4.8%</i>	-19.9%	25,000 <i>4.5%</i>	3.4%
Ordinary income	32,739 <i>5.4%</i>	25,976 <i>4.8%</i>	-20.7%	25,000 <i>4.5%</i>	3.9%
Profit attributable to owners of parent	23,070 <i>3.8%</i>	20,345 <i>3.7%</i>	-11.8%	18,000 <i>3.3%</i>	13.0%
EPS (yen)	878.65	774.61	—	685.42	—
ROE	19.6%	14.5%	-5.1pt	13.3%	1.2pt
Exchange Rate yen / USD	135.47	144.62	—	135.00	—

Note: 1. The effect of exchange rates on the conversion into yen is approximately 12,539 million yen on net sales and 420 million yen on operating income.
2. "x. x%" represents the ratio to net sales.

The financial highlights on the next page are as I have just explained. Earnings per share (EPS) in the current year was 774.61 yen. ROE was 14.5%, down 5.1 percentage points from the previous year. While most of the profits earned are piled in net assets, increasing financial stability, we find it necessary to further improve capital efficiency in the future. The average exchange rate during the current year was 144.62 yen against the U.S. dollar, which represents a depreciation of about 9 yen from the previous year and from the assumed rate of 135 yen in the full-year earnings forecasts. The year-on-year impact of foreign exchange fluctuations was an increase of approximately 12.5 billion yen in net sales and an increase of approximately 420 million yen in operating income.

		Results by Business Segment for FY2024/3					
		(million yen)					
		FY2023/3 Results	FY2024/3 Results	YoY	FY2024/3 Forecasts (Announced on May 11, 2023)	Progress rate	
Electronic Component	Net sales	539,342	472,583	-12.4%	471,500	0.2%	
	Segment income	28,314 <i>5.2%</i>	20,887 <i>4.4%</i>	-26.2%	20,700 <i>4.4%</i>	0.9%	
Information Equipment	Net sales	43,680	44,305	1.4%	45,000	-1.5%	
	Segment income	2,449 <i>5.6%</i>	2,924 <i>6.6%</i>	19.4%	2,500 <i>5.6%</i>	17.0%	
Software	Net sales	2,998	2,567	-14.4%	4,500	-42.9%	
	Segment income	286 <i>9.6%</i>	370 <i>14.4%</i>	29.0%	300 <i>6.7%</i>	23.4%	
Others	Net sales	22,044	23,241	5.4%	29,000	-19.9%	
	Segment income	1,101 <i>5.0%</i>	1,555 <i>6.7%</i>	41.2%	1,500 <i>5.2%</i>	3.7%	
Total	Net sales	608,064	542,697	-10.8%	550,000	-1.3%	
	Segment income	32,249 <i>5.3%</i>	25,845 <i>4.8%</i>	-19.9%	25,000 <i>4.5%</i>	3.4%	

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.

 4

These are results by business segment.

In the mainstay electronic components business, net sales and income in the component sales business both recorded decreases from the previous fiscal year. This is due to disappearance of spot demand, which had contributed to earnings until the previous fiscal year, given easing of supply shortages of semiconductors and electronic components and the diminution of transactions with a certain major client of Excel, as well as the impact of inventory adjustment by customers, which began in earnest from 3Q. The EMS business also recorded decreases in net sales and income year on year, for although sales in the automotive sector increased due to improved supply and demand balance of semiconductors and electronic components, inventory adjustments by key customers had an impact on sales in applications related to medical, industrial, and air-conditioning equipment.

In the information equipment business, both net sales and income increased from the previous fiscal year due to robust sales of PCs to educational institutions, security software, and PC peripheral products, combined with contribution from large-scale projects in the LED installation business that we started pushing forward on a full scale in the previous fiscal year. Segment income, in terms of both income amount and margin, came in above the previous year's results and the internal plan figures.

In the software business, net sales were lower than in the previous fiscal year, while segment income increased and, as with the information equipment business, both the segment income amount and margin exceeded the previous year's results and the internal plan figures.


In the others business, net sales increased year on year, and segment income was higher than the previous year's results and the internal plan figures.

Regarding segment income margin, all business segments exceeded the internal plan figures. Overall, operating income margin stood at 4.8% against full-year target of 4.5%.

Please also refer to pages 7 and 8, which contain information by business segment.

		Results by Company for FY2024/3				
		(million yen)				
		FY2022/3 Results	FY2023/3 Results	FY2024/3 Results	YoY	VS FY2022/3
Kaga Electronics	Net sales	281,075	348,034	315,404	-9.4%	12.2%
	Gross Profit	41,767 <i>14.9%</i>	53,123 <i>15.3%</i>	47,373 <i>15.0%</i>	-10.8%	13.4%
	Operating income	15,461 <i>5.5%</i>	21,899 <i>6.3%</i>	19,580 <i>6.2%</i>	-10.6%	26.6%
Kaga FEI	Net sales	149,455	199,548	190,684	-4.4%	27.6%
	Gross Profit	14,690 <i>9.8%</i>	20,913 <i>10.5%</i>	19,218 <i>10.1%</i>	-8.1%	30.8%
	Operating income	3,654 <i>2.4%</i>	8,103 <i>4.1%</i>	4,413 <i>2.3%</i>	-45.5%	20.8%
Excel	Net sales	65,296	60,481	36,608	-39.5%	-43.9%
	Gross Profit	4,247 <i>6.5%</i>	4,443 <i>7.3%</i>	3,834 <i>10.5%</i>	-13.7%	-9.7%
	Operating income	1,937 <i>3.0%</i>	2,072 <i>3.4%</i>	1,653 <i>4.5%</i>	-20.2%	-14.6%
Total	Net sales	495,827	608,064	542,697	-10.8%	9.5%
	Gross Profit	60,547 <i>12.2%</i>	78,514 <i>12.9%</i>	70,452 <i>13.0%</i>	-10.3%	16.4%
	Operating income	20,915 <i>4.2%</i>	32,249 <i>5.3%</i>	25,845 <i>4.8%</i>	-19.9%	23.6%

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.

 5

Next, I will explain our performance by company.

In the Kaga Electronics Group's traditional business, net sales and income decreased from the previous fiscal year, largely reflecting the disappearance of spot demand. However, both the gross profit margin and operating income margin remained at the same level as in the previous fiscal year, and we can see that its profit-generating ability is maintained.

At a glance, Kaga FEI Group's operating income appears to have declined significantly, partly stemming from the intra-group allocation of head office expenses which began in the year ended March 31, 2024, and the provision for doubtful accounts for certain customers.

But in fact, the disappearance of spot demand does not have much of an impact on net sales and gross profit, and we can see that the company has steadily developed a highly profitable structure.

In the Excel Group, despite a decline in sales to large-lot customers, profit-generating ability was enhanced with improved sales mix, and profits showed no decline as much as net sales, with both gross profit margin and operating income margin improving significantly.

Thus although in a year-on-year comparison, net sales and income both recorded decreases overall, if we take into account one-off factors, including spot demand associated with the tight supply and demand balance of inventories in the context of a larger trend, the gross profit margin was slightly above the previous year's figures, and I believe you can feel that the company continues to maintain the "earning power."

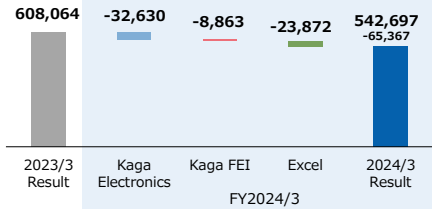
Please also refer to the graphs on page 6.

Please also refer to the quarterly information for the last three months of the year on pages 9 to 14.

Effect of M&A for FY2024/3

Net Sales

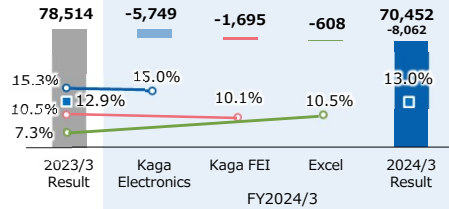
Net sales decreased both at Kaga Electronics and Kaga FEI due partly to disappearance of spot demand. Excel saw a decrease in sales to a major customer.



Gross profit / Gross profit margin

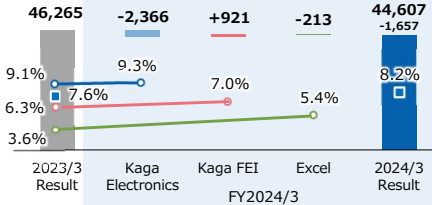
(million yen)

All three companies recorded a gross profit decrease due to lower net sales. At Excel, gross profit margin improved due to improved sales mix.



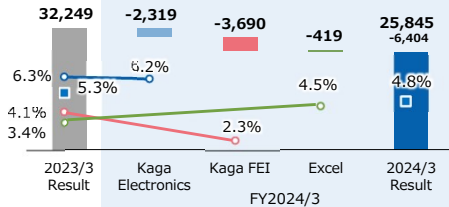
SG&A / SG&A ratio

SG&A expenses decreased in Kaga Electronics and Excel, reflecting cost-cutting efforts. Kaga FEI's expenses increased due partly to the provision of allowance for doubtful accounts and allocation of head office expenses.



Operating income / Operating income margin

All three companies recorded an operating income decrease. At Excel, operating income margin improved due to improved sales mix.



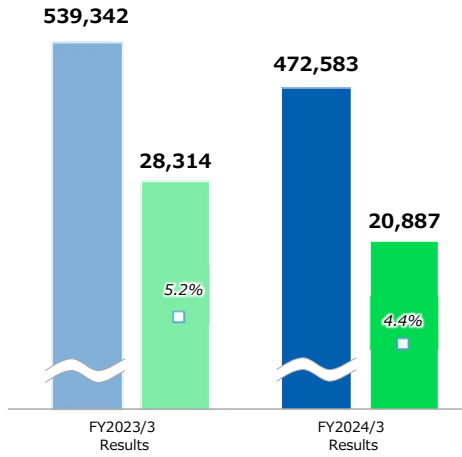
Note: With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at 25million yen, and operating income came to 198million yen.

Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

■ Net Sales
■ Segment income



YoY

- Net Sales ▶ **-66,759 million yen 12.4% Down**
- Segment income ▶ **-7,427 million yen 26.3% Down**

• Both net sales and income decreased in the component sales business due to the impact of inventory adjustment taking place on a full-scale since 3Q, in addition to disappearance of spot demand that had contributed to earnings until the previous fiscal year, given easing of supply shortages of semiconductors and electronic components, and diminution of transactions with a certain major client of Excel.

• Kaga FEI's SoC (System on a Chip) products continued to enjoy robust sales.

• In the EMS business, net sales and income declined due partly to the impact of inventory adjustments at key customers in applications related to medical, industrial and air-conditioning equipment, despite sales growth in the automotive sector resulting from improved supply and demand balance of semiconductors and electronic components.

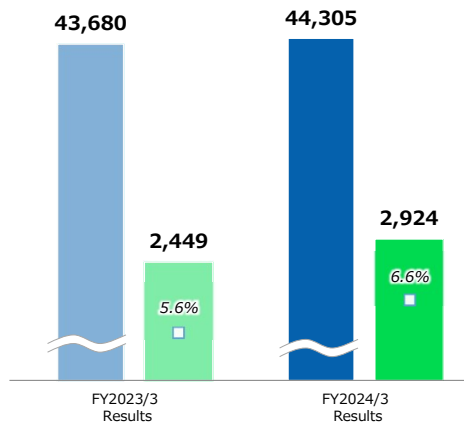


Financial Highlights: Information Equipment Segment

Net sales/Segment income

(million yen)

■ Net Sales
■ Segment income



YoY

● Net Sales ▶ **+625million yen 1.4%Up**
● Segment income ▶ **+474million yen 19.4%Up**

- Although sales of PCs for mass retailers struggled due to weak demand, sales of PCs for educational institutions remained firm, with an increase in the number of accounts.
- Sales of security software and PC peripheral products were also solid.
- 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 FY2024/3 (3months)

(million yen)

	FY2023/3 4Q Results	FY2024/3 3Q Results	FY2024/3 4Q Results	YoY	QoQ
Net sales	155,843	131,413	136,239	-12.6%	3.7%
Gross Profit	18,630 <i>12.0%</i>	17,091 <i>13.0%</i>	18,200 <i>13.4%</i>	-2.3%	6.5%
SG&A	12,387 <i>7.9%</i>	10,475 <i>8.0%</i>	12,846 <i>9.4%</i>	3.7%	22.6%
Operating income	6,242 <i>4.0%</i>	6,615 <i>5.0%</i>	5,353 <i>3.9%</i>	-14.2%	-19.1%
Ordinary income	6,121 <i>3.9%</i>	6,365 <i>4.8%</i>	5,664 <i>4.2%</i>	-7.5%	-11.0%
Profit attributable to owners of parent	4,017 <i>2.6%</i>	4,587 <i>3.5%</i>	4,353 <i>3.2%</i>	8.4%	-5.1%
EPS (yen)	152.99	174.65	165.73	-	-

Note: 1. The effect of exchange rates on the conversion into yen is approximately 2,842 million yen on net sales and 90 million yen on operating income.
2. "x. x%" represents the ratio to net sales.

Results by Business Segment for FY2024/3 (3 months)

(million yen)

		FY2023/3 4Q Results	FY2024/3 3Q Results	FY2024/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	133,733	115,229	114,788	-14.2%	-0.4%
	Segment income	4,972 <i>3.7%</i>	5,363 <i>4.7%</i>	3,738 <i>3.3%</i>	-24.8%	-30.3%
Information Equipment	Net sales	14,540	9,551	14,038	-3.4%	47.0%
	Segment income	949 <i>6.5%</i>	641 <i>6.7%</i>	1,002 <i>7.1%</i>	5.6%	56.2%
Software	Net sales	922	591	750	-18.6%	27.0%
	Segment income	151 <i>16.4%</i>	149 <i>25.3%</i>	107 <i>14.3%</i>	-29.1%	-28.2%
Others	Net sales	6,647	6,041	6,660	0.2%	10.2%
	Segment income	129 <i>2.0%</i>	436 <i>7.2%</i>	495 <i>7.4%</i>	281.9%	13.6%
Total	Net sales	155,843	131,413	136,239	-12.6%	3.7%
	Segment income	6,242 <i>4.0%</i>	6,615 <i>5.0%</i>	5,353 <i>3.9%</i>	-14.2%	-19.1%

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.

Results by Company for FY2024/3 (3 months)

(million yen)

		FY2023/3 4Q Results	FY2024/3 3Q Results	FY2024/3 4Q Results	YoY	QoQ
Kaga Electronics	Net sales	93,560	78,517	80,478	-14.0%	2.5%
	Gross Profit	12,901 <i>13.8%</i>	11,556 <i>14.7%</i>	12,165 <i>15.1%</i>	-5.7%	5.3%
	Operating income	4,320 <i>4.6%</i>	5,089 <i>6.5%</i>	3,922 <i>4.9%</i>	-9.2%	-22.9%
Kaga FEI	Net sales	46,255	44,360	47,556	2.8%	7.2%
	Gross Profit	4,300 <i>9.3%</i>	4,510 <i>10.2%</i>	5,075 <i>10.7%</i>	18.0%	12.5%
	Operating income	1,093 <i>2.4%</i>	1,009 <i>2.3%</i>	980 <i>2.1%</i>	-10.3%	-2.9%
Excel	Net sales	16,027	8,535	8,203	-48.8%	-3.9%
	Gross Profit	1,328 <i>8.3%</i>	993 <i>11.6%</i>	915 <i>11.2%</i>	-31.0%	-7.8%
	Operating income	695 <i>4.3%</i>	455 <i>5.3%</i>	332 <i>4.1%</i>	-52.1%	-26.9%
Total	Net sales	155,843	131,413	136,239	-12.6%	3.7%
	Gross Profit	18,630 <i>12.0%</i>	17,091 <i>13.0%</i>	18,200 <i>13.4%</i>	-2.3%	6.5%
	Operating income	6,242 <i>4.0%</i>	6,615 <i>5.0%</i>	5,353 <i>3.9%</i>	-14.2%	-19.1%

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

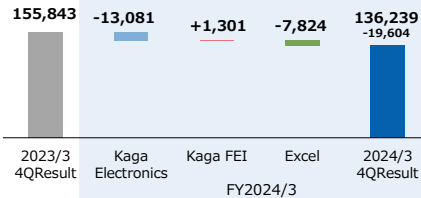
2. "x. x%" represents the profit margin.

Effect of M&A for FY2024/3 (3 months)

(million yen)

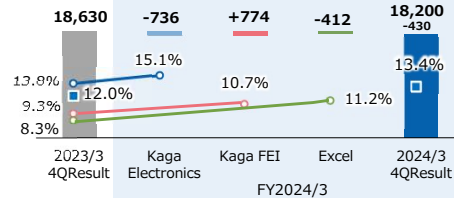
Net Sales

Net sales decreased both at Kaga Electronics and Excel due to continuation of inventory adjustment. Kaga FEI secured an increase in net sales.



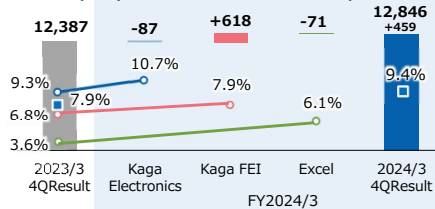
Gross profit / Gross profit margin

profit decreased at both Kaga Electronics and Excel due to lower net sales. Kaga FEI recorded a gross profit increase.



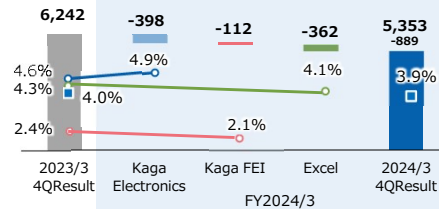
SG&A / SG&A ratio

At Kaga Electronics and Excel reduced SG&A expenses due to a decrease in gross profit. Kaga FEI's expenses increased due partly to allocation of head office expenses.



Operating income / Operating income margin

All three companies recorded a decrease in operating income but maintained roughly last year's level of operating income margin on a consolidated basis.



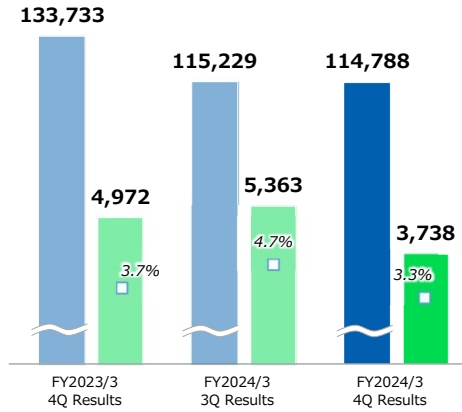
Note :With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at 43million yen, and operating income came to 117million yen.

Financial Highlights: Electronic Component Segment (3 months)

Net sales/Segment income

(million yen)

■ Net Sales
■ Segment income



YoY

● Net Sales ▶ **-18,944**million yen **14.2%Down**
● Segment income ▶ **-1,233**million yen **24.8%Down**

QoQ

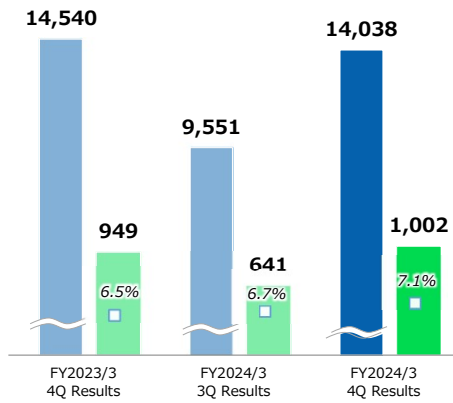
● Net Sales ▶ **-440**million yen **0.4%Down**
● Segment income ▶ **-1,624**million yen **30.3%Down**

Financial Highlights: Information Equipment Segment (3 months)

Net sales/Segment income

(million yen)

■ / ■ Net Sales
■ / ■ Segment income

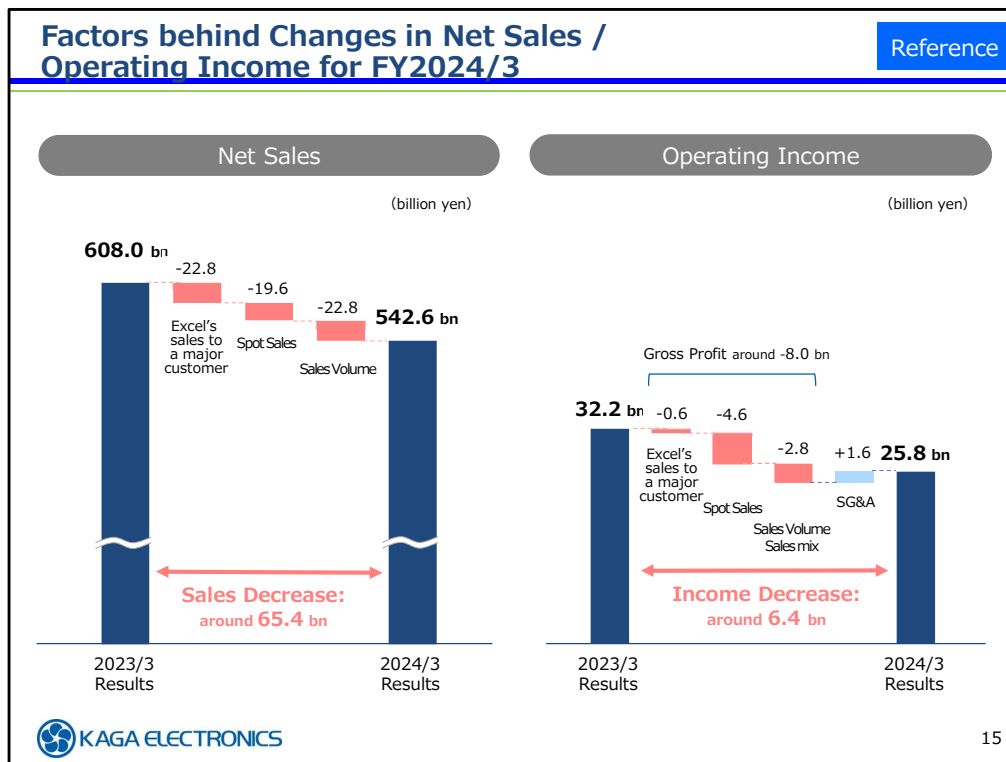


YoY

● Net Sales ▶ **-501million yen 3.4%Down**
● Segment income ▶ **+52million yen 5.6%Up**

QoQ

● Net Sales ▶ **+4,487million yen 47.0%Up**
● Segment income ▶ **+360million yen 56.2%Up**



I will now explain the causes of the year-on-year changes in net sales and operating income.

A diminution in transactions with a certain major customer of Excel caused sales to decrease by 22.8 billion yen and income to decrease by 0.6 billion yen. Another factor was the disappearance of spot demand in the electronic components business, which led to a decrease in sales of 19.6 billion yen and a decrease in income of 4.6 billion yen.

In addition, a decrease in sales volume due to inventory adjustment by customers and fluctuation in sales mix caused sales to decrease by 22.8 billion yen and income to decrease by 2.8 billion yen.

These three factors above resulted in a year-on-year decrease in net sales of 65.4 billion yen and a decrease in gross profit of 8.0 billion yen.

In the business condition, we made efforts to reduce and control SG&A expenses and cut costs by 1.6 billion yen, but operating income stood at 6.4 billion yen less than the previous year's level.

In comparison with the internal plan, net sales fell slightly short of the plan, but operating income exceeded the plan figures of 25.0 billion yen by 0.8 billion yen.

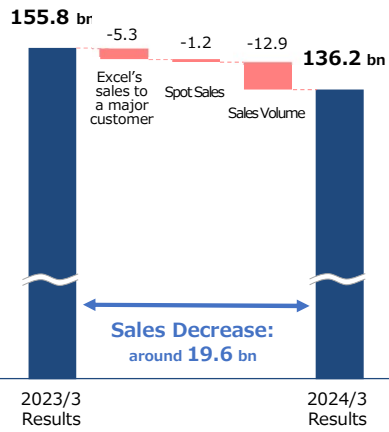
Please also refer to the quarterly information for the last three months of the year on page 16.

Factors behind Changes in Net Sales / Operating Income for FY2024/3 (3 months)

Reference

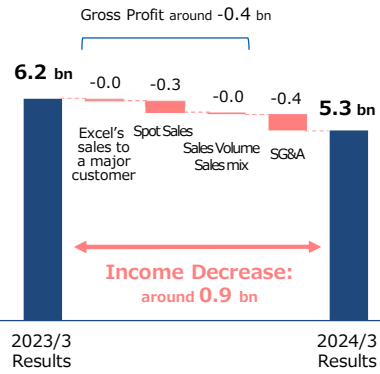
Net Sales

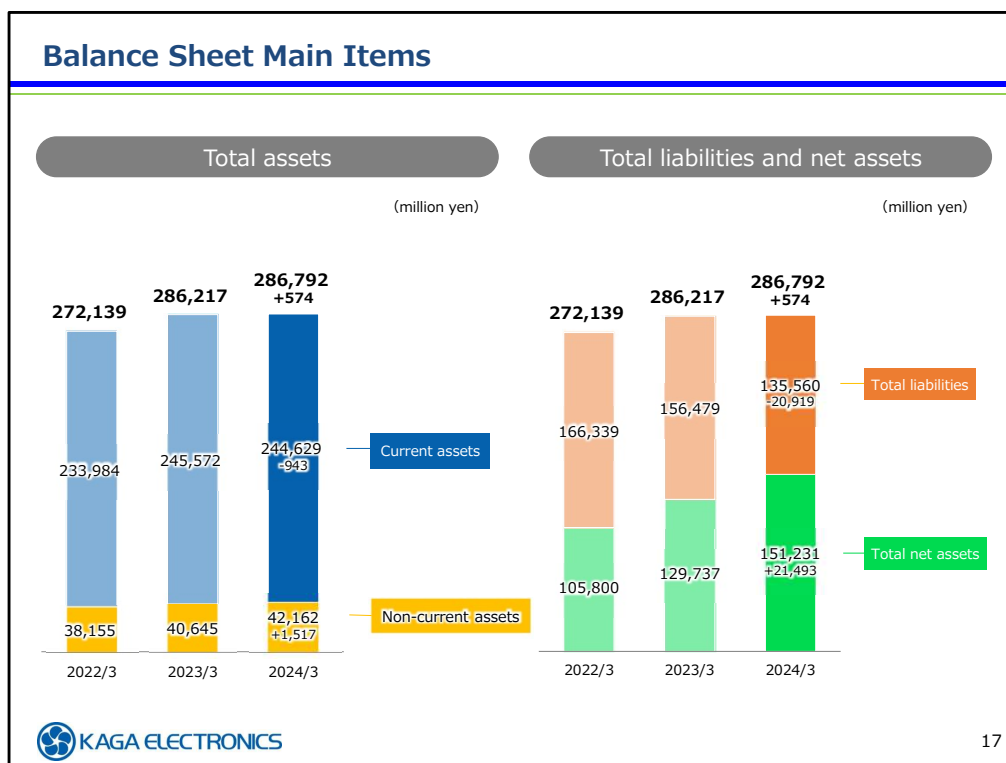
(billion yen)



Operating Income

(billion yen)





Let me move on to the balance sheet, starting with assets.

Current assets decreased by 0.9 billion yen from the end of the previous fiscal year to 244.6 billion yen, due in part to a decrease in accounts receivable and inventories. Non-current assets increased by 1.5 billion yen from the end of the previous fiscal year to 42.1 billion yen, due notably to capital investment in the new Mexico plant. Total assets increased by 0.5 billion yen from the end of the previous fiscal year to 286.7 billion yen.

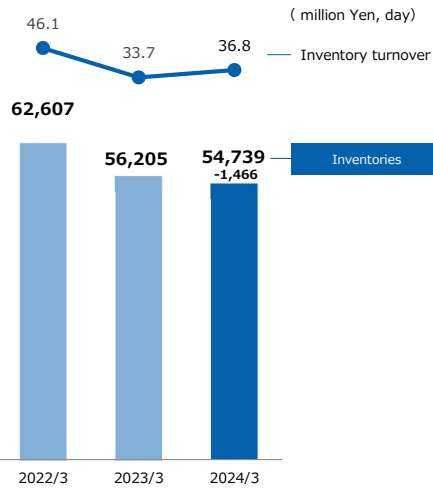
Liabilities decreased by 20.9 billion yen from the end of the previous fiscal year to 135.5 billion yen, due primarily to a decrease in accounts payable-trade and repayment of loans payable. Net assets increased by 21.4 billion yen from the end of the previous fiscal year to 151.2 billion, due partly to an increase in retained earnings.

As a result of the significant decrease in current liabilities, the current ratio was 233.4%.

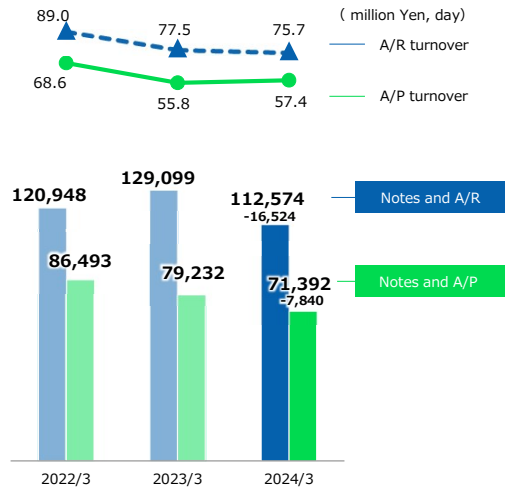
The equity ratio improved by 7.3 percentage points from 45.3% at the end of the previous fiscal year to 52.6%, indicating improved financial stability.

Balance Sheet Main Items

Inventories



Accounts receivable/Accounts payable

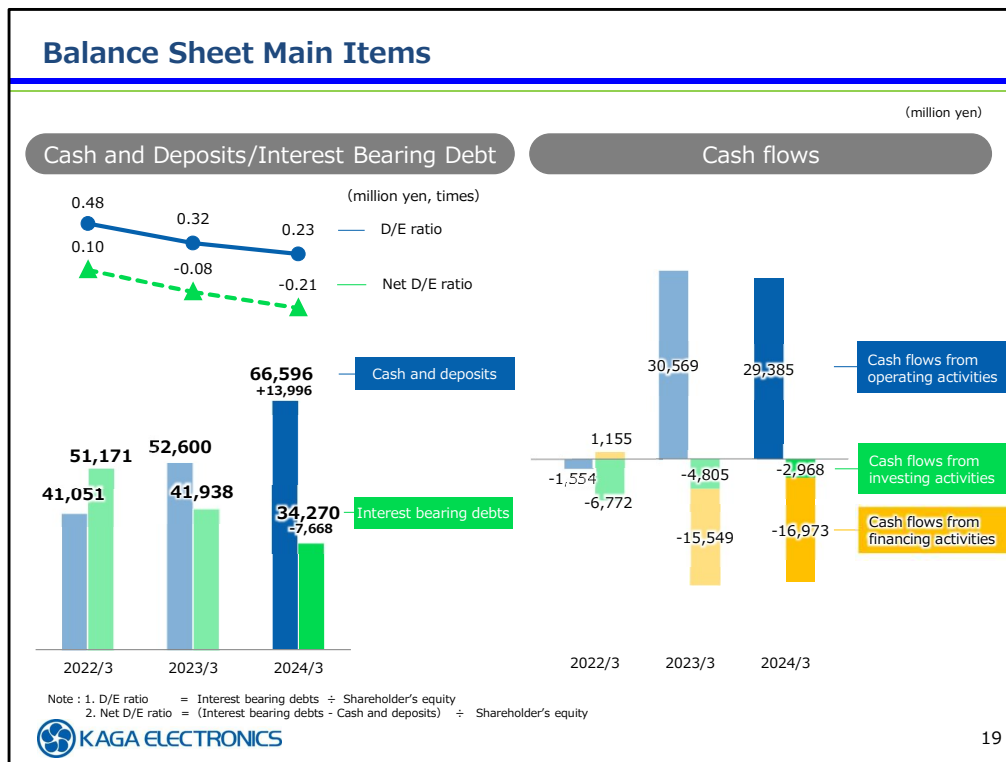


Note : Inventory turnover = Inventories ÷ Net Sales × 365 (day)

Notes : 1. Notes and A/R are amounts including Electronically recorded monetary claims-operating
 2. Notes and A/P are amounts including Electronically recorded obligations - operating
 3. A/R turnover = Notes and A/R ÷ Net sales × 365 (day)
 4. A/P turnover = Notes and A/P ÷ Total purchase of goods × 365 (day)

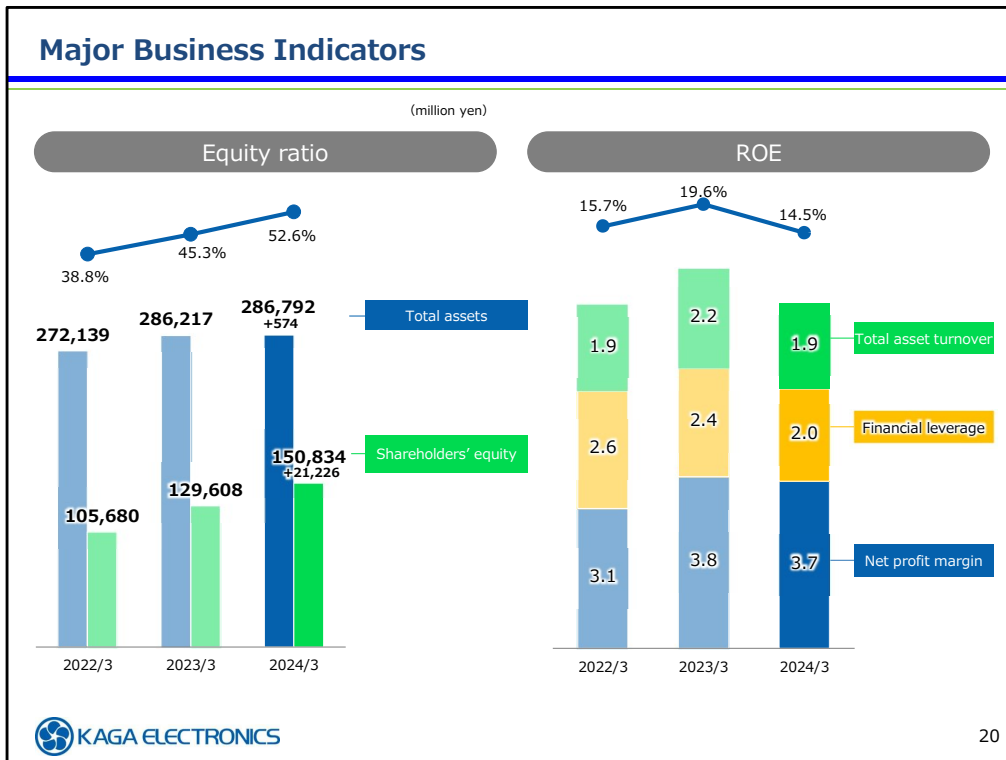
Inventories amounted to 54.7 billion yen, a decrease of 1.4 billion yen from the end of the previous fiscal year, as a result of efforts, including adjustments in purchasing and procurement, amid the impact of inventory adjustment by key customers.

Inventory turnover, on the other hand, worsened by 3 days to 36.8 days, partly due to a decrease in net sales, and we are continuing to strengthen efforts to reduce inventories.



Interest-bearing debt stood at 34.2 billion yen, a decrease of 7.6 billion yen from the end of the previous fiscal year due to debt repayment, and the debt-to-equity ratio (D/E ratio) was kept low at 0.23 times due to an increase in equity through profit generation.

The balance of cash and deposits increased by 13.9 billion yen from the end of the previous fiscal year to 66.5 billion yen, reflecting cash flow from operating activities of 29.3 billion yen, almost the same level as the previous fiscal year. As a result of the increase in cash and deposits, the net D/E ratio stood at negative 0.21 times remaining in the negative as it did at the end of the previous fiscal year. Our financial foundation is becoming increasingly stable and strong to invest in the next phase of growth.



While shareholders' equity increased, bringing financial stability higher at an equity ratio of 52.6%, ROE of 14.5% indicates a slight decline in capital efficiency.

We intend to continue further enhancing the profit-generating ability and use the funds generated to implement a multifaceted approach covering investments in business expansion, including through M&A, production facilities and other business infrastructure for growth, and human capital, as well as shareholder returns. As such, we aim to sustainably maintain and improve the management target ROE of a "stable 10% or higher."

Forecasts for FY2025/3

Forecasts for FY2025/3

	FY2024/3 Results		FY2025/3 Forecasts		YoY
	(million yen)				
Net sales	542,697		555,000		2.3%
Operating income	25,845	4.8%	26,000	4.7%	0.6%
Ordinary income	25,976	4.8%	26,000	4.7%	0.1%
Profit attributable to owners of parent	20,345	3.7%	18,000	3.2%	-11.5%
EPS (yen)	774.61	–	685.26	–	–
ROE	14.5%	–	11.5%	–	-3.0pt
Annual dividend (yen)	220.00		220.00		–

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

I now explain our earnings forecast for the fiscal year ending March 31, 2025. As mentioned earlier, we expect customers' inventory adjustments, which began in full swing in the second half of the year ended March 31, 2024, to continue for some time with a full-fledged recovery in demand expected in the second half of the year ending March 31, 2025.

Factoring in higher costs, including salary increases, in addition to the lingering inventory adjustment, we have revised our forecasts for the year ending March 31, 2025, to net sales of 555 billion yen, operating income and ordinary income of 26 billion yen, and profit of 18 billion yen, which is almost unchanged from the previous fiscal year.

Based on the above forecasts, we expect earnings per share (EPS) for the year ending March 31, 2025, to be 685.26 yen, and ROE at the end of the year to be 11.5%.

The annual dividend will be 220 yen per share, the same as the previous year, even though profit is expected to be lower than the previous year.

Forecasts by Business Segment for FY2025/3

(million yen)

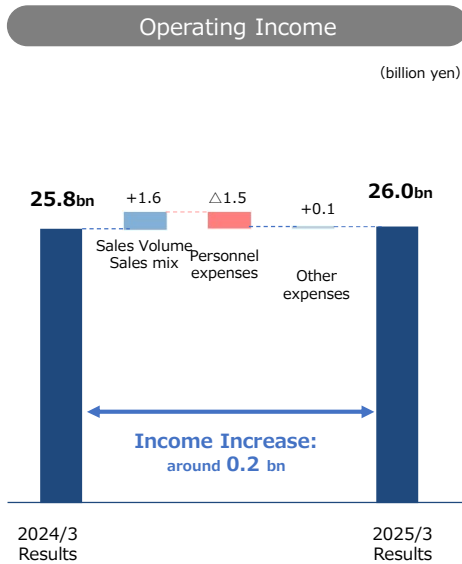
		FY2024/3 Results	FY2025/3 Forecasts	YoY
Electronic Component	Net sales	472,583	482,500	2.1%
	Segment income	20,887 <i>4.4%</i>	20,900 <i>4.3%</i>	0.1%
Information Equipment	Net sales	44,305	45,000	1.6%
	Segment income	2,924 <i>6.6%</i>	3,000 <i>6.7%</i>	2.6%
Software	Net sales	2,567	3,000	16.8%
	Segment 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.

The earnings forecast for each business segment is expected to remain at the same level as in the previous fiscal year.

Factors behind Changes in Operating Income for FY2025/3

Reference



(Cost increase factors incorporated into FY2025/3 forecasts)

- (1) **Salary increases 1.0 bn**
- Kaga Electronics: Up 25,000 yen / month across the board

(average rise of 7.8%)

- Group companies: rise of 2.0% to 7.5%

- (2) **New graduate salary, regular salary increases, etc. 0.5 bn**

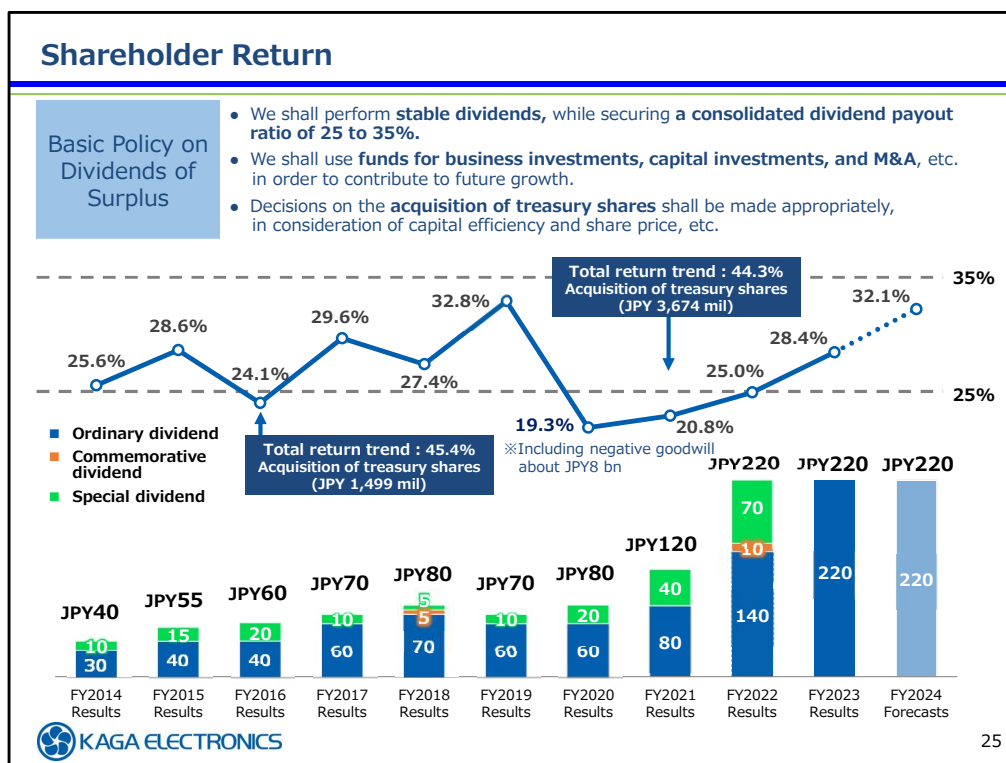
*Operating income forecast: +1.6 billion yen (+6.4%) in real terms, excluding the effects of the above factors

I will now explain the causes of the year-on-year changes in operating income. Starting from the fiscal year ending March 31, 2025, salary increases of about 1.0 billion yen took effect for the Group as a whole.

At Kaga Electronics, the monthly increase is 25,000 yen across the board. The average increase is 7.8%.

By adding this figure to a 0.5 billion yen increase in costs, including new graduate salaries and regular salary increases, we have factored in a 1.5 billion yen increase in personnel expenses in our forecast.

This increase in income was due to a 1.6 billion yen increase in gross profit from higher sales volume and improved sales mix, a 0.1 billion yen increase from curbing non-personnel expenses, and an approximately 0.2 billion yen increase in operating income, all of which are incorporated in our forecast.



I now explain about shareholder returns and dividends.

The following are our three basic principles for profit distribution.

- We shall perform stable dividends, while securing a consolidated dividend payout ratio of 25 to 35%.
- We shall use funds for business investments, capital investments, and M&A, etc. in order to contribute to future growth.
- Decisions on the acquisition of treasury shares shall be made appropriately, in consideration of capital efficiency and share price, etc.

In the fiscal year ended March 31, 2024, we plan to pay an annual dividend of 220 yen per share, the same as the previous year, despite the year-on-year decline in net sales and income. This will bring the payout ratio to 28.4%.

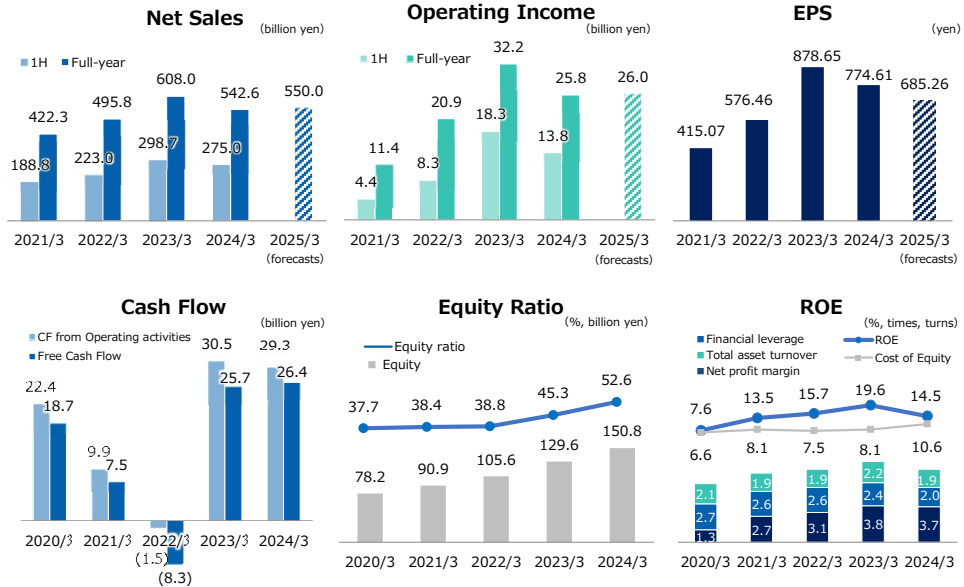
Looking toward the fiscal year ending March 31, 2025, the annual dividend is also expected to be 220 yen per share, the same as the previous year, even though final income is expected to decrease. As a result, the payout ratio for the year ending March 31, 2025, is expected to be 32.1%.

In January this year, we announced our policy on “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.”

Going forward, we will, in line with the policy, work to further strengthen our earning power and management foundation, and will consider and make efforts to distribute profits other than through dividends as necessary, taking into account the environment and circumstances.

Page 28 and onwards are reference materials containing voluntary disclosure information by segment in line with the Medium-Term Management Plan, as well as graphs showing quarterly net sales by segment and by region, and such other information as exchange rates and exchange rate sensitivity. Please have a look.

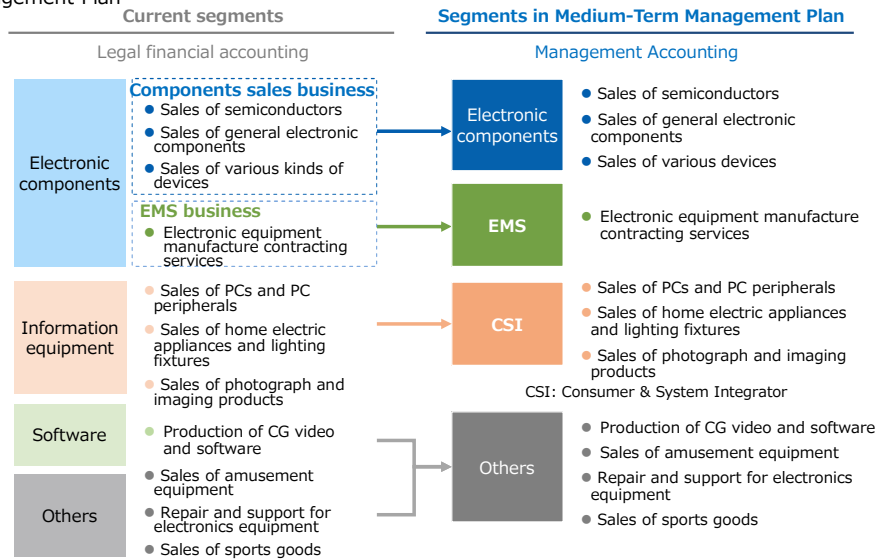
Latest 5 years Financial Trends



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)

		FY2022/3 Results	FY2023/3 Results	FY2024/3 Results	YoY	vs FY2022/3
Electronic Component	Net sales	325,830	398,783	360,743	-9.5%	10.7%
	Segment income	11,094 3.4%	19,475 4.9%	14,228 3.9%	-26.9%	28.2%
EMS	Net sales	117,828	149,862	120,478	-19.6%	2.2%
	Segment income	7,356 6.2%	9,563 6.4%	7,375 6.1%	-22.9%	0.3%
CSI	Net sales	39,616	43,680	44,305	1.4%	11.8%
	Segment income	2,085 5.3%	2,449 5.6%	2,924 6.6%	19.4%	40.2%
Others	Net sales	12,552	15,739	17,170	9.1%	36.8%
	Segment income	255 2.0%	663 4.2%	1,208 7.0%	82.1%	372.4%
Total	Net sales	495,827	608,064	542,697	-10.8%	9.5%
	Segment income	20,915 4.2%	32,249 5.3%	25,845 4.8%	-19.9%	23.6%

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.

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

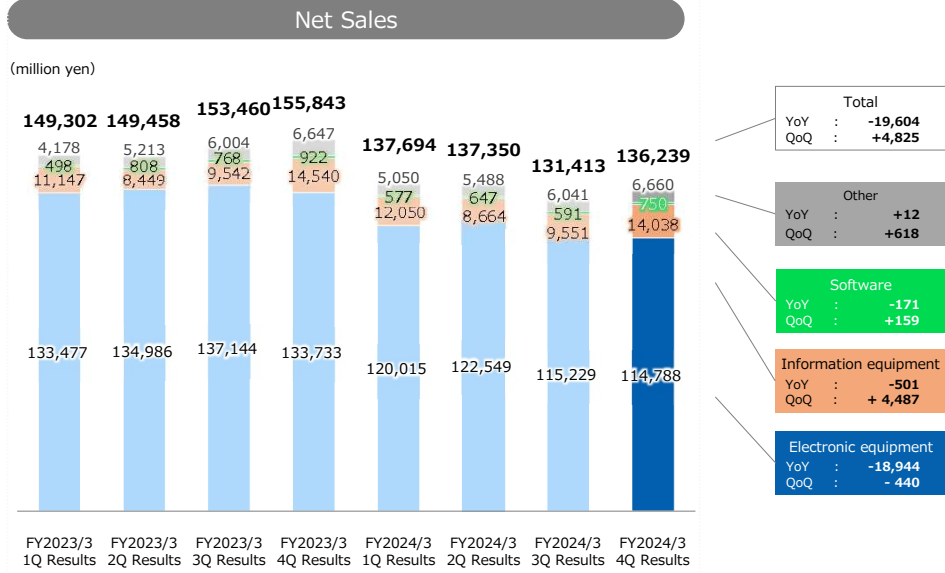
(million yen)

		FY2023/3 4Q Results	FY2024/3 3Q Results	FY2024/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	95,569	86,668	89,705	-6.1%	3.5%
	Segment income	3,573 <i>3.7%</i>	3,753 <i>4.3%</i>	2,472 <i>2.8%</i>	-30.8%	-34.1%
EMS	Net sales	41,251	31,000	27,355	-33.7%	-11.8%
	Segment income	1,637 <i>4.0%</i>	1,798 <i>5.8%</i>	1,433 <i>5.2%</i>	-12.4%	-20.3%
CSI	Net sales	14,540	9,551	14,038	-3.4%	47.0%
	Segment income	949 <i>6.5%</i>	641 <i>6.7%</i>	1,002 <i>7.1%</i>	5.6%	56.2%
Others	Net sales	4,480	4,193	5,138	14.7%	22.5%
	Segment income	42 <i>1.0%</i>	396 <i>9.5%</i>	436 <i>8.5%</i>	924.3%	9.9%
Total	Net sales	155,843	131,413	136,239	-12.6%	3.7%
	Segment income	6,242 <i>4.0%</i>	6,615 <i>5.0%</i>	5,353 <i>3.9%</i>	-14.2%	-19.1%

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.

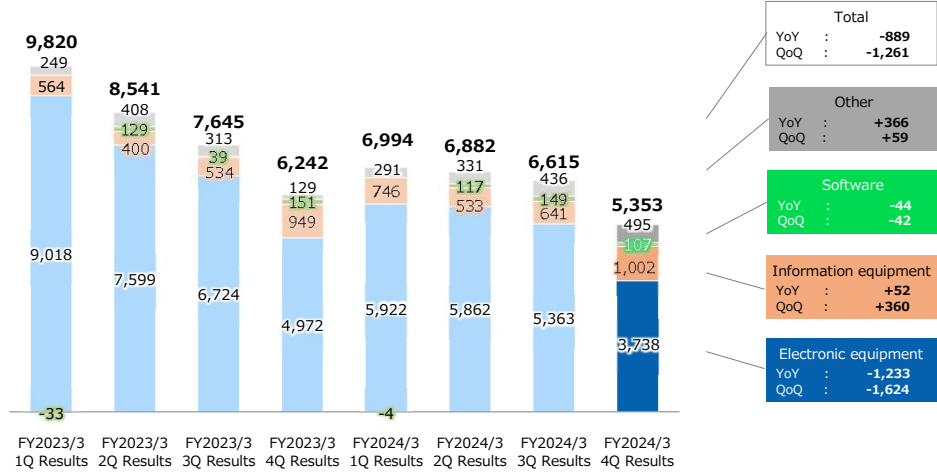
Quarterly Net Sales Trends (3months)



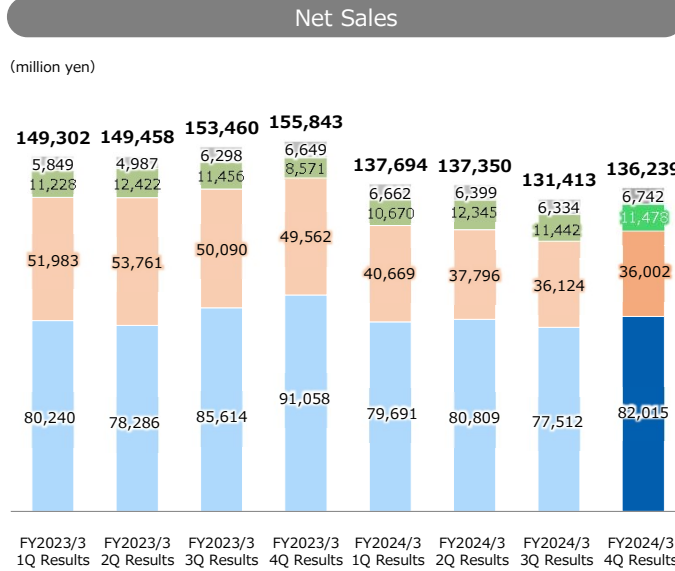
Quarterly Segment Income Trends (3months)

Segment Income

(million yen)



Net Sales by Region (3months)



Total
YoY : -19,604
QoQ : +4,825

Europe
YoY : +92
QoQ : +408

North America
YoY : +2,906
QoQ : +36

Asia
YoY : -13,560
QoQ : -121

Japan
YoY : -9,043
QoQ : +4,503

Exchange Rate/FOREX Sensitivity

	FY2023/3 Results (Yen)	FY2024/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2025/3(yen)
			Net sales	Operating income	
USD	135.47	144.62	1,740	26	145.00
RMB	19.48	19.82	328	22	19.50
THB	3.84	4.11	282	18	4.00
HKD	17.28	18.48	177	3	18.50
EUR	140.97	156.80	7	0	155.00

Note

.....

.....

.....

.....

.....

.....

Note

.....

.....

.....

.....

.....

.....

Note

.....

.....

.....

.....

.....

.....

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



20 Kandamatsunagacho, Chiyoda-ku, Tokyo 101-8629
Contact: Investor Relations & Public Relations Department
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 presentation of our financial results for the fiscal year ended March 31, 2024.
Thank you very much for listening.

- 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.