

Financial Results Briefing Material for the Fiscal Year ended March 2025

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

May 22, 2025

KAGA ELECTRONICS CO., LTD.

Consolidated Financial Results for the Fiscal Year ended March 2025

Senior Executive Officer
Head of Administration Headquarters
Yasuhiro Ishihara

I am Ishihara of Kaga Electronics.

Thank you for your continued support and patronage.

I would also like to thank you for watching this presentation of our financial results briefing today.

I will now present an overview of our financial results for the fiscal year ended March 31, 2025.

Summary of Financial Results for FY2025/3

Results for FY2025/3

- Net sales: increased by 5.0 billion yen or 0.9% YoY to 547.7 billion yen
While the components sales business saw a decline in net sales due to prolonged inventory adjustment and termination of transactions with a certain major customer, the EMS business and the amusement equipment business remained robust.
- Operating income: decreased by 2.2 billion yen or 8.7% YoY to 23.6 billion yen
Despite a small increase in gross profit, SG&A expenses, including personnel expenses and logistics costs, increased substantially.
- Net income: decreased by 3.2 billion yen or 16.0% YoY to 17.0 billion yen.
Due to absence of such items as gain on sale of investment securities (1.4 billion yen) and gain on bargain purchase (0.4 billion yen) that were posted in the previous fiscal year.

FY2026/3 earnings forecast

- Business environment: while in the medium to long term, demand is expected to expand driven by automotive applications such as for vehicle electrification and autonomous driving, in the short term, amid prolonged inventory adjustment, a full-fledged demand recovery is not expected until the latter half of FY2026/3.
- Exchange rate assumption: exchange rate is assumed at 140 yen per U.S. dollar, a little over 12 yen stronger than the previous fiscal year. Factoring in the impact of foreign currency translation, net sales are projected at 17.0 billion yen and operating income at 0.5 billion yen.
- Earnings forecast : Net sales of 530.0 billion yen, operating income of 23.0 billion yen, and net income of 16.5 billion yen are projected, largely in line with the previous fiscal year.

Shareholder Return

- FY2025/3: as previously announced (May 9, 2024), a year-end dividend of 55 yen per share will be paid. Combined with interim dividend, annual dividend will be 110 yen per share, unchanged from the previous fiscal year.
*A two-for-one stock split was executed in October 2024. Annual dividend of 110 yen is after adjustment for the stock split.
- FY2026/3: Notwithstanding the projected decrease in profit, previous fiscal year's dividend payment of 110 yen per share will be maintained.



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These are the results for the fiscal year ended March 31, 2025.

Net sales increased 5.0 billion yen from the previous year to 547.7 billion yen.

In the components sales business, sales declined due to prolonged inventory adjustments carried out by key customers, which had been a concern, and a reduction in transactions with certain major customers at overseas subsidiaries, among other factors. However, the EMS business, amusement equipment business, and software business remained strong, resulting in a slight increase in overall sales.

Operating income decreased by 2.2 billion yen from the previous year to 23.6 billion yen.

The gross profit margin improved to 13.1% due to a better sales mix, and gross profit increased 1.7% from the previous year, but this was not enough to offset the increase in SG&A expenses attributable to an increase in personnel expenses resulting from pay rises and higher logistics costs.

Ordinary income decreased 3.3 billion yen from the previous year to 22.5 billion yen, mainly due to foreign exchange losses resulting from exchange fluctuations.

Net income decreased 3.2 billion yen to 17.0 billion yen due to the absence of gain on sales of investment securities and gain on bargain purchase associated with a corporate acquisition, which were recorded as extraordinary income in the previous year.

Next, I will explain the full-year earnings forecast for the fiscal year ending March 31, 2026.

In the electronics-related market to which we belong, we expect demand to grow in the medium to long term, mainly for automotive applications, on the back of vehicle electrification and advances in autonomous driving, but in the short term, as customers' inventory adjustments are still prolonged, we expect a full-fledged recovery in demand in the second half of the fiscal year ending March 2026.

For the fiscal year ending March 31, 2026, we have assumed an exchange rate of 140 yen to the U.S. dollar, a little over 12 yen higher than the previous fiscal year, and have factored in a decrease of 17.0 billion yen in net sales, and 0.5 billion yen in operating income from the impact of foreign currency translation.

In addition, the impact of the tariff policy in the U.S. on our business performance has been calculated under certain assumptions and factored in as a risk factor.

For the fiscal year ending March 31, 2026, we forecast net sales of 530 billion yen, operating income of 23 billion yen, and net income of 16.5 billion yen, roughly the same as the previous year.

I would like to explain our shareholder returns.

As announced in May last year, we plan to pay a year-end dividend of 55 yen per share for the fiscal year ended March 31, 2025.

Combined with the interim dividend, the annual dividend will be 110 yen per share, the same amount as the previous fiscal year.

The Company intends to maintain the dividend for the fiscal year ending March 31, 2026, at 110 yen per share, although the profit is expected to decrease.

Financial Highlights for FY2025/3

	(million yen)				
	FY2024/3 Results	FY2025/3 Results	YoY	FY2025/3 Forecasts (Announced on May 9, 2024)	VS Forecasts
Net sales	542,697	547,779	0.9%	555,000	-1.3%
Gross Profit	70,452 <i>13.0%</i>	71,665 <i>13.1%</i>	1.7%	—	—
SG&A	44,607 <i>8.2%</i>	48,064 <i>8.8%</i>	7.8%	—	—
Operating income	25,845 <i>4.8%</i>	23,601 <i>4.3%</i>	-8.7%	26,000 <i>4.7%</i>	-9.2%
Ordinary income	25,976 <i>4.8%</i>	22,593 <i>4.1%</i>	-13.0%	26,000 <i>4.7%</i>	-13.1%
Profit attributable to owners of parent	20,345 <i>3.7%</i>	17,083 <i>3.1%</i>	-16.0%	18,000 <i>3.2%</i>	-5.1%
EPS (yen) ^{*2}	387.30	325.08	—	342.53	—
ROE	14.5%	10.8%	-3.7pt	11.5%	-0.7pt
Exchange Rate yen / USD	144.62	152.58	—	145.00	—

Note: 1. The effect of exchange rates on the conversion into yen is approximately 11,045 million yen on net sales and 577 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.




The financial highlights on the next page are as I have just explained. Earnings per share (EPS) for the current period was 325.08 yen. ROE was 10.8%, down 3.7 percentage points from the previous year. While most of the profits earned are piled in net assets, increasing financial stability and soundness, we feel the need to take proactive steps to further improve capital efficiency in the future. The average exchange rate during the current year was 152.58 yen against the U.S. dollar, which represents a depreciation of 8 yen from the actual rate of 144.62 yen in the previous year and the assumed rate of 145 yen in the full-year earnings forecast. The year-on-year impact of exchange fluctuations was an increase in net sales of about 11 billion yen and an increase in operating income of about 0.5 billion yen.

Results by Business Segment for FY2025/3

(million yen)

		FY2024/3 Results	FY2025/3 Results	YoY	FY2025/3 Forecasts (Announced on May 9, 2024)	VS Forecasts
Electronic Component	Net sales	472,583	472,910	0.1%	482,500	-2.0%
	Segment income	20,887 4.4%	16,927 3.6%	-19.0%	20,900 4.3%	-19.0%
Information Equipment	Net sales	44,305	42,652	-3.7%	45,000	-5.2%
	Segment income	2,924 6.6%	3,307 7.8%	13.1%	3,000 6.7%	10.2%
Software	Net sales	2,567	3,387	31.9%	3,000	12.9%
	Segment income	370 14.4%	509 15.1%	37.8%	400 13.3%	27.5%
Others	Net sales	23,241	28,829	24.0%	24,500	17.7%
	Segment income	1,555 6.7%	2,707 9.4%	74.0%	1,700 6.9%	59.3%
Total	Net sales	542,697	547,779	0.9%	555,000	-1.3%
	Segment income	25,845 4.8%	23,601 4.3%	-8.7%	26,000 4.7%	-9.2%

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.

 KAGA ELECTRONICS

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These are the results by business segment.

In the electronic components business, sales in the mainstay components sales business declined from the previous fiscal year due to the prolonged impact of inventory adjustments by some customers, sluggish sales of SoC products at Kaga FEI, and the termination of transactions with a certain major customer at Excel's overseas subsidiaries. On the other hand, in the EMS business, sales for automotive and medical applications remained strong, industrial equipment sales recovered, and sales for air-conditioning equipment, which had been in an inventory adjustment phase, continued its gradual recovery from the second quarter, resulting in higher sales.

As a result, net sales of the electronic components business as a whole were on par with the previous fiscal year, but segment income decreased from the previous fiscal year because the increase in SG&A expenses could not be offset.

In the information equipment business, sales of PCs for educational institutions remained strong, but sales to mass retailers were low due to the impact of a major PC supplier's reduced product lineups. In the LED installation business, net sales decreased from the previous fiscal year as a large-scale project that had been in full swing since two fiscal years earlier wrapped up. On the other hand, the income margin improved and segment income increased as sales of security software, which has relatively high profitability, was strong.

In the software business, orders for computer graphics production were strong, and both net sales, segment profit amount, and profit margin exceeded levels from the previous fiscal year.

In the others business, the PC product and PC peripheral recycling business remained strong, and the amusement equipment business, which provides equipment and services to large amusement facilities, enjoyed strong sales in the U.S. As a result, net sales, segment income, and profit margin all exceeded those of the previous fiscal year.

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

Results by Company for FY2025/3

(million yen)

		FY2024/3 Results	FY2025/3 Results	YoY
Kaga Electronics	Net sales	315,404	319,527	1.3%
	Gross Profit	47,373 <i>15.0%</i>	49,919 <i>15.6%</i>	5.4%
	Operating income	19,580 <i>6.2%</i>	19,855 <i>6.2%</i>	1.4%
Kaga FEI	Net sales	190,684	197,868	3.8%
	Gross Profit	19,218 <i>10.1%</i>	17,901 <i>9.0%</i>	-6.8%
	Operating income	4,413 <i>2.3%</i>	1,860 <i>0.9%</i>	-57.9%
Excel	Net sales	36,608	30,383	-17.0%
	Gross Profit	3,834 <i>10.5%</i>	3,782 <i>12.4%</i>	-1.4%
	Operating income	1,653 <i>4.5%</i>	1,645 <i>5.4%</i>	-0.5%
Total	Net sales	542,697	547,779	0.9%
	Gross Profit	70,452 <i>13.0%</i>	71,665 <i>13.1%</i>	1.7%
	Operating income	25,845 <i>4.8%</i>	23,601 <i>4.3%</i>	-8.7%

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.



Next, I will explain our performance by company.

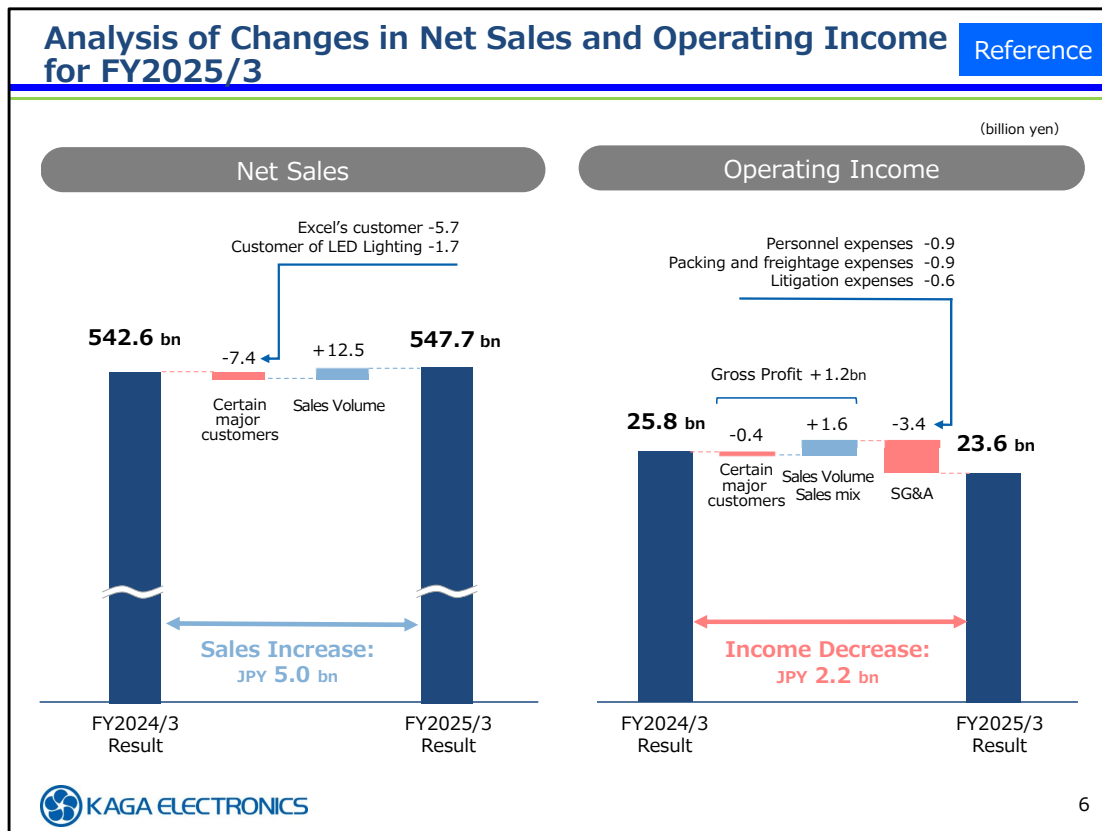
In the Kaga Electronics Group's traditional business, despite the impact of prolonged inventory adjustments by some customers, net sales increased slightly and the gross profit margin improved due to a better sales mix, resulting in an increase in gross profit. Operating income increased as well, offsetting an increase in SG&A expenses due to the impact of wage increases and rising logistic costs.

In the Kaga FEI Group, despite prolonged inventory adjustments by some customers, net sales remained strong and revenue increased, but the gross profit margin declined due to a worsening sales mix, and gross profit also declined. In addition, operating income also declined due to rising SG&A expenses resulting from the impact of wage increases and rising logistic costs. In the Excel Group, despite a decline in sales to a certain major customer, the gross profit margin improved due to a better sales mix, and profits did not decline as much as net sales, with both gross profit and operating income remaining at roughly the same levels as in the previous fiscal year.

Please review the quarterly net sales trends graph on page 27 for your reference.

For the fiscal year ended March 31, 2025, net sales were constantly on a steady upward trend as we moved from the first to fourth quarters. Although inventory adjustments by some of our customers have been prolonged, even in such an environment, we have steadily increased sales volume and I think this clearly demonstrates the recovery trend we are in as we head into the next fiscal year.

Please also see the quarterly information for the last three months on pages 9 to 14.



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

Net sales decreased by 5.7 billion yen due to a decrease in transactions for certain major customers of Excel and a decrease of 1.7 billion yen due to the completion of a large-scale LED installation business project that had been ongoing since the previous two fiscal years. On the other hand, despite the impact of prolonged inventory adjustments by key customers, we strived to restore sales volume, resulting in a 12.5 billion yen increase in net sales and a 5.0 billion yen increase in total net sales.

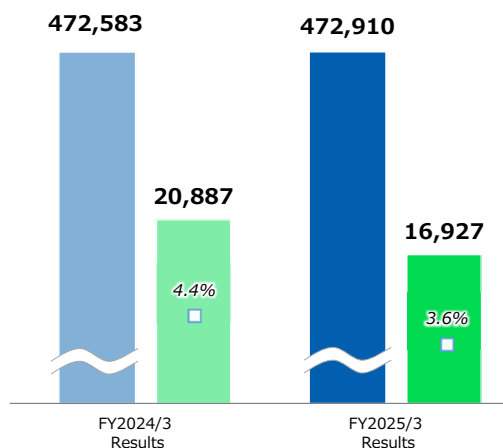
Operating income decreased by 2.2 billion yen from the previous year, mainly due to a 0.4 billion yen decrease in transactions with certain major customers, a 1.6 billion yen increase due to higher sales volume and a better sales mix, resulting in a 1.2 billion yen increase in gross profit; and a 3.4 billion yen decrease due to higher SG&A expenses, including a 0.9 billion yen increase in personnel expenses resulting from pay increases implemented across the Group, a 0.9 billion yen increase in logistics costs, and a 0.6 billion yen increase in litigation expenses at subsidiaries.

Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

■/■ Net Sales
■/■ Segment income



YoY

● Net Sales ▶ **327million yen 0.1%Up**
● Segment income ▶ **-3,959million yen 19.0%Down**

- The components sales business recorded a year-on-year decrease in net sales.
- Inventory adjustment in some customers continued longer than initially anticipated, Kaga FEI faced sluggish sales of SoC (System-on-Chip) products, and Excel saw termination of transactions with a certain major customer of an overseas subsidiary.
- The EMS business recorded a year-on-year increase in net sales.
- Sales in automotive and medical sectors remained robust. Sales to industrial equipment sector recovered, and a recovery trend continued in sales to air-conditioning equipment sector, which had been in an adjustment phase.

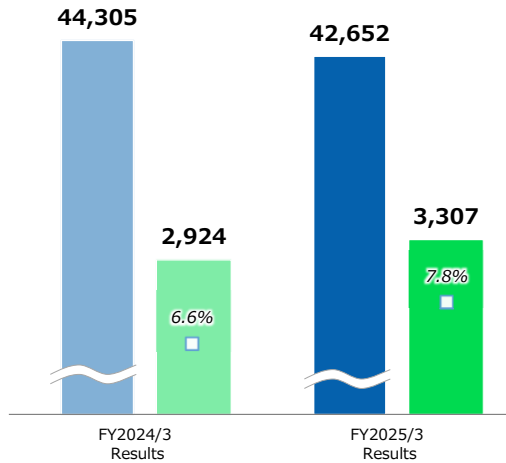


Financial Highlights: Information Equipment Segment

Net sales/Segment income

(million yen)

■ Net Sales
■ Segment income



YoY

● Net Sales ▶ **-1,652**million yen **3.7%Down**
● Segment income ▶ **+383**million yen **13.1%Up**

- PC sales business recorded a year-on-year decrease in net sales.
- 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, however, increased with contribution from sales of highly profitable security software.
- The LED installation business recorded a decrease in net sales due to completion of the large-scale project that the Group had been pushing forward on a full scale since FY2023/3.



Financial Highlights for FY2025/3 (3months)

Reference

(million yen)

	FY2024/3 4Q Results	FY2025/3 3Q Results	FY2025/3 4Q Results	YoY	QoQ
Net sales	136,239	137,178	151,536	11.2%	10.5%
Gross Profit	18,200 <i>13.4%</i>	18,056 <i>13.2%</i>	19,475 <i>12.9%</i>	7.0%	7.9%
SG&A	12,846 <i>9.4%</i>	11,502 <i>8.4%</i>	13,930 <i>9.2%</i>	8.4%	21.1%
Operating income	5,353 <i>3.9%</i>	6,554 <i>4.8%</i>	5,545 <i>3.7%</i>	3.6%	-15.4%
Ordinary income	5,664 <i>4.2%</i>	7,101 <i>5.2%</i>	4,214 <i>2.8%</i>	-25.6%	-40.7%
Profit attributable to owners of parent	4,353 <i>3.2%</i>	4,773 <i>3.5%</i>	4,368 <i>2.9%</i>	0.3%	-8.5%
EPS (yen) *2	165.73 —	90.82 —	83.11 —	—	—

Note: 1. The effect of exchange rates on the conversion into yen is approximately 3,998 million yen on net sales and 372 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 (3 months)

Reference

		(million yen)							
		FY2024/3 4Q Results		FY2025/3 3Q Results		FY2025/3 4Q Results		YoY	QoQ
Electronic Component	Net sales	114,788		120,345		126,697		10.4%	5.3%
	Segment income	3,738	3.3%	4,888	4.1%	3,358	2.7%	-10.2%	-31.3%
Information Equipment	Net sales	14,038		8,320		15,699		11.8%	88.7%
	Segment income	1,002	7.1%	561	6.7%	1,353	8.6%	35.1%	141.2%
Software	Net sales	750		599		1,316		75.3%	119.7%
	Segment income	107	14.3%	52	8.7%	201	15.3%	87.3%	286.5%
Others	Net sales	6,660		7,913		7,822		17.5%	-1.1%
	Segment income	495	7.4%	1,002	12.7%	610	7.8%	23.1%	-39.1%
Total	Net sales	136,239		137,178		151,536		11.2%	10.5%
	Segment income	5,353	3.9%	6,554	4.8%	5,545	3.7%	3.6%	-15.4%

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.

Results by Company for FY2025/3 (3 months)

Reference

(million yen)

		FY2024/3 4Q Results		FY2025/3 3Q Results		FY2025/3 4Q Results		YoY	QoQ
Kaga Electronics	Net sales	80,478		80,826		90,546		12.5%	12.0%
	Gross Profit	12,165	15.1%	12,676	15.7%	13,557	15.0%	11.4%	6.9%
	Operating income	3,922	4.9%	5,605	6.9%	4,560	5.0%	16.3%	-18.6%
Kaga FEI	Net sales	47,556		48,779		52,305		10.0%	7.2%
	Gross Profit	5,075	10.7%	4,439	9.1%	4,783	9.1%	-5.7%	7.8%
	Operating income	980	2.1%	481	1.0%	386	0.7%	-60.6%	-19.7%
Excel	Net sales	8,203		7,572		8,683		5.9%	14.7%
	Gross Profit	915	11.2%	941	12.4%	1,105	12.7%	20.7%	17.4%
	Operating income	332	4.1%	427	5.6%	525	6.0%	57.7%	22.9%
Total	Net sales	136,239		137,178		151,536		11.2%	10.5%
	Gross Profit	18,200	13.4%	18,056	13.2%	19,475	12.9%	7.0%	7.9%
	Operating income	5,353	3.9%	6,554	4.8%	5,545	3.7%	3.6%	-15.4%

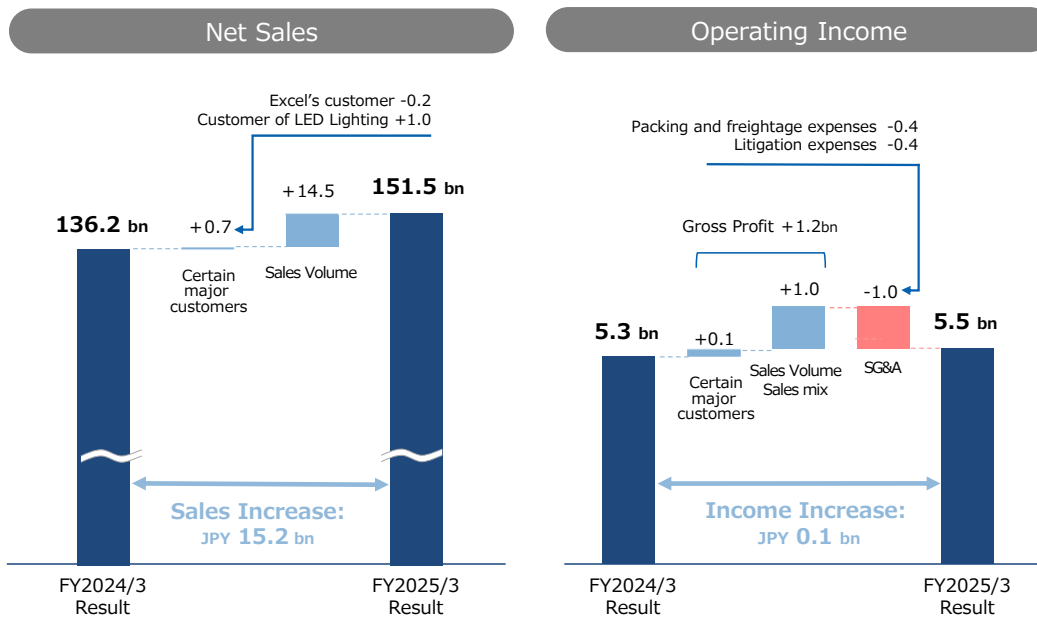
Note: 1. With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the three companies.

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

Analysis of Changes in Net Sales and Operating Income for FY2025/3 (3 months)

Reference

(billion yen)



Financial Highlights: Electronic Component Segment (3 months)

Reference

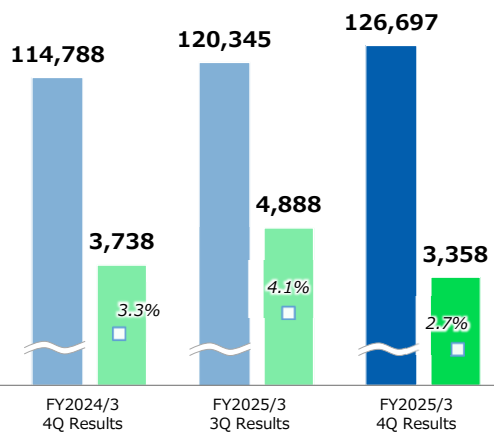
Net sales/Segment income

(million yen)

■ / ■ Net Sales
■ / ■ Segment income

YoY

● Net Sales ▶ **+11,908**million yen **10.4%Up**
● Segment income ▶ **-379**million yen **10.2%Down**



QoQ

● Net Sales ▶ **+6,351**million yen **5.3%Up**
● Segment income ▶ **-1,529**million yen **31.3%Down**

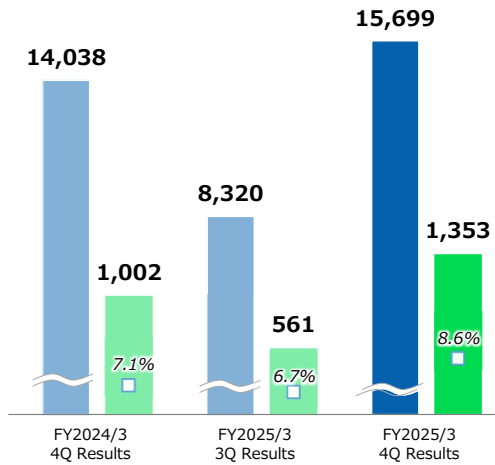
Financial Highlights: Information Equipment Segment (3 months)

Reference

Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



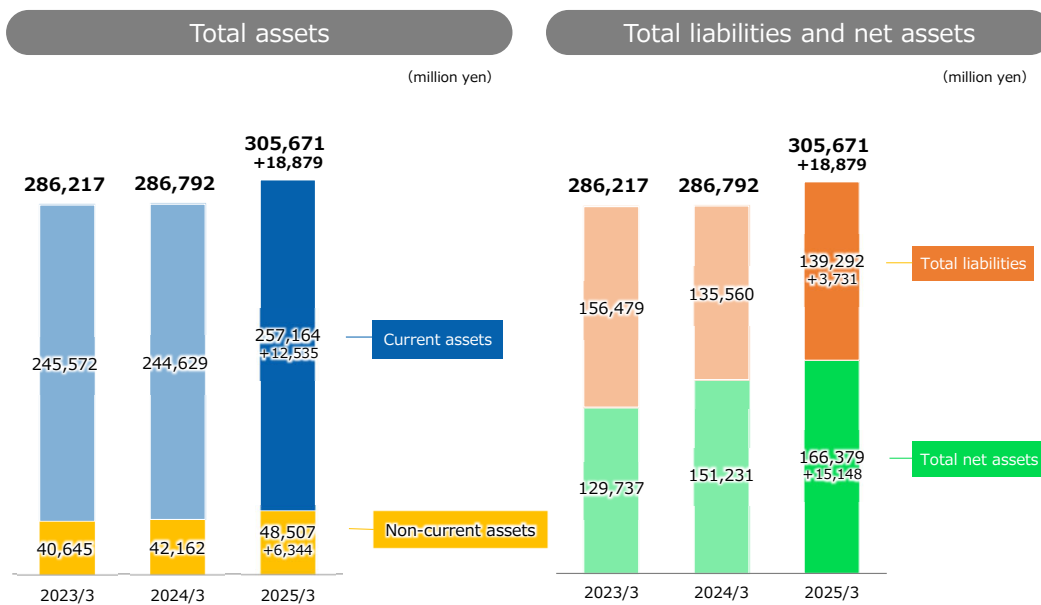
YoY

- Net Sales ▶ **+1,660**million yen **11.8%Up**
- Segment income ▶ **+351**million yen **35.1%Up**

QoQ

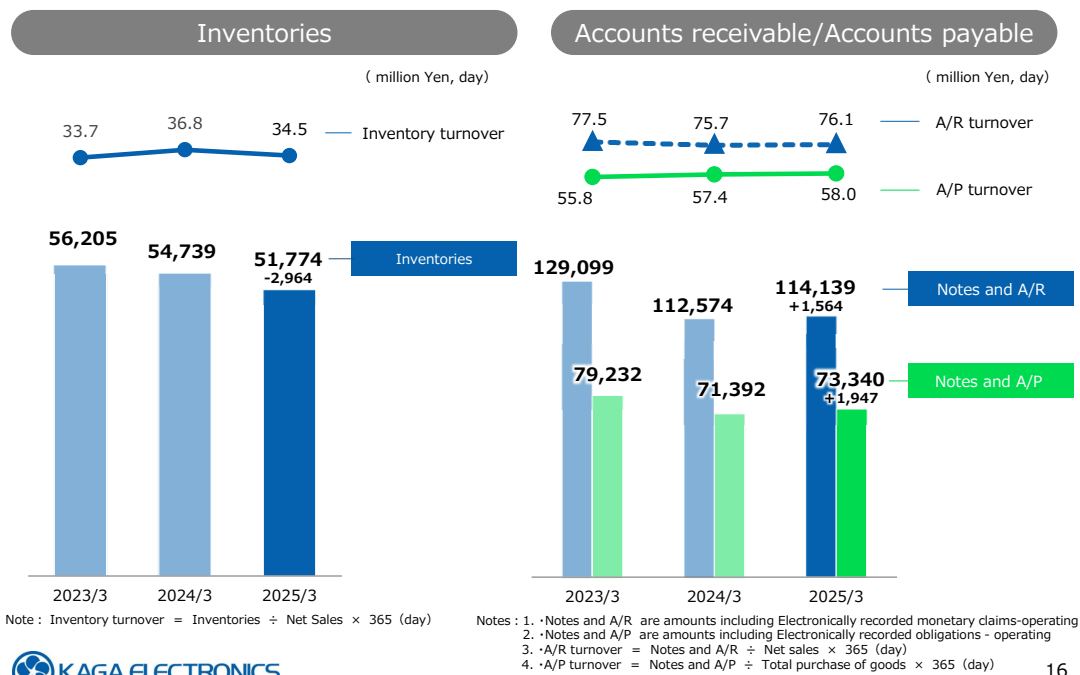
- Net Sales ▶ **+7,379**million yen **88.7%Up**
- Segment income ▶ **+792**million yen **141.2%Up**

Balance Sheet Main Items



I will now move on to the balance sheet, starting with assets. Current assets increased by 12.5 billion yen from the end of the previous fiscal year to 257.1 billion yen due to an increase in cash and deposits, even as inventories were reduced by about 2.9 billion yen. Non-current assets totaled 48.5 billion yen, up 6.3 billion yen from the end of the previous fiscal year due to capital investment in the factories of overseas bases and acquisition of investment securities, among other factors. Total assets amounted to 305.6 billion yen, up 18.8 billion yen from the end of the previous fiscal year. Liabilities increased 3.7 billion yen from the end of the previous fiscal year to 139.2 billion yen, mainly due to an increase in notes and accounts payable-trade and income taxes payable. Total net assets amounted to 166.3 billion yen, up 15.1 billion yen from the end of the previous fiscal year, mainly due to an increase in retained earnings. The equity ratio increased 1.8 percentage points from 52.6% at the end of the previous fiscal year to 54.4%, and we continue to improve our financial stability and soundness.

Balance Sheet Main Items

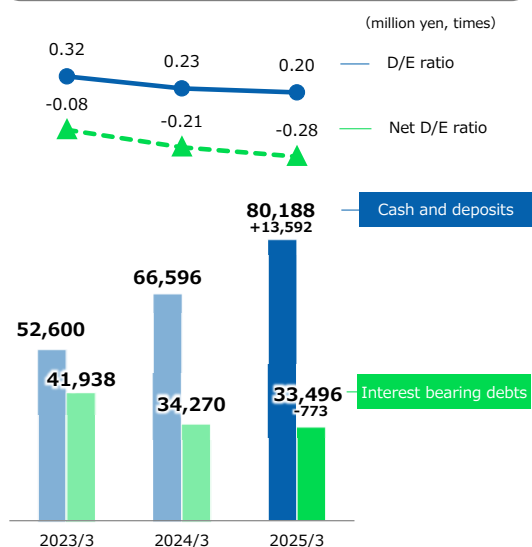


Inventories amounted to 51.7 billion yen, down 2.9 billion yen from the end of the previous fiscal year, as a result of efforts to adjust purchasing and procurement amid the impact of prolonged inventory adjustments by key customers.

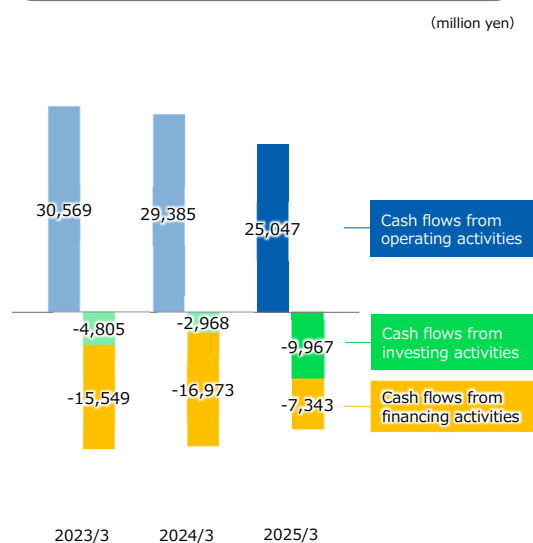
Inventory turnover also improved by 2.3 days from the previous period to 34.5 days, and both inventory value and turnover days have returned to their appropriate levels.

Balance Sheet Main Items

Cash and Deposits/Interest Bearing Debt



Cash flows



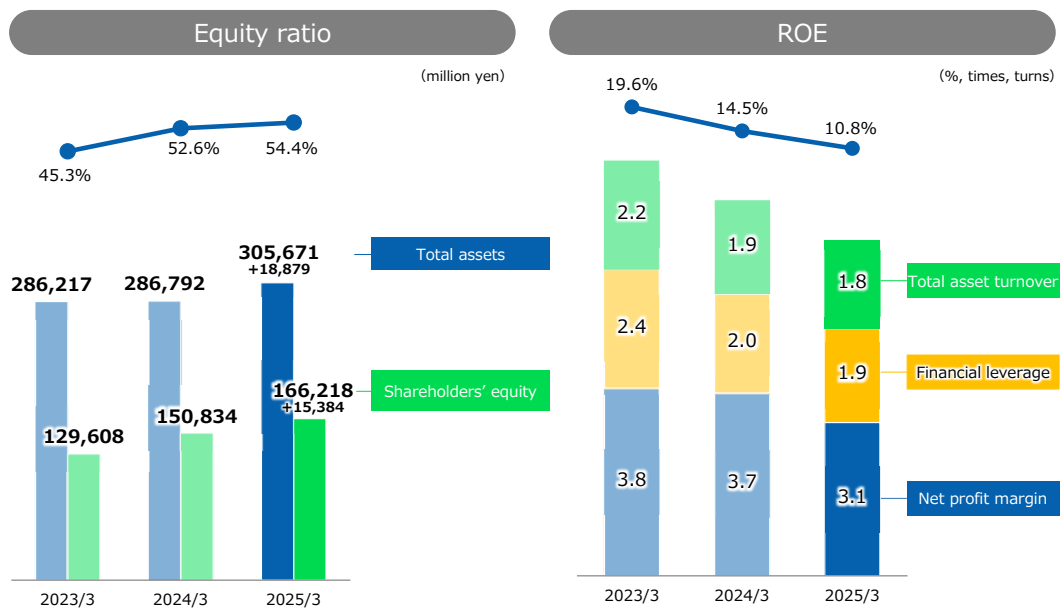
Note : 1. D/E ratio = Interest bearing debts ÷ Shareholder's equity
 2. Net D/E ratio = (Interest bearing debts - Cash and deposits) ÷ Shareholder's equity



Interest-bearing debt decreased by 0.7 billion yen from the end of the previous fiscal year to 33.4 billion yen, and the Debt-to-Equity ratio (D/E ratio) remained low at 0.20x, partly due to an increase in equity achieved through profit generation.

The balance of cash and deposits increased by 13.5 billion yen from the end of the previous period to 80.1 billion yen, and the net D/E ratio remained low at -0.28x as we maintained the stability and soundness of the company's financial base. As a company handling financial matters, we are fully prepared for aggressive growth investments for future business expansion, such as M&As.

Major Business Indicators



While shareholders' equity increased, bringing financial stability and soundness higher at an equity ratio of 54.4%, ROE of 10.8% indicates a slight decline in capital efficiency.

In the future, we will strive to further improve profitability in line with the basic policies of the Medium-Term Management Plan 2027, of which the current fiscal year is the first year, and implement strategic cash allocation, focusing on growth investment and shareholder returns, including investments in business infrastructure such as M&A, production facilities, and human capital. We will also strive to actively invest and utilize the cash we generate, aiming to sustainably maintain and improve our new management target of "ROE of 12% or more" from this fiscal year onward.

Forecasts for FY2026/3

Forecasts for FY2026/3

(million yen)					
		FY2025/3 Results	FY2026/3 Forecasts		YoY
Net sales		547,779	530,000		-3.2%
Operating income		23,601 4.3%	23,000 4.3%		-2.5%
Ordinary income		22,593 4.1%	23,000 4.3%		1.8%
Profit attributable to owners of parent		17,083 3.1%	16,500 3.1%		-3.4%
EPS (yen) *1		325.08 –	313.95 –		–
ROE		10.8% –	10.0% –		0.8pt
Full year Dividends (yen)*2	Interim	110.00	55.00		–
	Year-end	55.00	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 ended March 2025 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 ended March 2025 would be 110.00 yen, the interim dividend per share and the year-end dividend per share for the fiscal year ending March 2026 (Forecast) would be 110.00 yen, respectively.

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



I would now like to explain our earnings forecast for the fiscal year ending March 31, 2026.

As mentioned earlier, inventory adjustments by some of our customers have been prolonged, and we expect a full-fledged recovery in demand in the second half of the fiscal year ending March 31, 2026. In this environment, we have revised our forecasts for the fiscal year ending March 31, 2026, to net sales of 530 billion yen, operating income and ordinary income of 23 billion yen, and net income of 16.5 billion yen, almost unchanged from the previous fiscal year.

We will provide some supplementary explanation of the assumptions underlying this earnings forecast later.

Based on the above forecasts, earnings per share (EPS) for the fiscal year ending March 31, 2026 is expected to be 313.95 yen.

The ROE at the end of the year is expected to be 10.0%, but as mentioned earlier, we will strive to further improve profitability in line with the basic policy of the Medium-Term Management Plan 2027 and implement strategic cash allocation, focusing on growth investment and returns to shareholders. We will also strive to actively invest and utilize the funds we have generated, and aim to sustainably maintain and improve our new management target of "ROE of 12% or more," which we have set for this fiscal year.

In addition, the Company reviewed its shareholder return policy in its Medium-Term Management Plan 2027, which calls for a "consolidated dividend payout ratio 30% to 40%", "DOE (Dividend on Equity ratio) of 4.0% as a target for stable and continuous dividends," and "flexible implementation of special dividends and acquisition of treasury shares as measures in line with profit levels and capital efficiency."

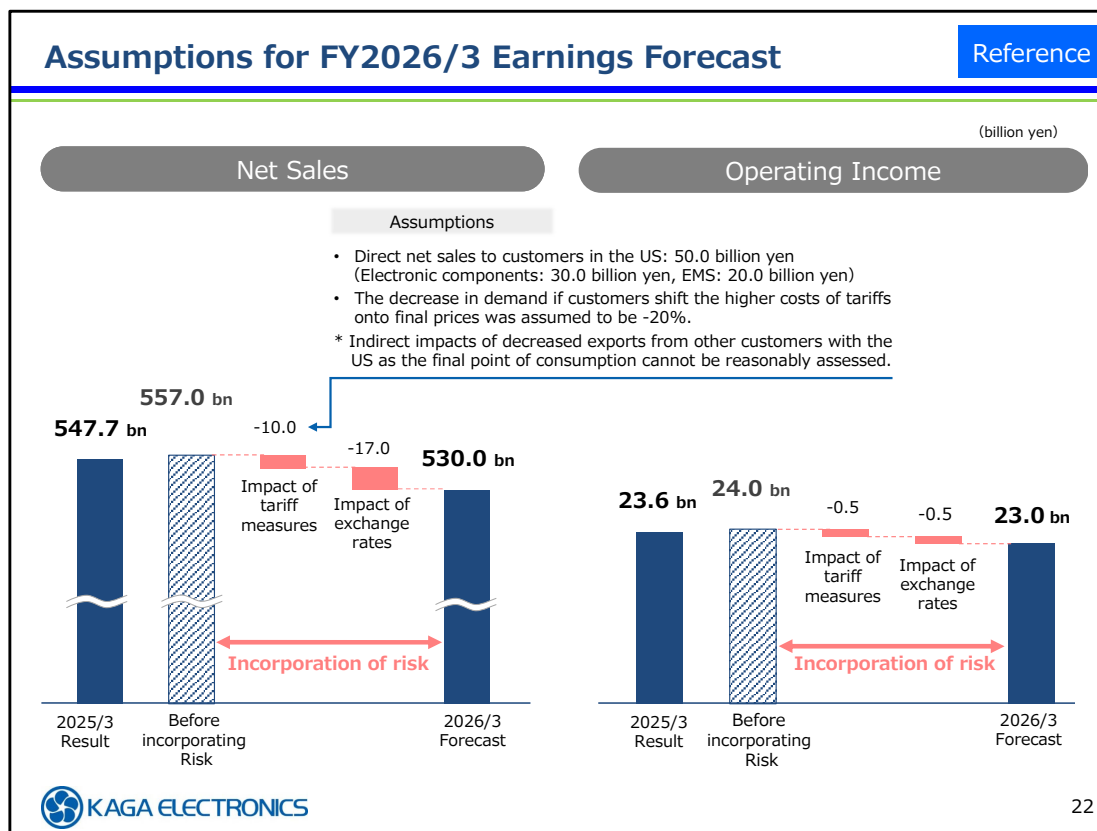
In line with this policy, although profit is expected to decrease, the annual dividend is expected to remain unchanged from the previous year at 110 yen per share. As a result, the consolidated dividend payout ratio and DOE are expected to be 35% and 3.9%, respectively.

Forecasts by Business Segment for FY2026/3

		(million yen)			
		FY2025/3 Results		FY2026/3 Forecasts	YoY
Electronic Component	Net sales	472,910		457,000	-3.4%
	Segment income	16,927	3.6%	16,500	3.6%
Information Equipment	Net sales	42,652		45,000	5.5%
	Segment income	3,307	7.8%	3,500	7.8%
Software	Net sales	3,387		3,000	-11.4%
	Segment income	509	15.1%	500	16.7%
Others	Net sales	28,829		25,000	-13.3%
	Segment income	2,707	9.4%	2,500	10.0%
Total	Net sales	547,779		530,000	-3.2%
	Segment income	23,601	4.3%	23,000	4.3%

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 table shows the forecasts by business segment, and I would like to add a few words about the assumptions for the full-year forecast for the fiscal year ending March 31, 2026.



To reiterate, inventory adjustments by some customers are still prolonged, and a full-fledged recovery in demand is not expected until the second half of the fiscal year ending March 31, 2026. In such an environment, we expect earnings to be slightly above the previous fiscal year's level and have incorporated the following two risk factors into our forecast for each business segment.

First, for the fiscal year ending March 31, 2026, we have assumed an exchange rate of 140 yen to the U.S. dollar, a little over 12 yen higher than the previous fiscal year, and have factored in a decrease of 17 billion yen in net sales and 0.5 billion yen in operating income as the impact of foreign currency translation.

Next, the impact of the tariff policy in the U.S. on our business performance was also calculated based on certain assumptions and a 10 billion yen decrease in net sales and a 0.5 billion yen decrease in operating income were factored in as a risk factor.

Based on these assumptions, our forecasts for the fiscal year ending March 31, 2026 are net sales of 530 billion yen, operating income of 23 billion yen, and net income of 16.5 billion yen.

Please also refer to the reference materials from page 23, which include voluntary disclosure information by segment in accordance with the Medium-Term Management Plan, graphs showing quarterly net sales by segment and by region, information on exchange rates and exchange rate sensitivity, graphs analyzing increases and decreases by company, sales trends for key customers, and recent financial trends.

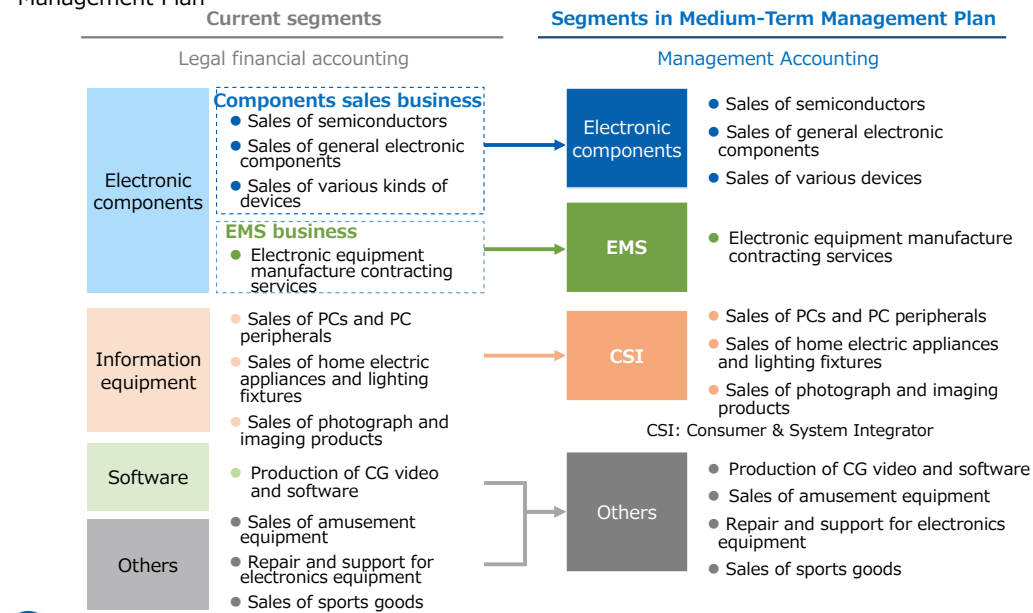
That concludes my presentation of our financial results for the fiscal year ended March 31, 2025.

Thank you very much for listening.

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 Results		FY2025/3 Results		YoY
Electronic Component	Net sales	360,743		347,740		-3.6%
	Segment income	14,228	3.9%	10,234	2.9%	-28.1%
EMS	Net sales	120,478		134,544		11.7%
	Segment income	7,375	6.1%	7,372	5.5%	-0.0%
CSI	Net sales	44,305		42,652		-3.7%
	Segment income	2,924	6.6%	3,307	7.8%	13.1%
Others	Net sales	17,170		22,841		33.0%
	Segment income	1,208	7.0%	2,537	11.1%	110.0%
Total	Net sales	542,697		547,779		0.9%
	Segment income	25,845	4.8%	23,601	4.3%	-8.7%

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.

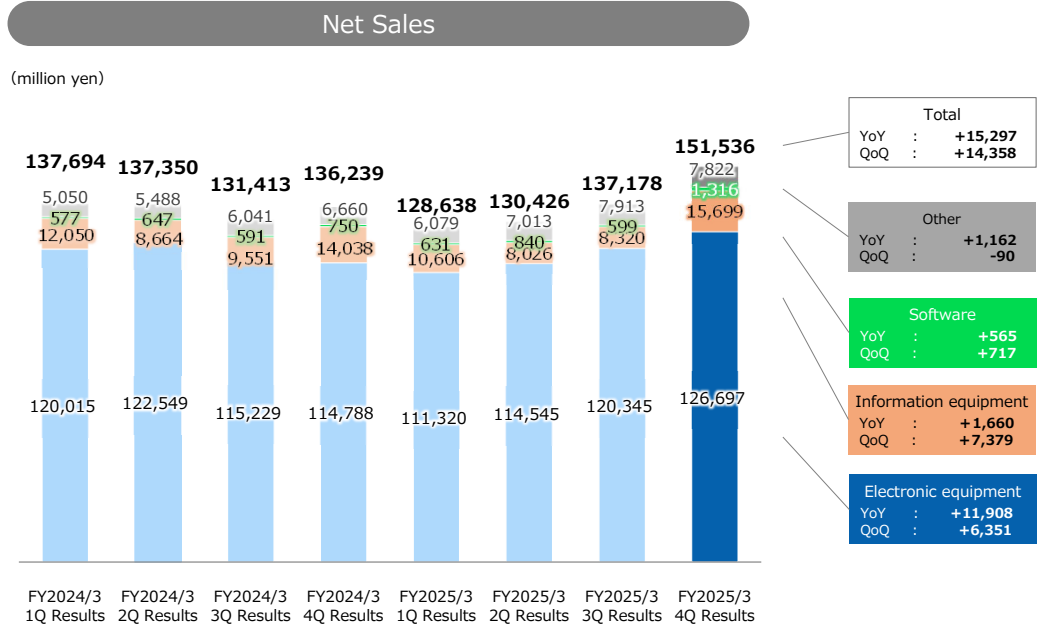
Financial Highlights by Business Segment of the Medium-Term Management Plan (3months)

		(million yen)							
		FY2024/3 4Q Results		FY2025/3 3Q Results		FY2025/3 4Q Results		YoY	QoQ
Electronic Component	Net sales	89,705		87,802		93,751		4.5%	6.8%
	Segment income	2,472	2.8%	3,039	3.5%	2,175	2.3%	-12.0%	-28.4%
EMS	Net sales	27,355		34,597		34,965		27.8%	1.1%
	Segment income	1,433	5.2%	1,931	5.6%	1,276	3.6%	-11.0%	-33.9%
CSI	Net sales	14,038		8,320		15,699		11.8%	88.7%
	Segment income	1,002	7.1%	561	6.7%	1,353	8.6%	35.1%	141.2%
Others	Net sales	5,138		6,457		7,119		38.5%	10.2%
	Segment income	436	8.5%	972	15.1%	718	10.1%	64.8%	-26.1%
Total	Net sales	136,239		137,178		151,536		11.2%	10.5%
	Segment income	5,353	3.9%	6,554	4.8%	5,545	3.7%	3.6%	-15.4%

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.

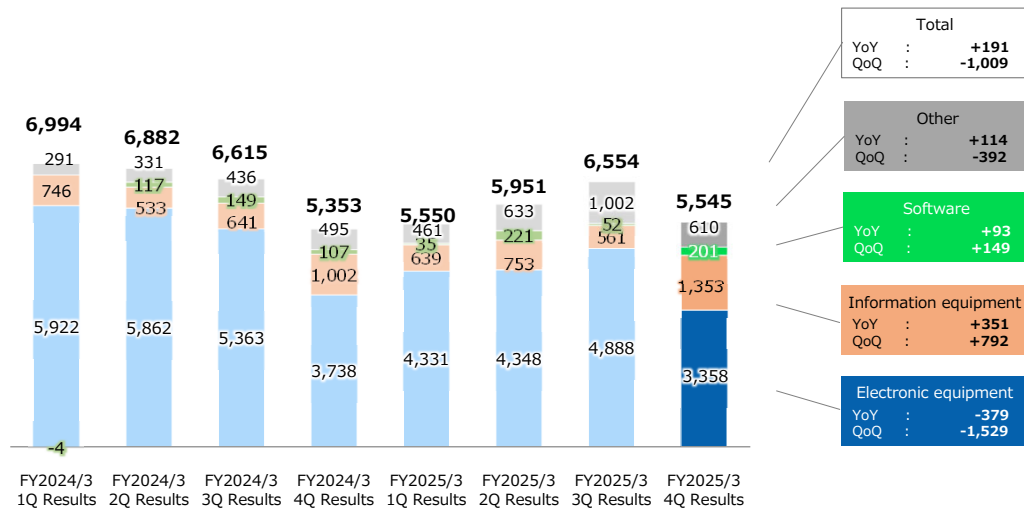
Quarterly Net Sales Trends (3months)



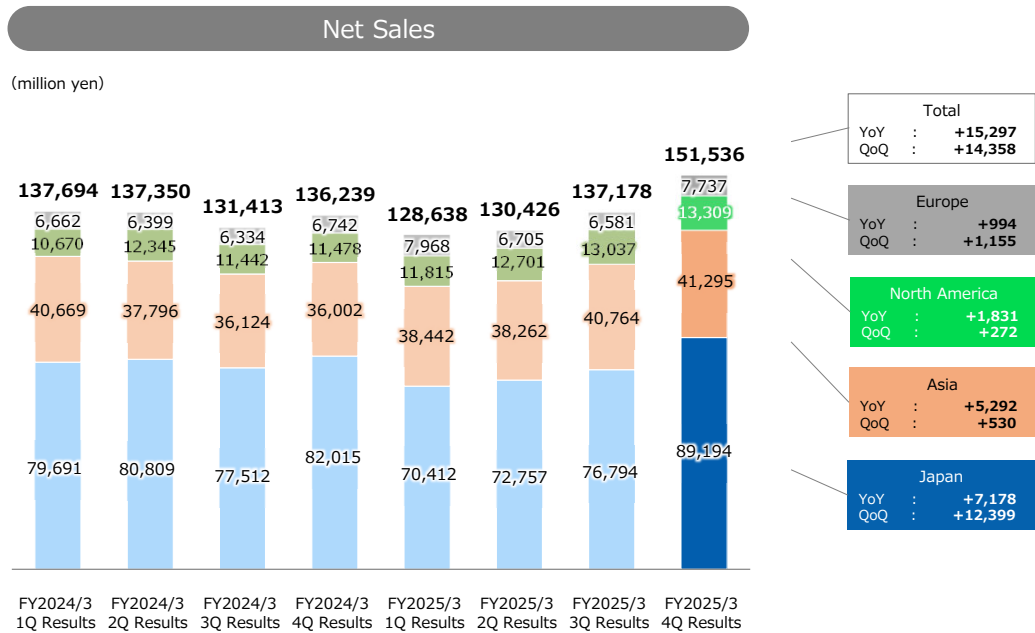
Quarterly Segment Income Trends (3months)

Segment Income

(million yen)



Net Sales by Region (3months)



Exchange Rate/FOREX Sensitivity

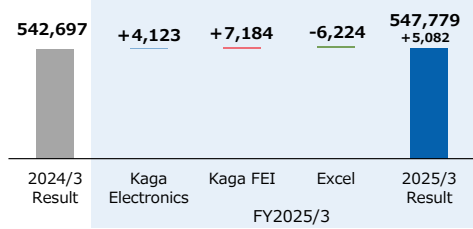
	FY2024/3 Results (Yen)	FY2025/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2026/3 (Yen)
			Net sales	Operating income	
USD	144.62	152.58	2,157	37	140.00
RMB	19.82	21.02	257	13	20.00
THB	4.11	4.38	311	18	4.50
HKD	18.48	19.58	207	5	19.00
EUR	156.80	163.75	6	0	160.00

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

(million yen)

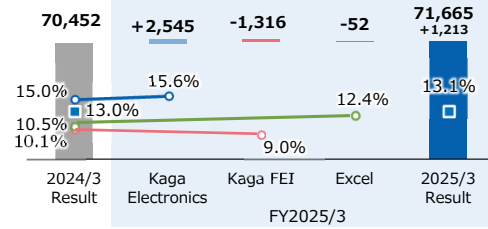
Net Sales

Both Kaga Electronics and Kaga FEI maintained solid sales despite impact of inventory adjustment. Excel saw a net sales decrease due to termination of transactions with a major customer.



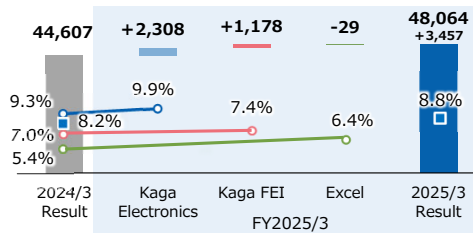
Gross profit / Gross profit margin

Kaga Electronics' gross profit increased due to sales growth and better sales mix, resulting in an increased profit margin. Kaga FEI's gross profit decreased due to worsening sales mix that resulted in profit margin decline.



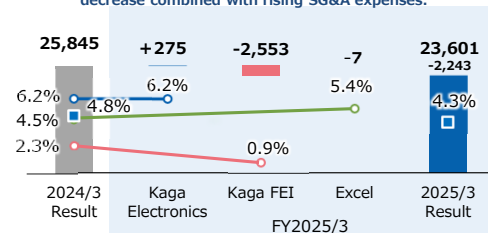
SG&A / SG&A ratio

SG&A expenses increased at Kaga Electronics and Kaga FEI due to wage increases and rising logistics costs.



Operating income / Operating income margin

Kaga Electronics secured an increase in operating income while Kaga FEI posted a substantial decrease due to a gross profit decrease combined with rising SG&A expenses.



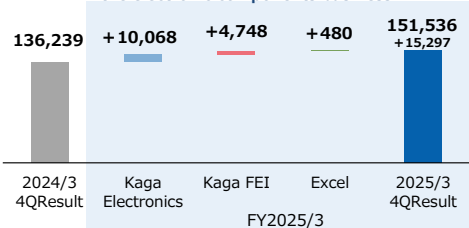
Note : With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at 36million yen, and operating income came to 41million yen.

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

(million yen)

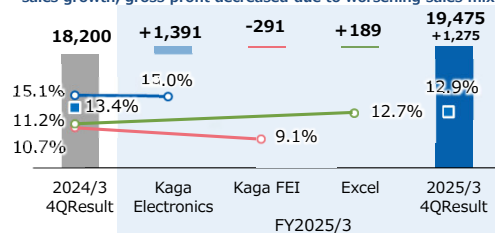
Net Sales

All three companies recorded an increase in net sales with moderation of inventory adjustments in the electronic components business.



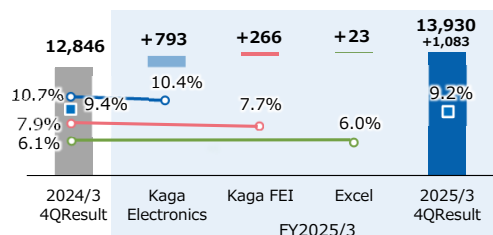
Gross profit / Gross profit margin

Sales growth at Kaga Electronics and better sales mix at Excel resulted in a gross profit increase in the two companies. At Kaga FEI, despite sales growth, gross profit decreased due to worsening sales mix.



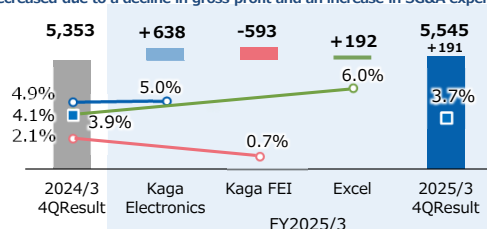
SG&A / SG&A ratio

SG&A expenses increased at Kaga Electronics and Kaga FEI due to the impact of wage increases.



Operating income / Operating income margin

Kaga Electronics and Excel were able to absorb a rise in SG&A expenses to secure an increase in operating income. Kaga FEI's operating income decreased due to a decline in gross profit and an increase in SG&A expenses.



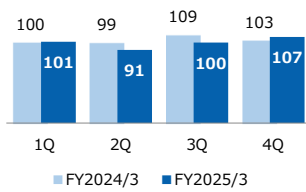
Note :With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at 29million yen, and operating income came to 72million yen.

Trends in Sales to Key Customers

■ Company A in automotive sector

YoY: +4.0%

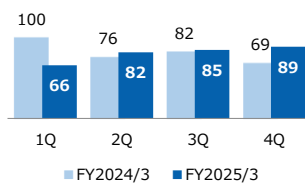
QoQ: +6.5%



■ Company B in air-conditioner sector

YoY: +30.3%

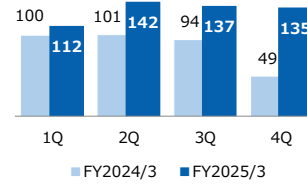
QoQ: +4.9%



■ Company C in office-equipment sector

YoY: +174.7%

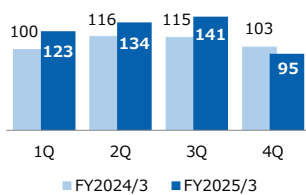
QoQ: -1.3%



■ Company D in automotive sector

YoY: -7.7%

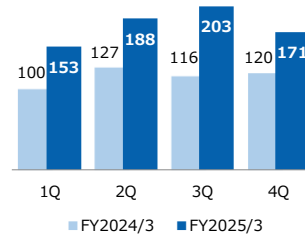
QoQ: -32.4%



■ Company E in industrial-equipment sector

YoY: +43.0%

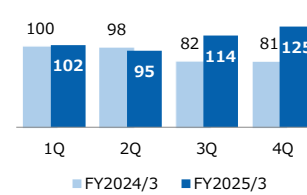
QoQ: -15.5%



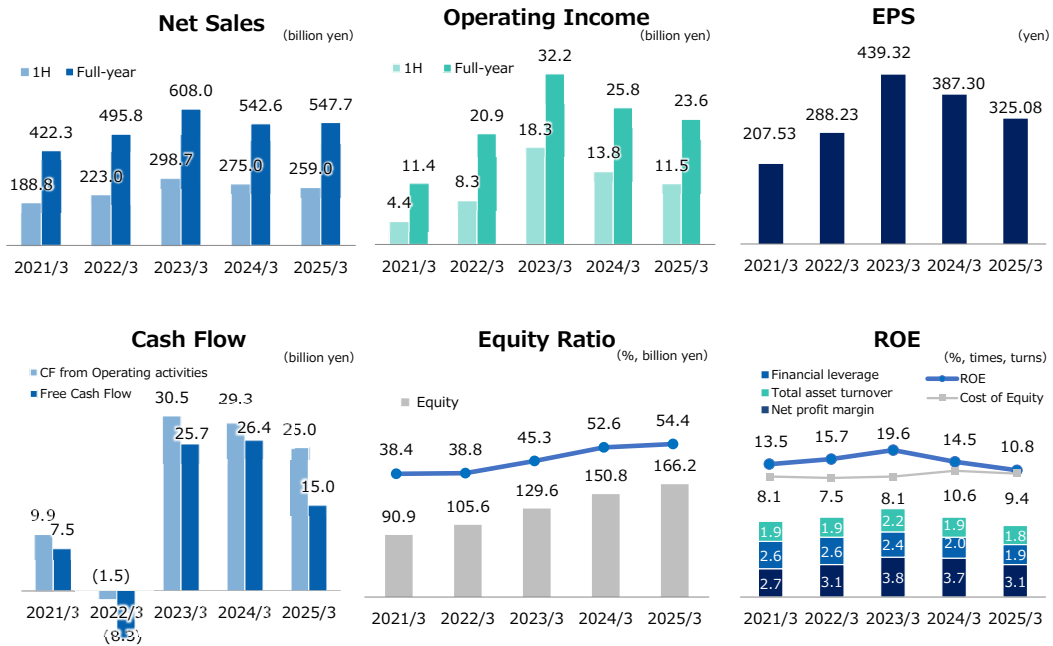
■ Company F in medical-equipment sector

YoY: +54.1%

QoQ: +5.0%



Latest 5 years Financial Trends



Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. The amounts indicated for EPS take account of the impact of the said stock split even prior to the split date.

Note

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“Everything we do is for our customers



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- 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.