

# 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.**

# Management Topics

Representative Director,  
President & COO

**Ryoichi Kado**

# Review of the Medium-Term Management Plan (FY2022–2024): Quantitative Targets

- With the exception of new M&As, the management targets for the final year of the plan (FY2024), announced in November 2021, were achieved in FY2022, the first year of the plan, two years ahead of schedule for net sales, operating income, and ROE.
- Based on the results of this first fiscal year, the Company updated its outlook for the final year and announced it in May 2023.
- In FY2023 and FY2024, due partly to the impact of unexpectedly prolonged inventory adjustment and salary increases, net sales and operating income fell short of the “Latest Outlook,” while ROE remained at 10% or higher throughout the plan period.

|                  | Management Plan<br><small>Announced on Nov. 25, 2021</small>                           | First-year results<br>2023/3<br><small>Announced on May 11, 2023</small> | Latest Outlook<br><small>Same as on the left</small> | Second-year results<br>2024/3<br><small>Announced on May. 9, 2024</small> | Final-year results<br>2025/3<br><small>Announced on May. 14, 2025</small> |
|------------------|--|--|--|---|---|
| Net Sales        | JPY 750.0 bn<br>Organic Growth:<br>JPY 600.0 bn<br>Including new M&As:<br>JPY 150.0 bn | JPY 608.0 bn   | [No change]  | JPY 542.6 bn  | JPY 547.7 bn  |
| Operating Income | JPY 20.0 bn  | JPY 32.2 bn  | JPY 30.0 bn or higher                                | JPY 25.8 bn   | JPY 23.6 bn   |
| ROE              | Stable<br>8.5% or higher   | 19.6%  | stable<br>10% or higher                              | 14.5%   | 10.8%   |

# Review of the Medium-Term Management Plan (FY2022–2024): Qualitative Targets

- In the EMS business, the Company aggressively worked to increase production capacity in Asia, Europe, and the Americas to strengthen profitability in anticipation of customers' shift away from China.
- The Company promoted DX by replacing the core system and introducing SFA tools to reinforce the management base.

|  | key issues   | Major outcome  |
|--|--|--|
| Further Reinforcement of Profitability | <ul style="list-style-type: none"> <li>• Selection and concentration in growth fields</li> <li>• Reinforcement and expansion of EMS business and overseas business</li> </ul>                              | <ul style="list-style-type: none"> <li>■ Relocated and expanded the Malaysia plant (Oct. 2022)</li> <li>■ Relocated and expanded the Turkey plant (Jun. 2023)</li> <li>■ Relocated and expanded the Mexico plant (Apr. 2024)</li> </ul>  |
| Reinforcement of Management Base       | <ul style="list-style-type: none"> <li>• Reinforcement of corporate governance</li> <li>• Efficient Group management</li> <li>• Investments in human capital</li> </ul>                                    | <ul style="list-style-type: none"> <li>■ DX investments: SFA (Aug. 2022), SAP (Apr. 2023)</li> <li>■ Inflation allowance (Mar. 2023), wage increase implemented (Apr. 2024)</li> <li>■ Established a special leave system for male employees (Apr. 2024)</li> </ul>  |
| Creation of New Businesses             | <ul style="list-style-type: none"> <li>• Initiatives in new fields</li> <li>• Promotion of open innovation through venture investments</li> <li>• M&amp;A efforts aimed at discontinuous growth</li> </ul> | <ul style="list-style-type: none"> <li>■ M&amp;As: Four deals, including Taiyo Yuden small wireless module business</li> <li>■ Investment in venture companies: JPY800mn/11 companies</li> </ul>   |
| Promotion of SDGs Management           | <ul style="list-style-type: none"> <li>• Addressing ESG management issues</li> </ul>   | <ul style="list-style-type: none"> <li>■ Environmental: Solar power generation facilities installed at six plants in Japan and overseas</li> <li>■ Social: Recognized as a Health and Productivity Management Organization</li> <li>■ Governance: Streamlining of the Board of Directors, appointment of female auditor (Jun. 2023)</li> </ul> |

# Medium-Term Management Plan 2027 (FY2025–2027): Conceptual Diagram

## 『Medium-Term Management Plan 2027』 (FY2025–2027)

Enhancing corporate value through management  
focused on profitability and capital efficiency

Further increase  
in profitability

Advanced  
management base

Promotion of  
SDGs Management

60th anniversary of  
Company's founding  
(FY2029)

“World class company”

“Japan’s No. 1 corporate group in the industry”

Net sales  
JPY **1** tn

Grow earnings through M&As and creating/  
acquiring new businesses

Net Sales  
JPY **800** bn or higher

Expand earnings in core businesses

Net Sales  
JPY **700** bn or higher

Expansion of trading company business  
will lead to growth of the EMS business



Quantitative expansion of  
trading company business



Qualitative improvement  
through EMS business

# Basic Policy and Priority Measures

## Basic policy

Enhance corporate value through management focused on profitability and capital efficiency

| Priority measures                             |   | Main action plan  |
|---|---|---|
| <b>Further Reinforcement of Profitability</b> | Expansion of core businesses                  | <ul style="list-style-type: none"> <li>■ Put business portfolio management into practice</li> </ul>   |
|   | M&A challenges                                | <ul style="list-style-type: none"> <li>■ Generate more than JPY100bn in new business revenue during the next medium-term management plan period in order to achieve the JPY1trn target in FY2028</li> </ul>   |
|   | Creation of new businesses                    | <ul style="list-style-type: none"> <li>■ Set up a new Sales Strategy Office and explore new businesses with energy, infrastructure, transportation, and the environment as the priority themes</li> </ul>   |
| <b>Advanced management base</b>               | Implementation of capital strategies          | <ul style="list-style-type: none"> <li>■ Strategic cash allocation and proactive shareholder returns</li> </ul>   |
|   | Investment in human capital                   | <ul style="list-style-type: none"> <li>■ Reform HR system (overseas Human Resource Development, promote diversification of human resources, etc.)</li> </ul>  |
| <b>Promotion of SDGs Management</b>           | Accelerated response to ESG management issues | <ul style="list-style-type: none"> <li>■ Environmental: Promote 100% renewable energy to become carbon neutral</li> <li>■ Social: Promotion of women's full participation in the workplace, work-style reform, employee engagement</li> <li>■ Governance: Early achievement of goals of appointing female directors and becoming a company with an audit and supervisory committee structure</li> </ul> |

# Management Targets

|  |  | Final year of current<br>medium-term plan<br>(FY2024) | Final year of next<br>medium-term plan<br>(FY2027) | CAGR  |
|--|--|---|--|-------|
| Management<br>targets<br>aiming for<br>JPY 1 tn<br>in final year | Net Sales                              |   | JPY 800 bn or higher                               |       |
|  | Operating<br>Income                    |   | JPY 36 bn or higher                                |       |
| Increase in<br>revenue<br>through<br>organic growth              | Net Sales                              | JPY 547.7 bn  | JPY 700 bn or higher                               | 8.5%  |
|  | Operating<br>Income<br>(Profit Margin) | JPY 23.6 bn<br>(4.3%)                                 | JPY 35 bn or higher<br>(5.0%)                      | 14.0% |
| Index in<br>capital<br>efficiency                                | ROE<br>[Equity Cost]                   | 10.8%<br>[around 10%]                                 | 12.0% or higher<br>[around 10%]                    |       |

## <Reference> Breakdown by Business Segment

|                                   |                | Final year of current<br>medium-term plan<br>(FY2024) | Final year of next<br>medium-term plan<br>(FY2027) | CAGR  |
|-----------------------------------|----------------|---|--|-------|
| Electronic<br>Component           | Net Sales      | JPY 344.7 bn  | JPY 400.0 bn                                       | 4.8%  |
|                                   | Segment income | JPY 10.2 bn   | JPY 16.5 bn  | 17.4% |
| EMS                               | Net Sales      | JPY 134.5 bn  | JPY 230.0 bn                                       | 19.6% |
|                                   | Segment income | JPY 7.3 bn  | JPY 13.5.0 bn                                      | 22.7% |
| CSI<br>(Information<br>Equipment) | Net Sales      | JPY 42.6 bn   | JPY 55.0 bn  | 8.9%  |
|                                   | Segment income | JPY 3.3 bn  | JPY 4.0 bn   | 6.6%  |
| Others                            | Net Sales      | JPY 22.8 bn   | JPY 15.0 bn  | -     |
|                                   | Segment income | JPY 2.5 bn  | JPY 1.0 bn   | -     |
| Total                             | Net Sales      | JPY 544.7 bn  | JPY 700 bn   | 8.5%  |
|                                   | Segment income | JPY 23.6 bn   | JPY 35 bn  | 14.0% |



















# Growth Strategy Matrix by Business and Company

Supplemental  
materials

## Basic approach

As an independent electronics general trading firm, we not only procure parts, but also maximize the strengths of our one-stop service that include the manufacture of semi-finished and finished products on a contract basis and cover every step from sales to after-service.

|                                | Kaga Electronics  | Kaga FEI  | Excel   | (billion yen)<br>Net sales  |
|--------------------------------|---|---|---|---|
| Electronic Component           | Based on our strengths in customer relations and procurement, which are one of the best in the industry, commit to Kaga Electronics-style marketing   | Accelerate our sales strategy centered on large accounts by expanding our line card with SoC products at its core.  | Transform into an electronics general trading firm through cross-selling of Kaga Electronics products   | 2025/3  344.7<br>2028/3  <b>400.0</b>     |
| EMS                            | Develop a customer-focused "local production for local consumption" EMS business based on a global five-region production system  | Accelerate E2MS, involving from the design stage, and expand small-sized wireless module business, integrating development, production, and sales.  | Cultivate B2B customers in the transportation infrastructure sector by leveraging the strengths of display device distributor   | 2025/3  134.5<br>2028/3  <b>230.0</b>     |
| CSI<br>(Information Equipment) | Utilize the strengths of sales channels such as mass retailers and schools and educational institutions   |   |   | 2025/3  42.6<br>2028/3  <b>55.0</b>       |
| Others                         | Total commitment to profit-oriented management and concentration on profitable businesses rather than simply expanding in size  |   |   | 2025/3  22.8<br>2028/3  <b>15.0</b>   |
| Net sales                      | 2025/3  319.5<br>2028/3  <b>400.0</b> | 2025/3  197.8<br>2028/3  <b>260.0</b> | 2025/3  30.3<br>2028/3  <b>40.0</b> | 2025/3  547.7<br>2028/3  <b>700.0</b> |

## Basic approach

With a global production system based in Japan that covers five regions of the world, we will develop an EMS business focused on local production and local consumption that is rooted in the market, while supporting our customers' manufacturing.

In the 1970s, we began the processing business (today's EMS business) in Japan and China, using partner factories to meet customer needs.

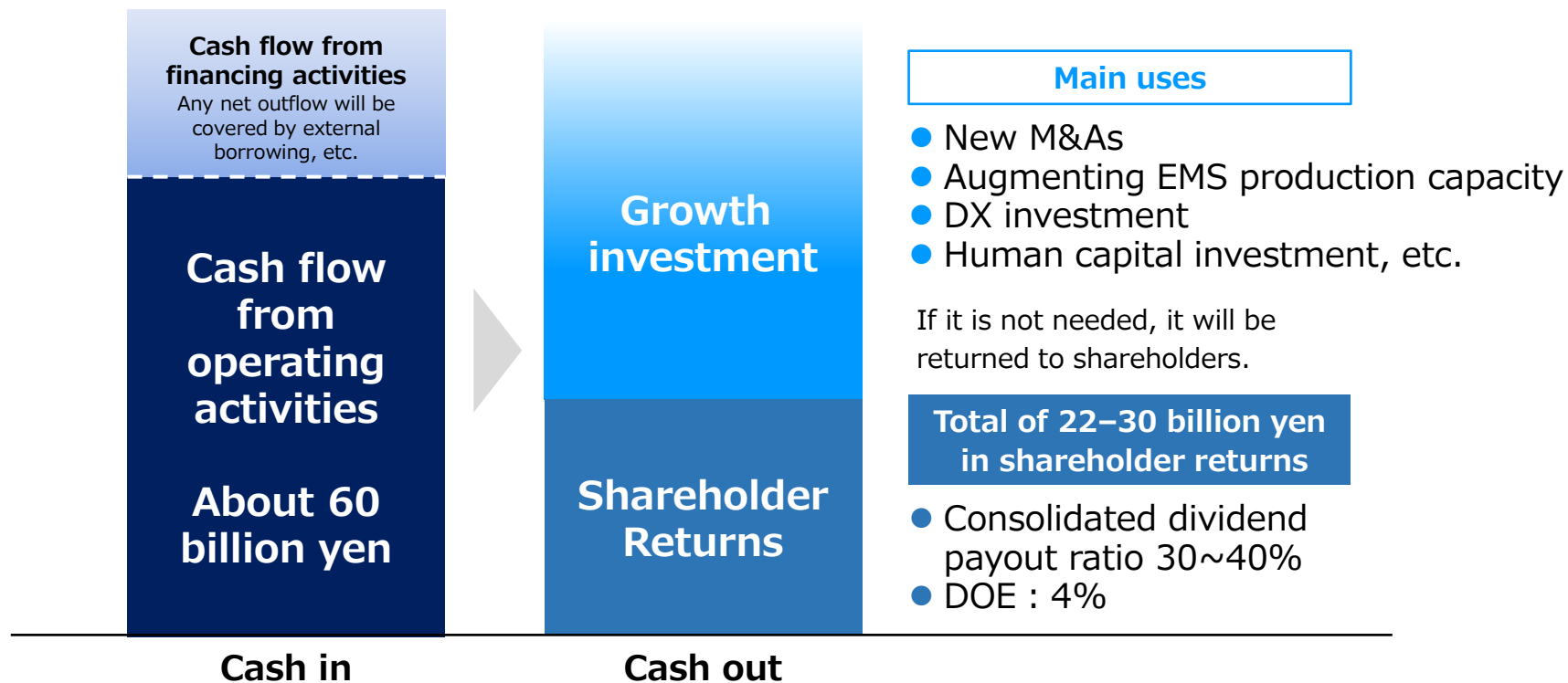
Since the 1990s, we have responded quickly to the overseas production shift of Japanese customers by establishing 21 bases in 10 countries around the world, starting with Shenzhen and gradually expanding our own factories.

|                |  |   |   |  |   | (billion yen) |             |
|----------------|--|---|---|--|---|---------------|-------------|
| 1990s          | 2000s  | 2010s   | After 2020  | Priority measures  | Priority areas  | Net Sales     |             |
| <b>Japan</b>   | Acquisition of Heiman Electronics (Yamagata) ('02) | Acquisition of Towada Pioneer, Construction of factory in Fukushima ('19) | Kyokuto Electric (Tottori) becomes a subsidiary ('20)         | <ul style="list-style-type: none"> <li>Capturing demand from customers returning to domestic production</li> <li>Standardization and advancement as a mother factory</li> </ul>  | <b>In-vehicle·Air-conditioner·Medical, etc.</b>           | 2025/3        | 35.0        |
|                |  |   |   |  |   | <b>2028/3</b> | <b>80.0</b> |
| <b>China</b>   | Shenzhen ('99)                                     | Suzhou (2 factories) ('09)  | Xiaogan (Hubei)('15)  | <ul style="list-style-type: none"> <li>Cultivating local Chinese customers and supporting production at optimal locations within the Group</li> <li>Developing and strengthening sales of automated equipment</li> </ul> | <b>In-vehicle·Industrial</b>                              | 2025/3        | 47.0        |
|                |  |   |   |  |   | <b>2028/3</b> | <b>55.0</b> |
| <b>Asia</b>    | Thailand('02)<br>Malaysia('00)                     | Vietnam('17)<br>India('18)<br>Indonesia('14)                              | Second plant in Thailand('19)<br>new factory in Malaysia('22) | <ul style="list-style-type: none"> <li>Investment in own factory in anticipation of demand in India and for exports</li> </ul>   | <b>In-vehicle·Air-conditioner·Information, etc.</b>       | 2025/3        | 38.0        |
|                |  |   |   |  |   | <b>2028/3</b> | <b>50.0</b> |
| <b>Europe</b>  | Czech Republic('19)                                | Turkey('18)   | New factory in Turkey('23)                                    | <ul style="list-style-type: none"> <li>Capture Japanese customers' demand for local production for local consumption</li> <li>Developing local customers in Europe</li> </ul>  | <b>Air-conditioner·Industrial·Telecommunication, etc.</b> | 2025/3        | 7.0         |
|                |  |   |   |  |   | <b>2028/3</b> | <b>10.0</b> |
| <b>America</b> |  | Mexico('16)   | New Factory in Mexico('24)                                    | <ul style="list-style-type: none"> <li>Investment in second phase of factory in Mexico in anticipation of stronger demand from South America</li> </ul>  | <b>Air-conditioner·In-vehicle·Medical, etc.</b>           | 2025/3        | 7.5         |
|                |  |   |   |  |   | <b>2028/3</b> | <b>35.0</b> |

## Basic approach

We will actively allocate the cash we generate to growth investments and shareholder returns in order to improve corporate value while maintaining financial discipline.

FY2025–FY2027



# Policy on Shareholder Returns

- With the aim of more actively paying dividends to shareholders, we will increase the consolidated dividend payout ratio to 30–40% and strive for dividend growth through medium- to long-term profit growth.
- For the ordinary dividend, “DOE of 4.0%” will be used as the new target for stable and continuous ordinary dividend payments.
- Additional measures aligned with profit levels and capital efficiency will be flexibly implemented through special dividends and acquisition of treasury shares.

## Medium- to long-term dividend growth guideline

Consolidated dividend payout ratio

30 ~ 40 %

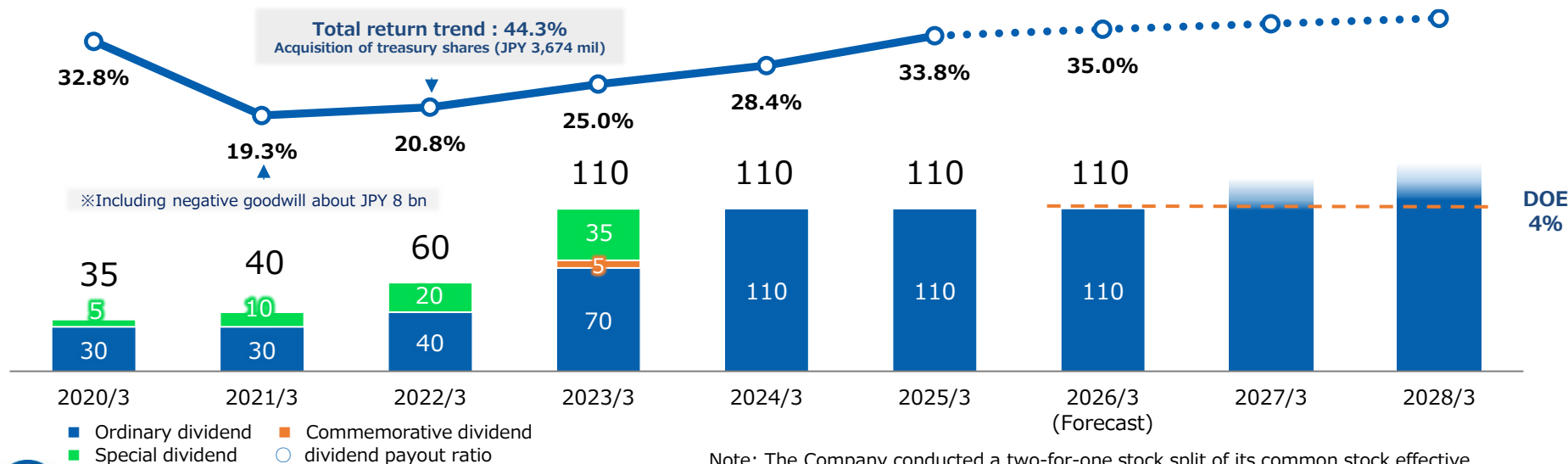
## Target for stable dividends

DOE  
(consolidated dividend on equity ratio)

4.0 %

## Flexible return policies

Special dividends,  
acquisition of treasury shares



Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. The amounts indicated above related to dividend paid for the periods prior to October 1, 2024, are adjusted for the said stock split.

# SDGs Management (Sustainability) Initiatives

While aiming to achieve the quantitative targets established in the Medium- to Long-Term Sustainability Management Plan, we will play an active role in realizing a sustainable society and work to achieve sustainable growth in corporate value.

|   | Main themes   | Typical KPI  |
|---|---|--|
| <b>Environmental</b><br><br>Create a clean global environment                   | Achievement of shift to 100% renewable energy   | ■ Domestic sales offices: 2030<br>Domestic manufacturing sites: 2050                 |
|   | Shift to electricity for company-owned vehicles   | ■ Domestic sales vehicles – 2030: 100%   |
|   | Reduction of CO2 emissions  | ■ FY2030 [Scope 1+2:-42%, Scope 3:-25%]  |
| <b>Social</b><br><br>Create an inclusive company as well as an affluent society | Diversity and human resource management   | ■ Percentage of women in management positions 2029: 17%                              |
|   | Work-life management and enhancement of productivity  | ■ Continuation of certification as a Health and Productivity Management Organization |
| <b>Governance</b><br><br>Create a sustainable management base                   | Governance systems complying with TSE reforms   | ■ Early achievement of appointment of female outside directors                       |
|   | Further strengthening the supervisory and oversight functions of top management over business execution | ■ Early transition to a company with an audit and supervisory committee structure    |

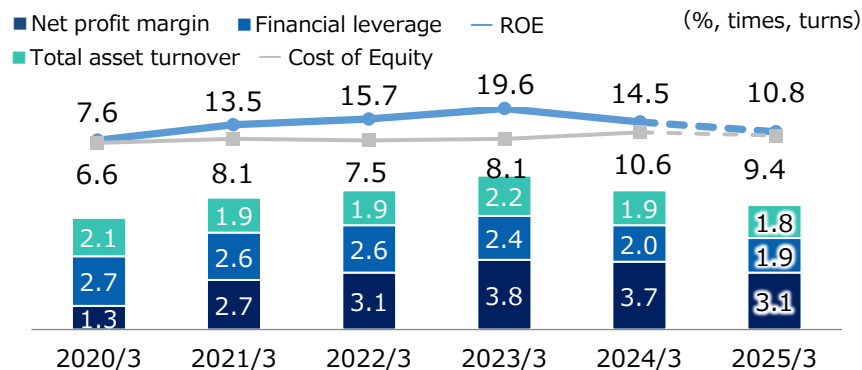
# Medium- to long-term sustainability targets and major KPIs

|   | Key themes   | Issues to address and issues to examine  | Medium-term targets   | FY2024 Results  |
|---|--|--|---|---|
| E | Achievement of shift to 100% renewable energy  | • Adoption of renewable energy at domestic sales offices   | 2024: 40% (1%)  | Achieved target of 40% adoption of renewable energy through purchase of non-fossil certificates   |
|   |  | • Adoption of renewable energy at domestic manufacturing sites   | By 2024: Information gathering/analysis and determination of policy<br>• In-house power generation/external procurement                         | Installation of additional solar power generation system in Towada factory under consideration  |
|   |  | • Adoption of renewable energy at overseas manufacturing sites   | • Solar panel/biomass power generation/renewable energy businesses  | Started operation of solar power generation system in the new Mexico factory  |
|   | Shift to electricity for company-owned vehicles  | • Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV)   | 2024: 85% (78.5%)   | Ratio of electric vehicles: 90.2%   |
| S | Diversity and human resource management  | • Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires)<br>• Initiatives to employ elderly workers and persons with disabilities | Percentage of female new graduates in general positions<br>2023: 30% (5.8%)<br>Percentage of women in management positions<br>2024: 15% (13.3%) | <Percentage of female new graduates in general positions><br>22.7%<br><Percentage of women in management positions><br>17.3%                  |
|   | Work-life management and enhancement of productivity   | • Acquisition of certification as a Health and Productivity Management Organization  | 2022: Implementation of review<br>2023: Certification   | Continued acquisition of certification as a Health and Productivity Management Organization   |
| G | Restructuring the governance structure in response to the revision of the Corporate Governance Code and the reorganization of Tokyo Stock Exchange | • Diversification of the Board of Directors  | By June 2022: Determination of policy   | Appointment of a female outside director subject to approval at the general shareholders' meeting in June 2025                                |
|   |  | • Full compliance with Corporate Governance Code for Prime Market  | Performed in November 2021  | No revision of the CG Code  |
|   | Further strengthening the supervisory and oversight functions of top management over business execution  | • Adoption of delegation-based executive officer structure   | April 2022: Enactment   | Decision made on expanding membership of important meetings to delegation-based executive officers  |
|   |  | • Transition to structure of company with committees   | By March 2023: Determination of policy  | Transition to a Company with an Audit & Supervisory Committee structure subject to approval at the general shareholders' meeting in June 2025 |

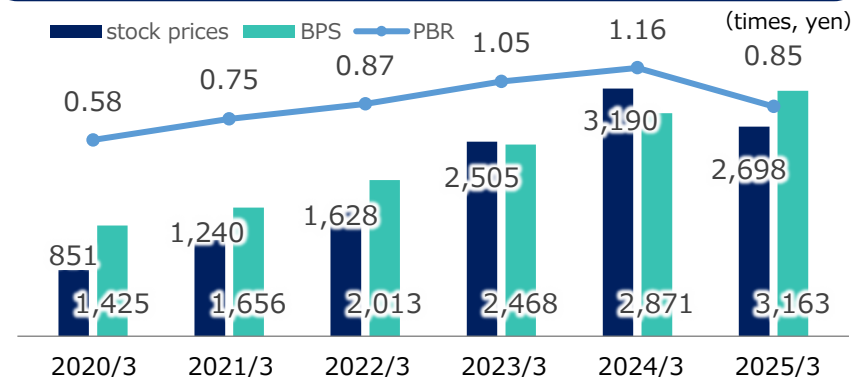
# Management that is Conscious of Cost of Capital and Stock Price

Supplemental materials

## Trends in ROE



## Trends in PBR



### Current assessment

- ROE has remained in the double-digit percentage level, exceeding the cost of capital, but has been on a gradual downward trend for the past two years.
- PBR has been improving noticeably since the previous medium-term management plan period, and has remained above 1x since February 2023. However, it has been slow to recover from the sharp drop in the TSE in August 2024, and has recently fallen below 1x.

### Future initiatives

1. Steady implementation of the medium-term management plan

- Aim to achieve management targets by working on business growth and profitability improvements in line with the medium-term management plan.

2. Improvements to shareholder satisfaction

- Raise the consolidated dividend payout ratio to 30–40% and set DOE at 4.0% as a guideline for stable and sustainable dividends.

3. Promotion of SDGs Management

- Establish and announce GHG emission reduction targets in Scope 1–3, and improve evaluations by external organizations such as CDP and TCFD.

4. Maintenance and reinforcement of proactive IR activities

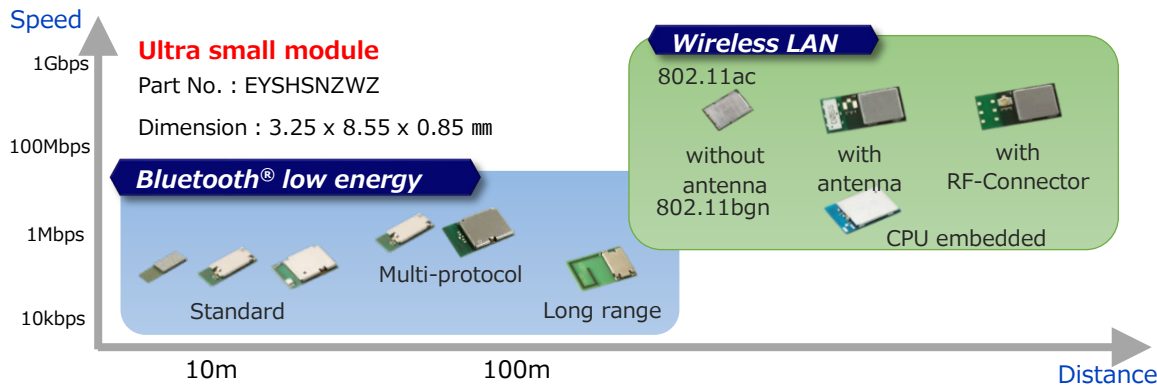
- Further increase confidence in the Company's management and reduce the cost of capital through broader disclosure to capital markets and active dialogue.



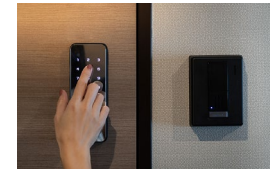
# Module: IoT Solution "CONTINECT"

We have launched our own brand "CONTINECT" to provide IoT solutions and solve issues of customers who are developing IoT products. We offer a wide range of over 20 types of modules, including the world's smallest ultra-compact BLE model and long-distance communication model.

## Product Lineups



## Solution using "CONTINECT"



Electronic lock



Wireless controller for Lighting

## Development Base



KAGA FEI  
Takasaki  
Development Center

## Production Bases



KAGA EMS TOWADA



KAGA ELECTRONICS  
(THAILAND)

## Sales



- KAGA FEI
- KAGA Electronics Group



# Amusement Equipment Business: Expansion of Overseas Markets

## ■ Growth strategies for overseas markets

Actively develop overseas markets by leveraging the strengths as a Japan-based trading company in commercial amusement equipment, in the face of intensifying competition and growth slowdown expected in the domestic market

- Asia: with Malaysia as the base in the region, develop markets in neighboring countries such as Vietnam and Indonesia
- U.S.: form strategic partnership with leading Japanese amusement facility operators who are pushing ahead with full-scale development of their business in the U.S.

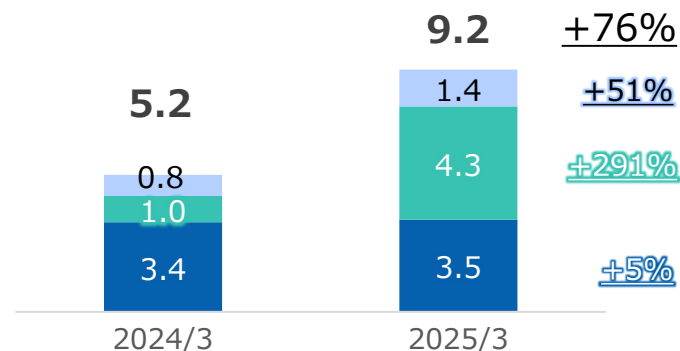


<Mini claw machines for amusement facilities>

## Changes in Net Sales

(billion yen)

■ JAPAN ■ U.S.A ■ Malaysia



Note: Sales growth rates in Malaysia and the U.S. are based on local currency.

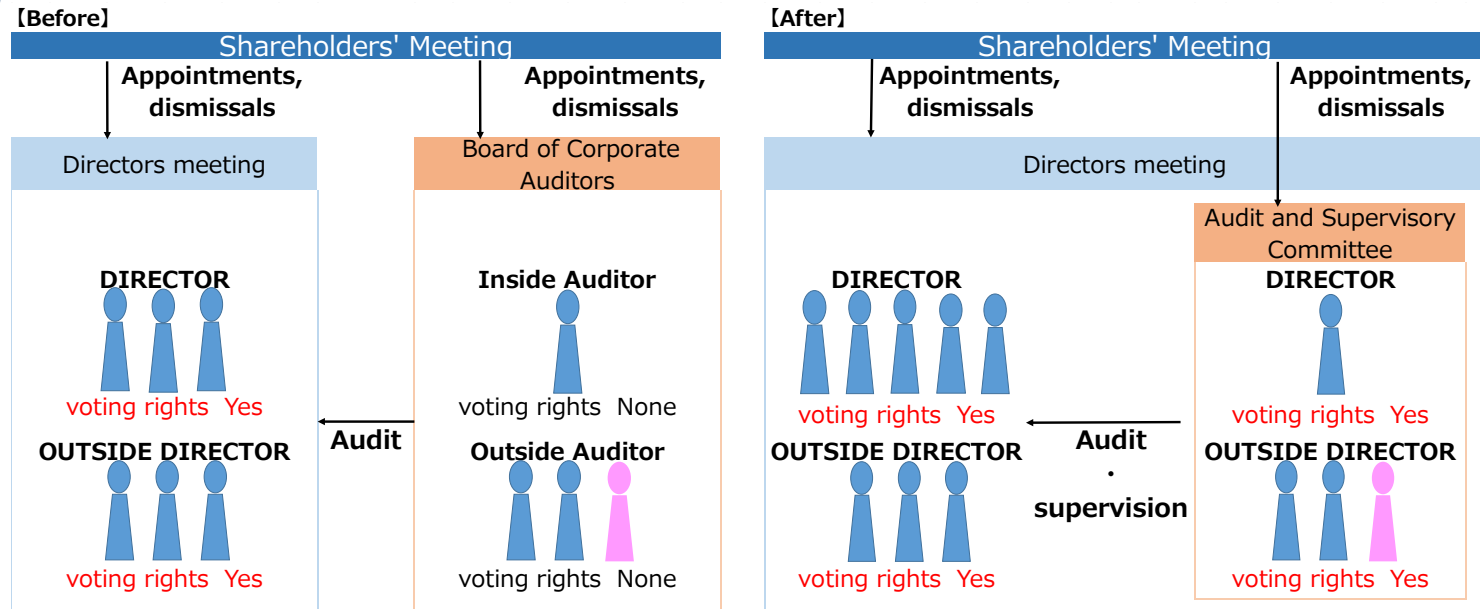
# Transition to a Company with an Audit & Supervisory Committee Structure

## Purposes

- To enhance the Board of Directors functions and business execution functions by further expediting decision-making through delegation of authority, promoting separation of the functions of “management decision making and supervision” and “business execution,” and clarifying respective roles
- To further strengthen the corporate governance structure in an effort to increase the Group’s corporate value amid accelerating change in the operating environment

## Transition Schedule

- After approval of the requisite amendments to the Articles of Incorporation and other relevant matters is obtained at the 57th Ordinary General Meeting of Shareholders to be held in June 2025



# “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: +81-3-3254-7131  
E-mail : [webmaster@taxan.co.jp](mailto:webmaster@taxan.co.jp)  
<https://www.taxan.co.jp/en/>

- 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.