

## 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**

I am Kado, President of KAGA ELECTRONICS.

Thank you very much for your continued support and cooperation in our IR activities.

I would like to present our management topics for the fiscal year ended March 2025.

My presentation focuses mainly on a review of the “Medium-Term Management Plan 2024,” which ended in the previous fiscal year, and the “New Medium-Term Management Plan 2027,” which has just started this fiscal year.

## 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 Announced on Nov. 25, 2021	First-year results 2023/3 Announced on May 11, 2023	Latest Outlook Same as on the left	Second-year results 2024/3 Announced on May. 9, 2024	Final-year results 2025/3 Announced on May. 14, 2025
Net Sales	JPY 750.0 bn Organic Growth: JPY 600.0 bn Including new M&As: 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 8.5% or higher	19.6%	stable 10% or higher	14.5%	10.8%

Let me start by looking back on the “Medium-Term Management Plan 2024.”

Quantitatively, with the exception of new M&As, the management targets for net sales, operating income, and ROE were achieved in fiscal 2022, the first year of the Plan, two years ahead of schedule.

In light of such a strong start, we updated the earnings forecast for the final year of the Plan in May 2023 and announced it as the “Latest Outlook.” However, due to such factors as the impact of prolonged inventory adjustment, which we could not foresee at the time, and salary increases, the targets for net sales and operating income, as projected in the “Latest Outlook,” could not be achieved in fiscal 2024, the final year of the Plan.

ROE, however, was maintained at a stable 10% or higher throughout the period of the Plan.

## 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>

Next, from the qualitative perspective, let's look at the four basic policies and initiatives on the key issues.

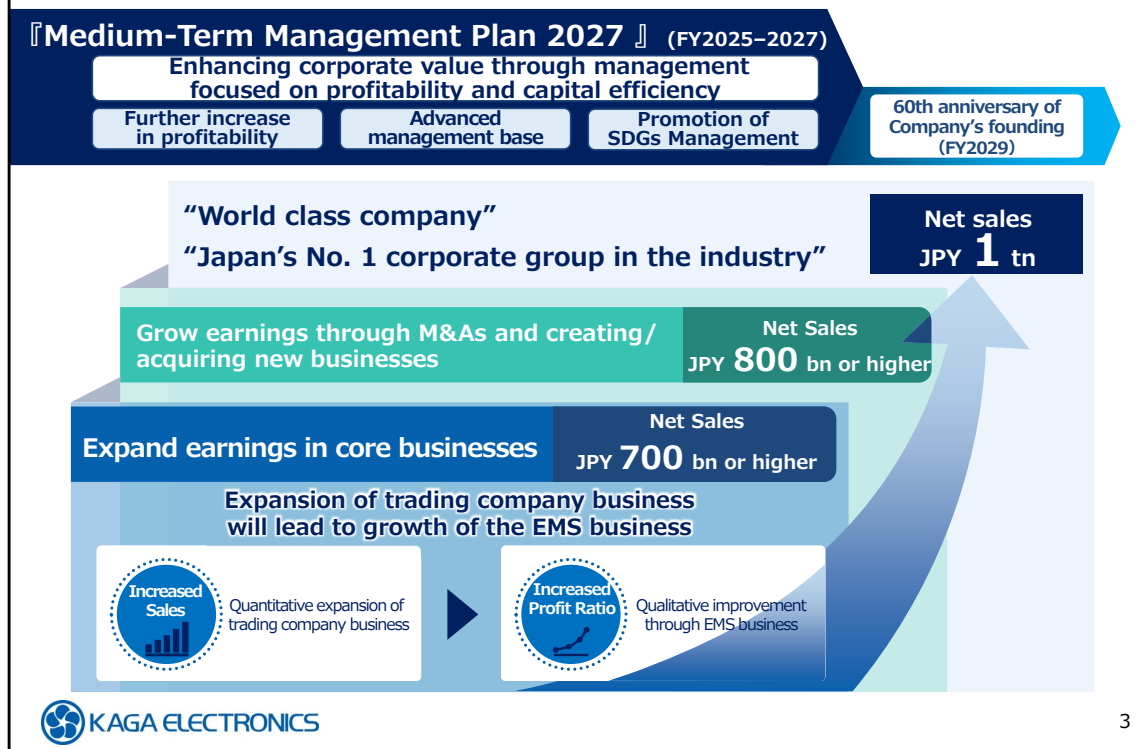
With respect to "further reinforcement of profitability," we have been working to increase the production capacity of our factories in Malaysia, Turkey, and Mexico, with the aim of strengthening our EMS business.

With regard to "reinforcement of management base," we promoted the introduction of tools that utilize digital technology, and also provided inflation allowances and salary increases in April last year.

We also actively worked on ESG issues as part of our sustainability management.

With respect to the "creation of new businesses," although we carried out small-scale business transfers and invested in start-ups, we were not able to achieve any results in large M&A deals. We are therefore stepping on the gas as one of the challenges in the new Medium-Term Management Plan.

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



Let me now brief you on the “New Medium-Term Management Plan 2027.”  
As this part will be a duplication for those of you who attended our previous presentation, I will just recap the key points.

This slide shows a summary of the New Medium-Term Management Plan.

The overall scenario remains unchanged from the previous Plan, maintaining the same management vision to become “a competitive world-class company” and “Japan’s No. 1 corporate group in the industry” under the long-term concept of aiming for net sales of 1 trillion yen by fiscal 2028, which is the 60<sup>th</sup> anniversary of our founding.

I will explain the numbers in more detail further on.

## 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	■ Put business portfolio management into practice
	M&A challenges	■ 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
	Creation of new businesses	■ Set up a new Sales Strategy Office and explore new businesses with energy, infrastructure, transportation, and the environment as the priority themes
<b>Advanced management base</b>	Implementation of capital strategies	■ Strategic cash allocation and proactive shareholder returns
	Investment in human capital	■ Reform HR system (overseas Human Resource Development, promote diversification of human resources, etc.)
<b>Promotion of SDGs Management</b>	Accelerated response to ESG management issues	■ Environmental: Promote 100% renewable energy to become carbon neutral ■ Social: Promotion of women's full participation in the workplace, work-style reform, employee engagement ■ Governance: Early achievement of goals of appointing female directors and becoming a company with an audit and supervisory committee structure

Next, I will explain the basic policy and priority measures of the New Medium-Term Management Plan.

The basic policy is "to enhance corporate value through management that is focused on profitability and capital efficiency."

I have always advocated "profit-focused management," and while maintaining this approach, I will aim to further enhance corporate value by implementing management that is even more conscious of capital efficiency.

Priority measures are threefold.

The first is to "further reinforce profitability." In addition to expanding our core businesses, we will take on the challenge of M&As and work to create to new businesses.

The second is to "make our management base more advanced." Here, in order to enhance our capital strategies, we have clarified our approach to cash allocation and also revised shareholder return policy.

The third is to "further promote SDGs management." We will accelerate our response to ESG-related management issues based on the Medium- to Long-Term Sustainability Management Plan, which was formulated in November 2021.

## Management Targets

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

Next, let's move on to management targets.

With an eye to achieving "net sales of 1 trillion yen" in fiscal 2028, we have set the management targets for fiscal 2027, the final year of the Plan, at "net sales of 800 billion yen or higher" and "operating income of 36 billion yen or higher."






Of these, the targets for organic growth are "net sales of 700 billion yen or higher" and "operating income of 35 billion yen or higher."

In terms of operating income margin, we aim to maintain 5.0% or higher.

In line with our basic policy that emphasizes capital efficiency, our ROE target in the final year of the Plan is set at "12.0% or higher," being aware that the current cost of equity is around 10%.

In a business environment of increasing uncertainty on various fronts, operating performance currently tends to be somewhat at a standstill. Nonetheless, we are determined to achieve the management targets set out in the New Medium-Term Management Plan.

## <Reference> Breakdown by Business Segment

		Final year of current medium-term plan (FY2024)	Final year of next medium-term plan (FY2027)	CAGR	
	Electronic 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 (Information 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%

This slide shows the breakdown of organic growth by segment.

In particular, we have positioned the EMS business as our growth driver and, as you can see, we have set a high target of around 20% average annual growth in net sales and operating income.

For the Electronic Components Business, which is our core business, steady growth is also projected.



















## 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) 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 2028/3  400.0
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 2028/3  230.0
CSI (Information Equipment)	Utilize the strengths of sales channels such as mass retailers and schools and educational institutions			2025/3  42.6 2028/3  55.0
Others	Total commitment to profit-oriented management and concentration on profitable businesses rather than simply expanding in size			2025/3  22.8 2028/3  15.0
Net sales	2025/3  319.5 2028/3  400.0	2025/3  197.8 2028/3  260.0	2025/3  30.3 2028/3  40.0	2025/3  547.7 2028/3  700.0

This slide shows the growth strategies of each company and business in matrix form. The contents are the same as presented in the previous briefing session.

The sales targets for the final year, based on the organic growth of each company, are "400 billion yen for Kaga Electronics," "260 billion yen for Kaga FEI," and "40 billion yen for Excel."

## 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.

	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 (Totton) 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>	In-vehicle·Air-conditioner·Medical, etc.	2025/3 35.0 2028/3 <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>	In-vehicle·Industrial	2025/3 47.0 2028/3 <b>55.0</b>
<b>Asia</b>		Thailand('02) Malaysia('00)	Vietnam('17) India('18) Indonesia('14)	Second plant in Thailand('19) 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>	In-vehicle·Air-conditioner·Information, etc.	2025/3 38.0 2028/3 <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>	Air-conditioner·Industrial·Telecommunication, etc.	2025/3 7.0 2028/3 <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>	Air-conditioner·In-vehicle·Medical, etc.	2025/3 7.5 2028/3 <b>35.0</b>

This slide shows the global strategy for our EMS business, which is a growth driver for us.

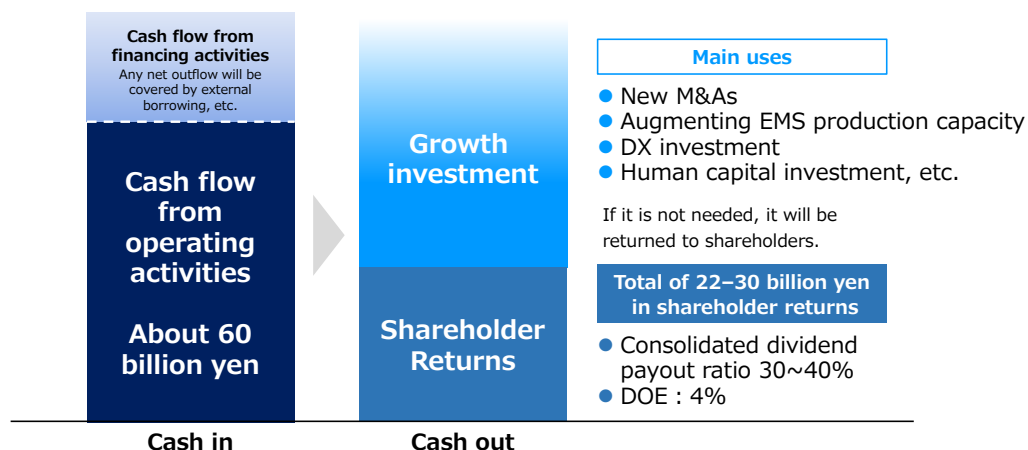
The main measures and focus areas in each region are presented here, which again are unchanged from the previous briefing session.

With a global production system based in Japan, we will push further with development of the EMS business focused on local production and local consumption that is rooted in each market, while supporting our customers' manufacturing activities.

**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



Next, I will explain our approach to cash allocation.

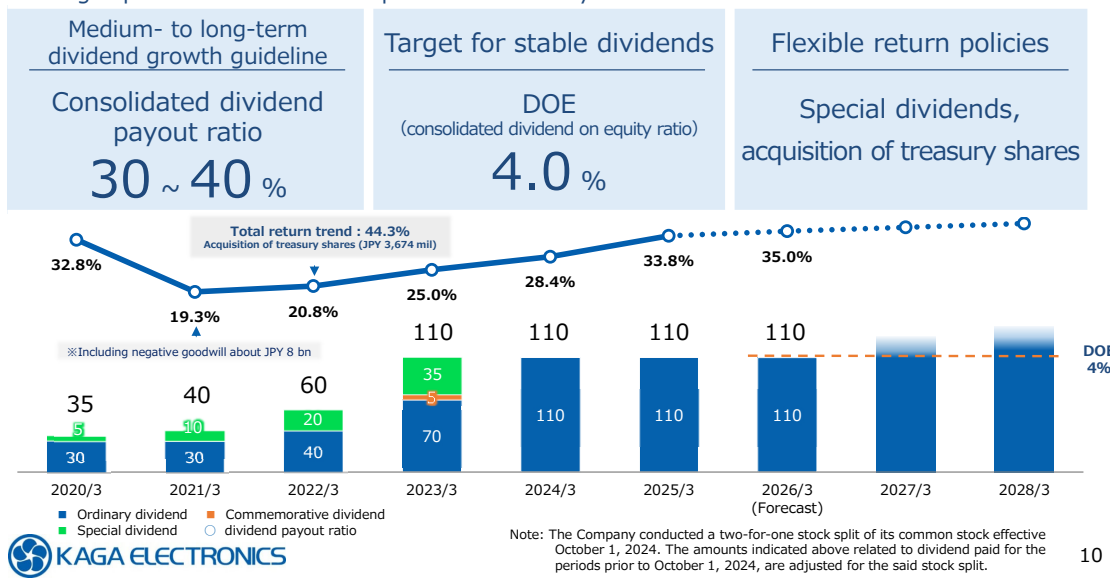
Our basic approach is to maintain financial discipline while allocating generated cash to “growth investments” and “returns to shareholders” as priority areas, with the aim of increasing corporate value.

We estimate that we will generate a total of around 60 billion yen in cash flow from operating activities over the three years of the Management Plan, and we are thinking of allocating around “22 to 30 billion yen to shareholder returns” and “over 30 billion yen to growth investments” such as new M&As and increasing production capacity in the EMS business.

With respect to M&As, because the size of required funds may fluctuate significantly depending on the deal, in the event that the amount exceeds the budget, we will use external borrowings or other means flexibly. Excess funds, if any, will be allocated to shareholder return or other purposes as it is our intention to use up cash that is generated during the period of the Plan.

## 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.



Next, I will explain our shareholder return policy.

The three points listed in the upper row are the gist of our shareholder return policy for the duration of the New Medium-Term Management Plan.

First, we have raised the target for consolidated dividend payout ratio from the previous range of “25% to 35%” to “30% to 40%.”  
We aim to achieve dividend growth in line with profit growth.

Next, we will introduce “DOE (Dividend on Equity ratio)” as a new indicator for ordinary dividend, and aim to pay stable and continuous dividends with a target of 4%.

In addition, we will flexibly implement special dividends and acquisition of treasury shares as measures aligned with profit levels and capital efficiency.

## 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>  Create a clean global environment	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> <li>Domestic sales offices: 2030</li> <li>Domestic manufacturing sites: 2050</li> </ul>
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> <li>Domestic sales vehicles – 2030: 100%</li> </ul>
	Reduction of CO2 emissions	<ul style="list-style-type: none"> <li>FY2030 [Scope 1+2:-42%, Scope 3:-25%]</li> </ul>
<b>Social</b>  Create an inclusive company as well as an affluent society	Diversity and human resource management	<ul style="list-style-type: none"> <li>Percentage of women in management positions 2029: 17%</li> </ul>
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> <li>Continuation of certification as a Health and Productivity Management Organization</li> </ul>
<b>Governance</b>  Create a sustainable management base	Governance systems complying with TSE reforms	<ul style="list-style-type: none"> <li>Early achievement of appointment of female outside directors</li> </ul>
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> <li>Early transition to a company with an audit and supervisory committee structure</li> </ul>

As part of our efforts to implement SDGs management, we aim to achieve the targets set out in our Medium- to Long-Term Sustainability Management Plan for each of the themes of environment, social, and governance, through which we will play an active role in realizing a sustainable society and work to achieve sustainable growth in corporate value.

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	<ul style="list-style-type: none"> <li>Adoption of renewable energy at domestic sales offices</li> <li>Adoption of renewable energy at domestic manufacturing sites</li> <li>Adoption of renewable energy at overseas manufacturing sites</li> </ul>	2024: 40% (1%)  By 2024: Information gathering/analysis and determination of policy •In-house power generation/external procurement •Solar panel/biomass power generation/renewable energy businesses	Achieved target of 40% adoption of renewable energy through purchase of non-fossil certificates Installation of additional solar power generation system in Towada factory under consideration Started operation of solar power generation system in the new Mexico factory
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> <li>Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV)</li> </ul>	2024: 85% (78.5%)	Ratio of electric vehicles: 90.2%
S	Diversity and human resource management	<ul style="list-style-type: none"> <li>Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires)</li> <li>Initiatives to employ elderly workers and persons with disabilities</li> </ul>	Percentage of female new graduates in general positions 2023: 30% (5.8%) Percentage of women in management positions 2024: 15% (13.3%)	<Percentage of female new graduates in general positions> 22.7% <Percentage of women in management positions> 17.3%
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> <li>Acquisition of certification as a Health and Productivity Management Organization</li> </ul>	2022: Implementation of review 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	<ul style="list-style-type: none"> <li>Diversification of the Board of Directors</li> <li>Full compliance with Corporate Governance Code for Prime Market</li> </ul>	By June 2022: Determination of policy  Performed in November 2021	Appointment of a female outside director subject to approval at the general shareholders' meeting in June 2025 No revision of the CG Code
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> <li>Adoption of delegation-based executive officer structure</li> </ul>	April 2022: Enactment	Decision made on expanding membership of important meetings to delegation-based executive officers
		<ul style="list-style-type: none"> <li>Transition to structure of company with committees</li> </ul>	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

Here, I discuss the progress we made during fiscal 2024 in our Medium-Term Sustainability Management Plan formulated in November 2021.

First, with respect to “E” for Environment, we achieved the target of 40% adoption of renewable energy at domestic sales offices through purchase of non-fossil certificates.

In addition, we have been promoting use of solar power at our domestic and overseas manufacturing sites.

Next, with respect to “S” for Social, although we have yet to achieve the target in terms of the percentage of female new graduates in general positions, we will continue with our hiring activities that aim to secure diversity in human resources. In the area of work-life management, we were certified as a “Health and Productivity Management Organization” for three consecutive years.

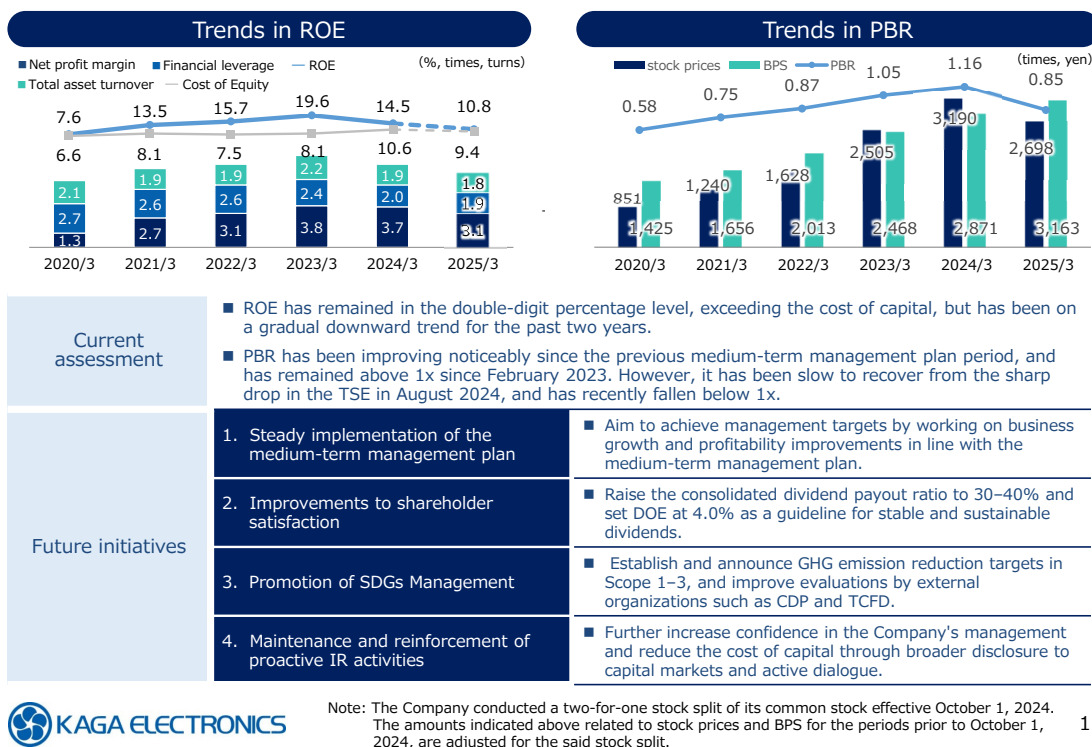
Finally, on “G” for Governance.

Subject to approval at the General Meeting of Shareholders to be held in June, we have decided to transition to a “Company with an Audit & Supervisory Committee” structure as an initiative for restructuring our governance structure.

In addition, we are planning to appoint a female director.

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

Supplemental materials



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Concerning management that is conscious of cost of capital and stock prices, I would like to provide you with an update of the policy we announced in January last year.

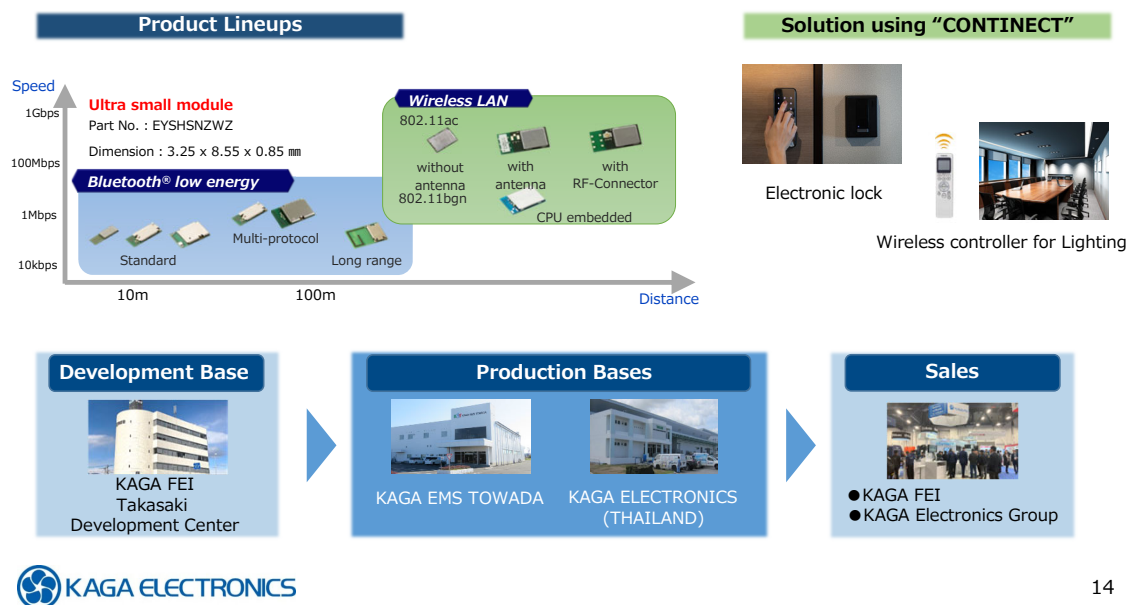
First, the current situation as we see it is that we are able to maintain ROE at above the cost of equity although it has been on a downtrend for the past two years.

PBR showed a clear upward trend since the previous medium-term management plan and remained stable at above 1.0x since February 2023. However, after the sharp fall in the Tokyo Stock Exchange market in August last year, the ratio dropped again to below 1.0x and has stayed there.

There are no major changes to the four points of our future initiatives. We will continue to engage in constructive dialogue with market participants through proactive IR activities so that the stock market can fairly evaluate our management initiatives that I explained today, such as steady implementation of the New Medium-Term Management Plan, improvements to shareholder satisfaction through a review of the dividend policy, and promotion of SDGs management.

## 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.



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The next two slides are about our businesses.

In our usual IR presentations, we focus primarily on the EMS business. Today, to give you a different perspective, I would like to introduce to you two of our businesses.

The first is the "wireless module business."

This is a business that Kaga FEI acquired from Taiyo Yuden Co., Ltd. in 2021, and has since been engaged in product development and sales.

In July last year, a part of manufacturing functions was transferred to Kaga Thailand. Subsequently, insourcing has been progressively pursued, and in April this year, the structure for complete insourcing has been established with the launch of mass production line in Kaga EMS Towada.

As a new growth area of manufacturing going beyond the EMS business, we will aim for "net sales of 10 billion yen" in three years.



## 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

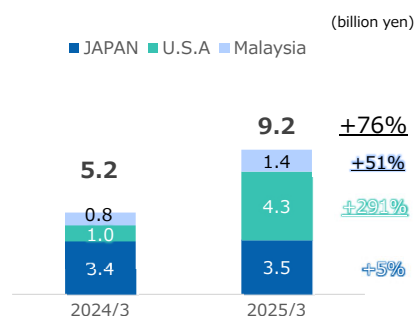
- Asia: with Malaysia as the base in the region, develop markets in neighboring countries such as Vietnam and Indonesia
- U.S.: form strategic partnership with leading Japanese amusement facility operators who are pushing ahead with full-scale development of their business in the U.S.



<Mini claw machines for amusement facilities>



### Changes in Net Sales



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

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The second is the Amusement Equipment Business.

We have a Group company called Kaga Amusement, which is engaged in planning and sales of amusement equipment for domestic and overseas amusement facilities. In terms of segment, it belongs to "the Others" business segment.

No doubt you have occasions to go to large-scale shopping malls with your family members on weekends. There, you will almost always find a large amusement facility. And such facilities are crammed with machines as in this photo. These are our products.

We might describe it as the modern-day version of what used to be called "game center" or amusement arcade, which has now become the standard not only in Japan but also in Asia.

So far, we have been expanding the business in Japan and also from our base in Malaysia to cover the markets in Asia. But more recently, growth of the business in the U.S. market has been conspicuous.

As this graph of net sales shows, the business has grown from a little over 5 billion yen in fiscal 2023, to close to 10 billion yen in fiscal 2024.

I believe the key point is that Kaga Amusement, leveraging its strength as a Japan-based trading company in commercial amusement equipment, has firmly joined hands with leading Japanese amusement facility operators in every market.

Going forward, in Asia, we will seek to develop markets from our base in Malaysia and expand to neighboring countries such as Vietnam and Indonesia, while in the U.S., we will form a strategic alliance with leading Japanese amusement facility operators who are actively expanding their branch network. In the medium term, we will aim to achieve "net sales of 15 billion yen within five years."

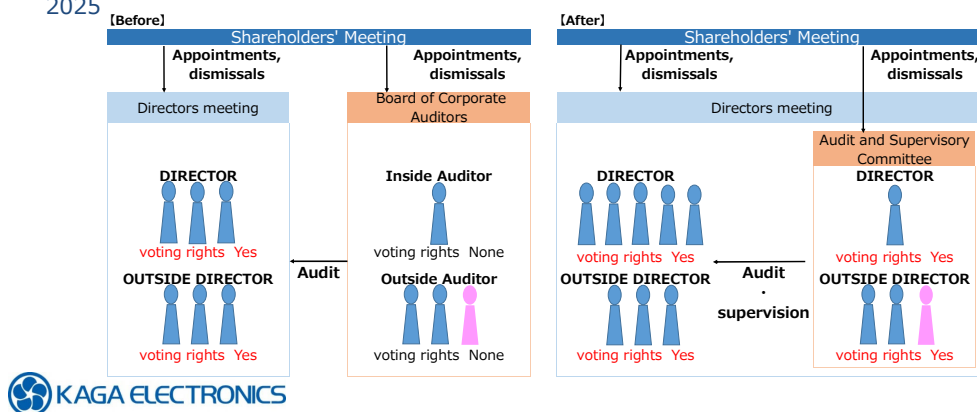
## Transition to a Company with an Audit & Supervisory Committee Structure

### 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



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The last slide is on the transition to a "company with committees."

The transition to a Company with an Audit & Supervisory Committee structure is aimed at enhancing 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.

By further strengthening the corporate governance structure with this transition, the Company will continue to work on increasing the Group's corporate value in the face of accelerating changes in the operating environment.

As this transition is subject to approval at the Ordinary General Meeting of Shareholders scheduled for next month, we sincerely hope our shareholders who are present today will vote in favor of the proposal.

# “Everything we do is for our customers



**KAGA ELECTRONICS CO.,LTD.**

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.

This concludes my presentation.

Thank you very much.