

# Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 2024

**KAGA ELECTRONICS CO., LTD.**

TSE Prime Market 8154

August 3, 2023

**KAGA ELECTRONICS CO., LTD.**

# Summary of Financial Results for the First Quarter Ended June 30, 2023

FY2024/3  
1Q Results

- Net sales decreased by 11.6 billion yen or 7.8% year on year to 137.7 billion yen. In the electronic components business, **spot demand disappeared**. Some impact of customers' inventory adjustments emerged. **All other business segments achieved sales growth.**
- Operating income decreased by 2.8 billion yen or 28.8% year on year to 7.0 billion yen.  
Excluding a **decrease in gross profit due to the disappearance of spot demand and provision for loss associated with a business partner's filing for insolvency, income level was virtually in line with the previous year.**
- Net income decreased by 1.2 billion yen or 17.4% year on year to 5.8 billion yen. **Gain on sales of securities was posted as extraordinary income** in connection with sale of shares held for investment purposes.
- Year-on-year decrease in net sales and income notwithstanding, **1Q got off to a good start, with performance exceeding the internal plan.**

FY2024/3  
earnings  
Forecasts

- No revision made to the outlook based on careful consideration of future demand trends as well as uncertain management environment including concerns about rising inflation and prolonged geopolitical risks.

**Earnings revisions to be determined appropriately with due consideration to progress in 2Q.**

|                    | Net Sales         | Operating Income | Net Income       |
|--------------------|-------------------|------------------|------------------|
| Previous forecasts | 550.0 billion yen | 25.0 billion yen | 18.0 billion yen |
| Progress rate      | 25.0%             | 28.0%            | 32.0%            |

# Financial Highlights for FY2024/3 1Q

(million yen)

|  | FY2023/3<br>1Q Results | FY2024/3<br>1Q Results     | YoY    | FY2024/3<br>Forecasts<br>(Announced on May11, 2023) | Progress<br>rate |
|--|------------------------|----------------------------|--------|---|------------------|
| Net sales                                  | 149,302                | <b>137,694</b>             | -7.8%  | 550,000   | 25.0%            |
| Gross Profit                               | 19,838 <i>13.3%</i>    | <b>17,553</b> <i>12.7%</i> | -11.5% | —   | —                |
| SG&A                                       | 10,018 <i>6.7%</i>     | <b>10,559</b> <i>7.7%</i>  | 5.4%   | —   | —                |
| Operating Income                           | 9,820 <i>6.6%</i>      | <b>6,994</b> <i>5.1%</i>   | -28.8% | 25,000 <i>4.5%</i>                                  | 28.0%            |
| Ordinary income                            | 9,858 <i>6.6%</i>      | <b>6,909</b>               | -29.9% | 25,000 <i>4.5%</i>                                  | 27.6%            |
| Profit attributable to<br>owners of parent | 6,984 <i>4.7%</i>      | <b>5,767</b>               | -17.4% | 18,000 <i>3.3%</i>                                  | 32.0%            |
| EPS (yen)                                  | 266.10                 | <b>219.63</b>              | —      | 685.42  | —                |
| Exchange Rate yen/USD                      | 129.57                 | <b>137.37</b>              | —      | 135.00  | —                |

- Note: 1. The effect of exchange rates on the conversion into yen is approximately 3,789 million yen on net sales and 136 million yen on operating income.  
 2. "x. x%" represents the profit margin.

# Results by Business Segment for FY2024/3 1Q

(million yen)

|                          |                | FY2023/3<br>1Q Results | FY2024/3<br>1Q Results   | YoY    | FY2024/3<br>Forecasts<br><small>(Announced on May11, 2023)</small> | Progress<br>rate |
|--------------------------|----------------|------------------------|--------------------------|--------|--|------------------|
| Electronic<br>Component  | Net sales      | 133,477                | <b>120,015</b>           | -10.1% | 471,500  | 25.5%            |
|                          | Segment income | 9,018 <i>6.8%</i>      | <b>5,922</b> <i>4.9%</i> | -34.3% | 20,700 <i>4.4%</i>   | 28.6%            |
| Information<br>Equipment | Net sales      | 11,147                 | <b>12,050</b>            | 8.1%   | 45,000   | 26.8%            |
|                          | Segment income | 564 <i>5.1%</i>        | <b>746</b> <i>6.2%</i>   | 32.2%  | 2,500 <i>5.6%</i>  | 29.9%            |
| Software                 | Net sales      | 498                    | <b>577</b>               | 15.8%  | 4,500  | 12.8%            |
|                          | Segment income | -33 <i>-6.7%</i>       | <b>-4</b> <i>-0.8%</i>   | -      | 300 <i>6.7%</i>  | -                |
| Others                   | Net sales      | 4,178                  | <b>5,050</b>             | 20.9%  | 29,000   | 17.4%            |
|                          | Segment income | 249 <i>6.0%</i>        | <b>291</b> <i>5.8%</i>   | 17.0%  | 1,500 <i>5.2%</i>  | 19.4%            |
| Total                    | Net sales      | 149,302                | <b>137,694</b>           | -7.8%  | 550,000  | 25.0%            |
|                          | Segment income | 9,820 <i>6.6%</i>      | <b>6,994</b> <i>5.1%</i> | -28.8% | 25,000 <i>4.5%</i>   | 28.0%            |

- Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).  
2. "x. x%" represents the profit margin.

# Results by Company for FY2024/3 1Q

(million yen)

|                  |                  | FY2022/3<br>1Q Results | FY2023/3<br>1Q Results | FY2024/3<br>1Q Results     | YoY    |
|------------------|------------------|------------------------|------------------------|----------------------------|--------|
| Kaga Electronics | Net sales        | 60,115                 | 84,339                 | <b>78,615</b>              | -6.8%  |
|                  | Gross Profit     | 9,588 <i>16.0%</i>     | 13,040 <i>15.5%</i>    | <b>12,146</b> <i>15.5%</i> | -6.9%  |
|                  | Operating income | 3,719 <i>6.2%</i>      | 6,251 <i>7.4%</i>      | <b>5,663</b> <i>7.2%</i>   | -9.4%  |
| Kaga FEI         | Net sales        | 32,145                 | 47,752                 | <b>48,135</b>              | 0.8%   |
|                  | Gross Profit     | 3,009 <i>9.4%</i>      | 5,784 <i>12.1%</i>     | <b>4,379</b> <i>9.1%</i>   | -24.3% |
|                  | Operating income | 346 <i>1.1%</i>        | 3,040 <i>6.4%</i>      | <b>797</b> <i>1.7%</i>     | -73.8% |
| Excel            | Net sales        | 13,688                 | 17,209                 | <b>10,943</b>              | -36.4% |
|                  | Gross Profit     | 1,079 <i>7.9%</i>      | 986 <i>5.7%</i>        | <b>1,014</b> <i>9.3%</i>   | 2.8%   |
|                  | Operating income | 507 <i>3.7%</i>        | 462 <i>2.7%</i>        | <b>485</b> <i>4.4%</i>     | 5.0%   |
| Total            | Net sales        | 105,949                | 149,302                | <b>137,694</b>             | -7.8%  |
|                  | Gross Profit     | 13,550 <i>12.8%</i>    | 19,838 <i>13.3%</i>    | <b>17,553</b> <i>12.7%</i> | -11.5% |
|                  | Operating income | 4,452 <i>4.2%</i>      | 9,820 <i>6.6%</i>      | <b>6,994</b> <i>5.1%</i>   | -28.8% |

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

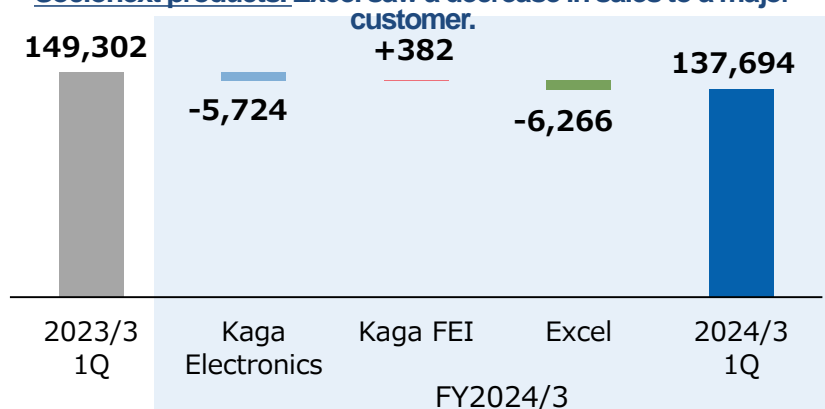
2. "x. x%" represents the profit margin.

# Effect of M&A for FY2024/3 1Q

(million yen)

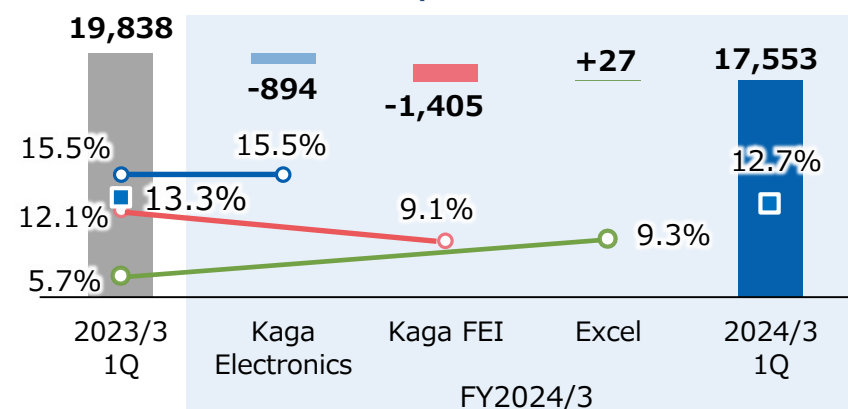
## Net Sales

Kaga Electronics posted a sales decrease due partly to the disappearance of spot demand. Kaga FEI enjoyed robust sales of Socionext products. Excel saw a decrease in sales to a major customer.



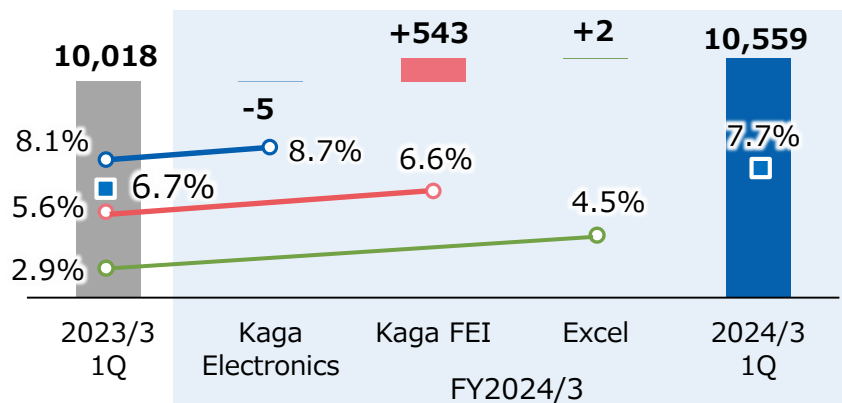
## Gross profit / Gross profit margin

Kaga Electronics and Kaga FEI both recorded a gross profit decrease due to lower sales. Excel secured last year's profit level with an improved sales mix.



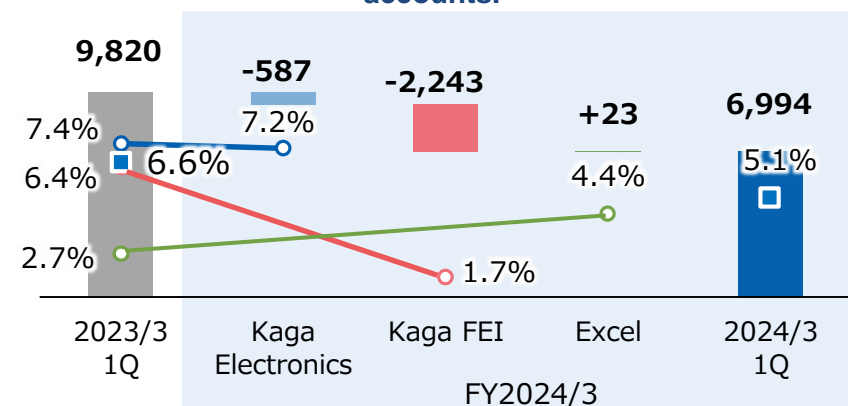
## SG&A / SG&A ratio

Kaga FEI's expenses increased due partly to the provision of allowance for doubtful accounts and allocation of head office expenses.



## Operating income / Operating income margin

Operating Income decreased due to the disappearance of spot demand and provision for allowance for doubtful accounts.

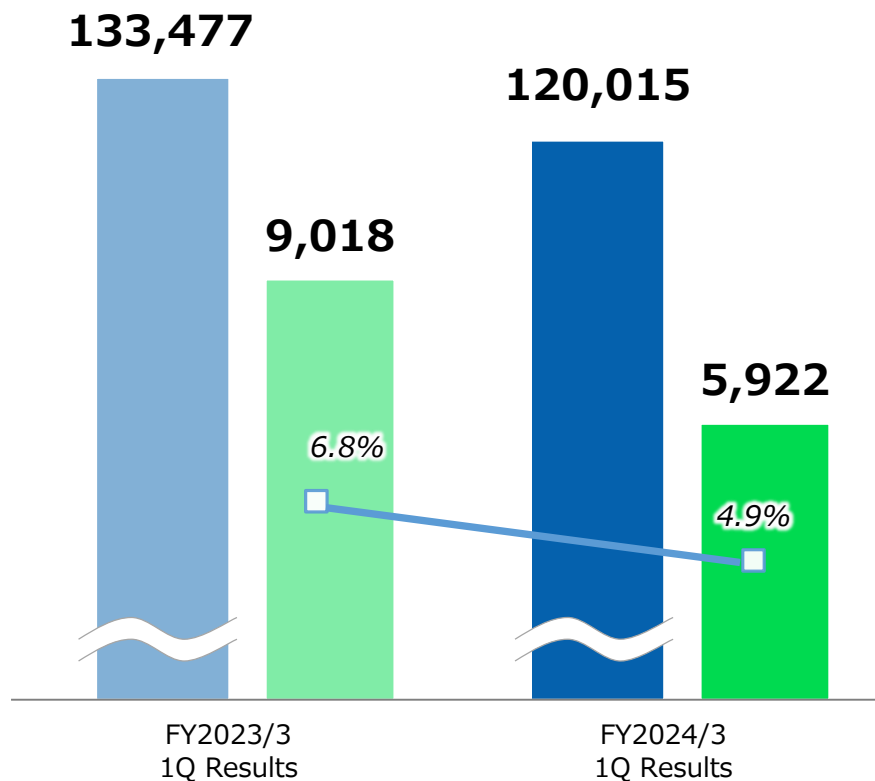


# Financial Highlights: Electronic Component Segment

## Net sales/Segment income

(million yen)

■ / ■ Net Sales  
■ / ■ Segment income

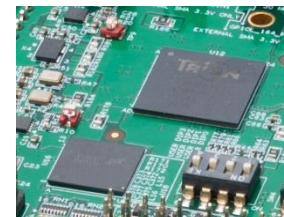


Note: "x.x%" represents the profit margin.

## YoY

- Net Sales ▶ **-13,461** million yen **10.1% Down**
- Segment income ▶ **-3,095** million yen **34.3% Down**

- Sales declined in the component sales business due to partial emergence of the impact of customers' inventory adjustments, in addition to the disappearance of spot demand that had contributed to earnings until the previous fiscal year, given easing of supply shortages of semiconductors and electronic components.
- In the EMS business, sales in the automotive sector increased due to improved supply/demand of semiconductors and electronic components, while sales in applications related to medical and industrial equipment decreased due partly to inventory adjustments at some customers.

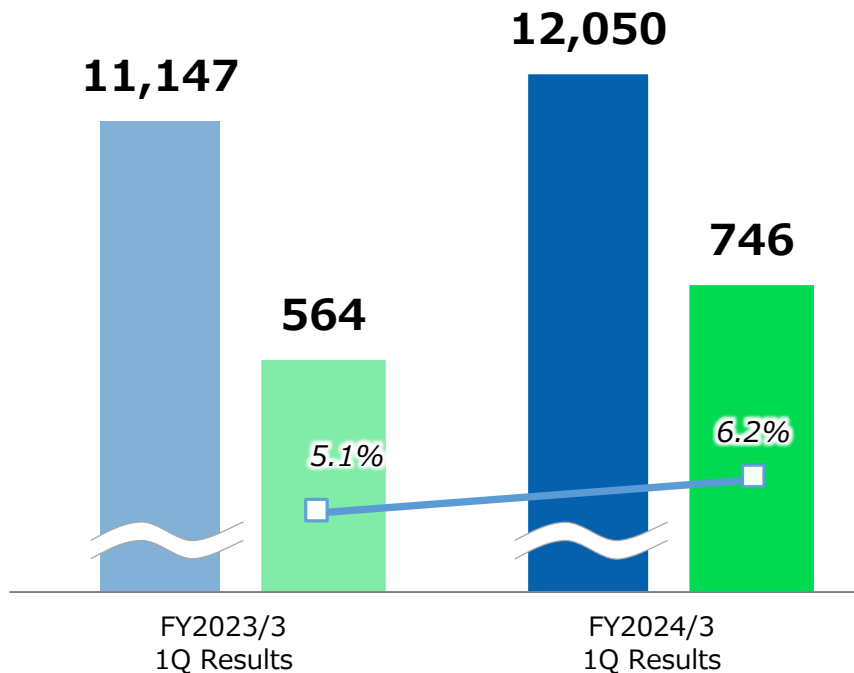


# Financial Highlights: Information Equipment Segment

## Net sales/Segment income

(million yen)

■ / ■ Net Sales  
■ / ■ Segment income



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

## YoY

- Net Sales ▶ **+902**million yen **8.1% Up**
- Segment income ▶ **+181**million yen **32.2% Up**

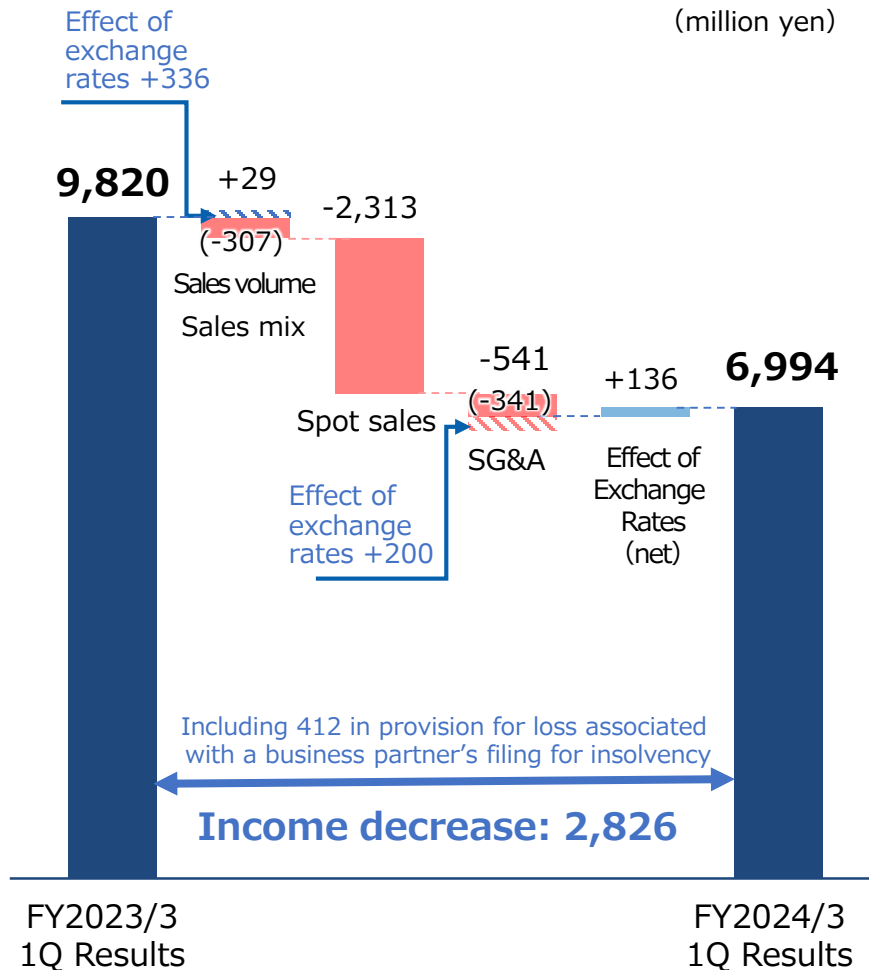
- Amid the season of high demand related to new enrollment and promotion, sales of PCs to educational institutions were strong, with increase in the number of accounts.
- Sales of security software and PC peripheral products also remained solid.
- The LED installation business saw steady progress of large-scale projects that the Group has been pushing forward on a full scale since the previous fiscal year.



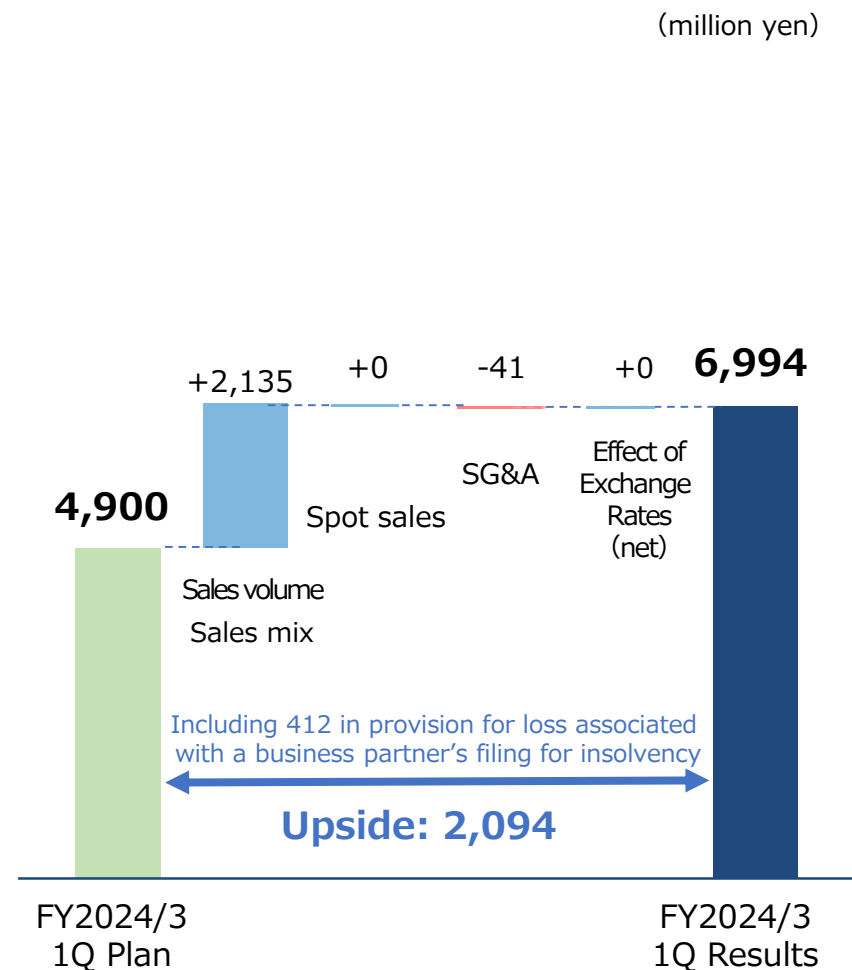


# Factors of Increase / Decrease in Operating Income

## YoY



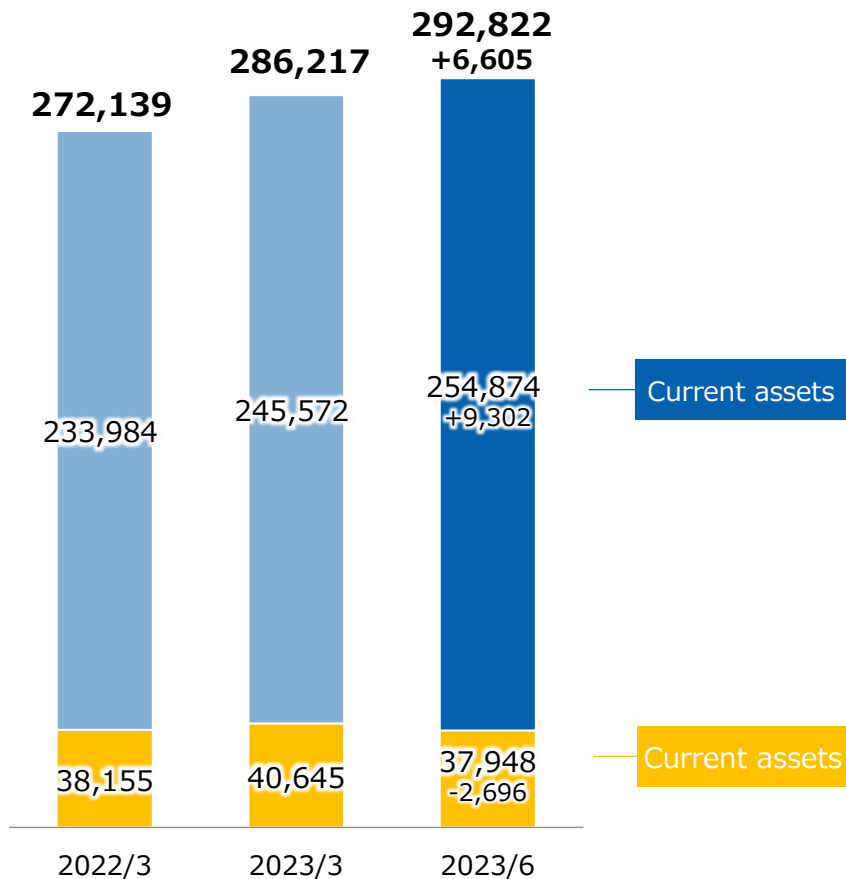
## vs Internal Plan



# Balance Sheet Main Items

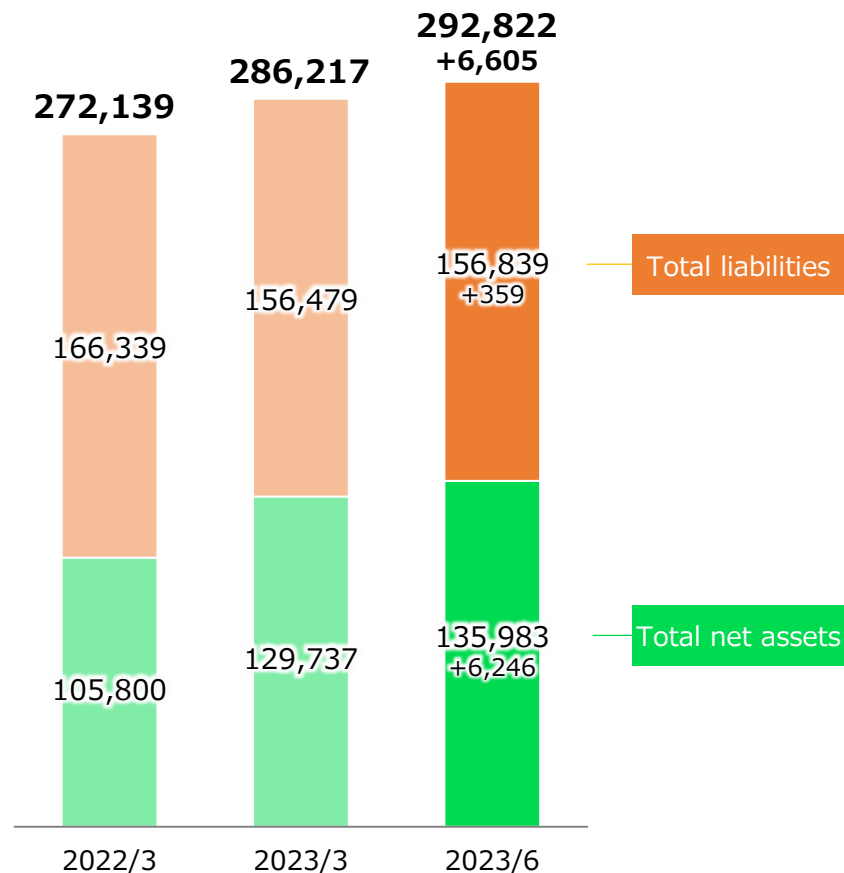
## Total assets

(million yen)



## Total liabilities and net assets

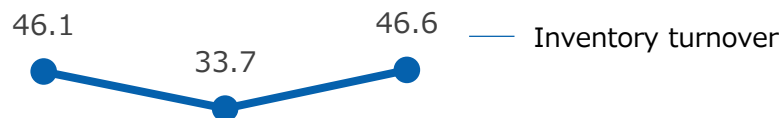
(million yen)



# Balance Sheet Main Items

## Inventories

( million Yen, day)



62,607

56,205

70,557  
+14,352

Inventories

2022/3

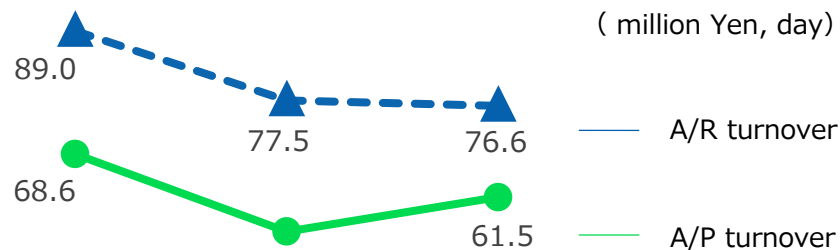
2023/3

2023/6

Note : Inventory turnover = Inventories ÷ Net Sales × 91 (day)

## Accounts receivable/Accounts payable

( million Yen, day)



120,948

86,493

129,099

79,232

115,890  
-13,208

88,374  
+9,141

Notes and A/R

Notes and A/P

2022/3

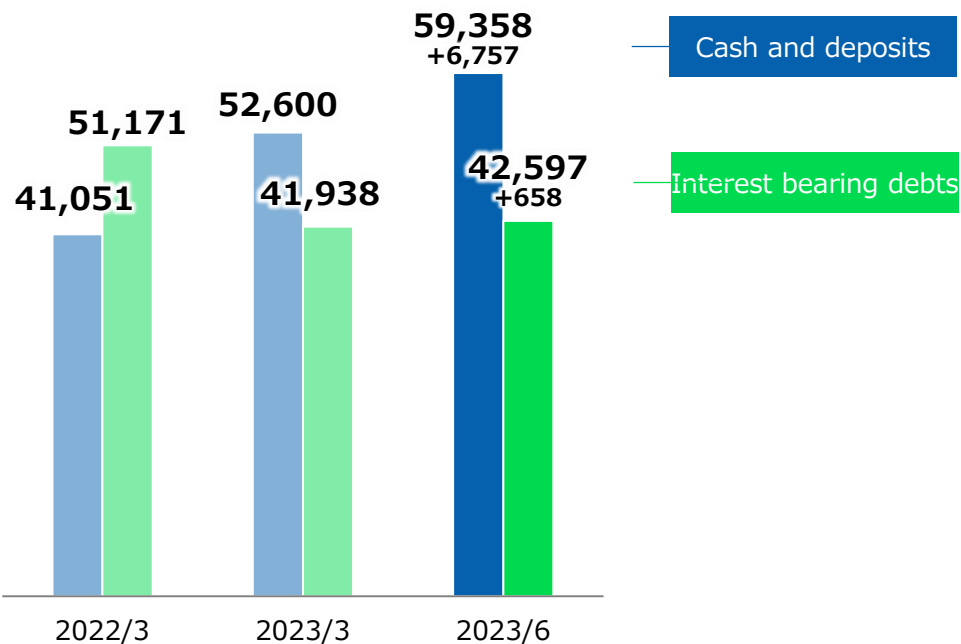
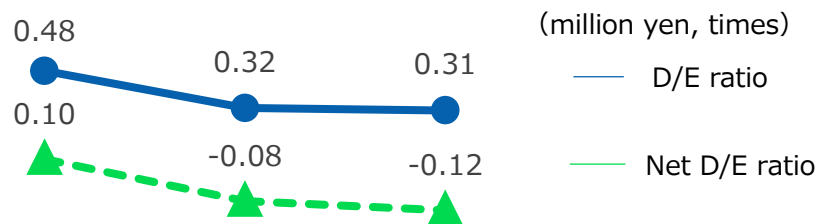
2023/3

2023/6

Notes :  
 •Notes and A/R are amounts including Electronically recorded monetary claims-operating  
 •Notes and A/P are amounts including Electronically recorded obligations - operating  
 •A/R turnover = Notes and A/R ÷ Net sales × 91 (day)  
 •A/P turnover = Notes and A/P ÷ Total purchase of goods × 91 (day)

# Balance Sheet Main Items

## Cash and Deposits/Interest Bearing Debt



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

# Forecasts for FY2024/3

# Forecasts for FY2024/3

(million yen)

|  | FY2024/3<br>1Q Results   |      | FY2024/3<br>Forecasts<br>(Announced on May11, 2023) |      | Progress<br>rate |
|--|--|------|---|------|------------------|
| Net sales                                  | 608,064  |      | <b>550,000</b>                                      |      | -9.5%            |
| Operating Income                           | 32,249   | 5.1% | <b>25,000</b>                                       | 4.5% | -22.5%           |
| Ordinary income                            | 32,739   | 5.4% | <b>25,000</b>                                       | 4.5% | -23.6%           |
| Profit attributable to<br>owners of parent | 23,070   | 3.8% | <b>18,000</b>                                       | 3.3% | -22.0%           |
| EPS (yen)                                  | 878.65   | —    | <b>685.42</b>                                       | —    | —                |
| ROE  | 19.6%  | —    | <b>13.3%</b>  | —    | -6.3pt           |
| Annual dividend (yen)                      | 220.00   |      | <b>220.00</b>                                       |      | —                |
|  | Ordinary dividend 140.00<br>Commemorative dividend 10.00<br>Extraordinary dividend 70.00 |      | Ordinary dividend 220.00                            |      |                  |

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

# Forecasts by Business Segment for FY2024/3

(million yen)

|                          |                | FY2023/3<br>Results | FY2024/3<br>Forecasts<br><small>(Announced on May11, 2023)</small> | YoY    |
|--------------------------|----------------|---------------------|--|--------|
| Electronic<br>Component  | Net sales      | 539,342             | <b>471,500</b>   | -12.6% |
|                          | Segment income | 28,314 <i>5.2%</i>  | <b>20,700</b> <i>4.4%</i>  | -26.9% |
| Information<br>Equipment | Net sales      | 43,680              | <b>45,000</b>  | 3.0%   |
|                          | Segment income | 2,449 <i>5.6%</i>   | <b>2,500</b> <i>5.6%</i>   | 2.1%   |
| Software                 | Net sales      | 2,998               | <b>4,500</b>   | 50.1%  |
|                          | Segment income | 286 <i>9.6%</i>     | <b>300</b> <i>6.7%</i>   | 4.6%   |
| Others                   | Net sales      | 22,044              | <b>29,000</b>  | 31.6%  |
|                          | Segment income | 1,101 <i>5.0%</i>   | <b>1,500</b> <i>5.2%</i>   | 36.1%  |
| Total                    | Net sales      | 608,064             | <b>550,000</b>   | -9.5%  |
|                          | Segment income | 32,249 <i>5.3%</i>  | <b>25,000</b> <i>4.5%</i>  | -22.5% |

Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

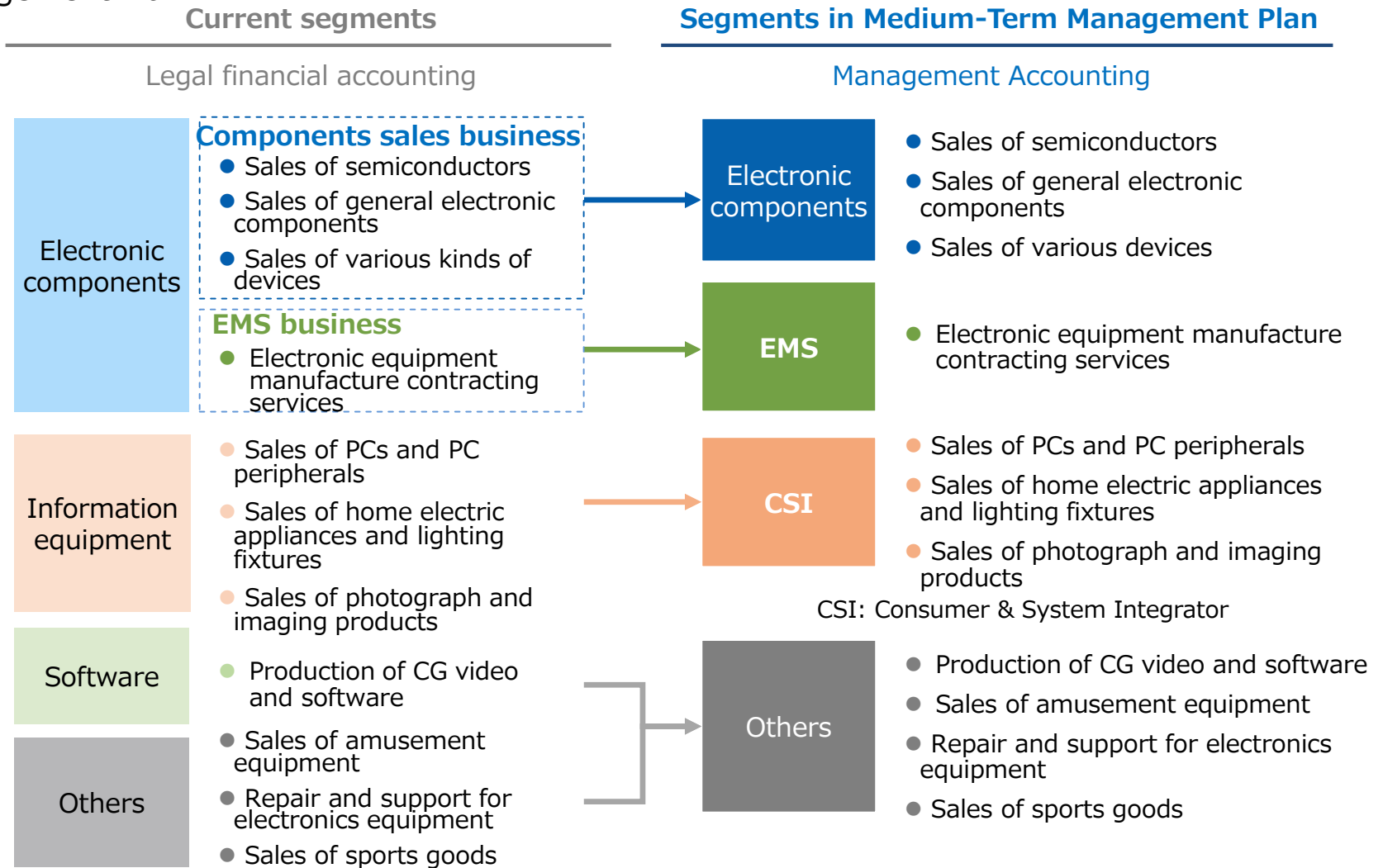
2. "x. x%" represents the profit margin.

# 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

Reference

(million yen)

|                      |                | FY2022/3<br>1Q Results | FY2023/3<br>1Q Results | FY2024/3<br>1Q Results   | YoY    |
|----------------------|----------------|------------------------|------------------------|--------------------------|--------|
| Electronic Component | Net sales      | 66,124                 | 101,444                | <b>90,115</b>            | -11.2% |
|                      | Segment income | 1,775 <i>2.7%</i>      | 6,541 <i>6.4%</i>      | <b>3,695</b> <i>4.1%</i> | -43.5% |
| EMS                  | Net sales      | 26,334                 | 33,867                 | <b>31,773</b>            | -6.2%  |
|                      | Segment income | 2,060 <i>7.8%</i>      | 2,612 <i>7.7%</i>      | <b>2,433</b> <i>7.7%</i> | -6.8%  |
| CSI                  | Net sales      | 10,636                 | 11,147                 | <b>12,050</b>            | 8.1%   |
|                      | Segment income | 568 <i>5.3%</i>        | 564 <i>5.1%</i>        | <b>746</b> <i>6.2%</i>   | 32.2%  |
| Others               | Net sales      | 2,854                  | 2,842                  | <b>3,754</b>             | 32.1%  |
|                      | Segment income | 14 <i>0.5%</i>         | 79 <i>2.8%</i>         | <b>81</b> <i>2.2%</i>    | 1.5%   |
| Total                | Net sales      | 105,949                | 149,302                | <b>137,694</b>           | -7.8%  |
|                      | Segment income | 4,452 <i>4.2%</i>      | 9,820 <i>6.6%</i>      | <b>6,994</b> <i>5.1%</i> | -28.8% |

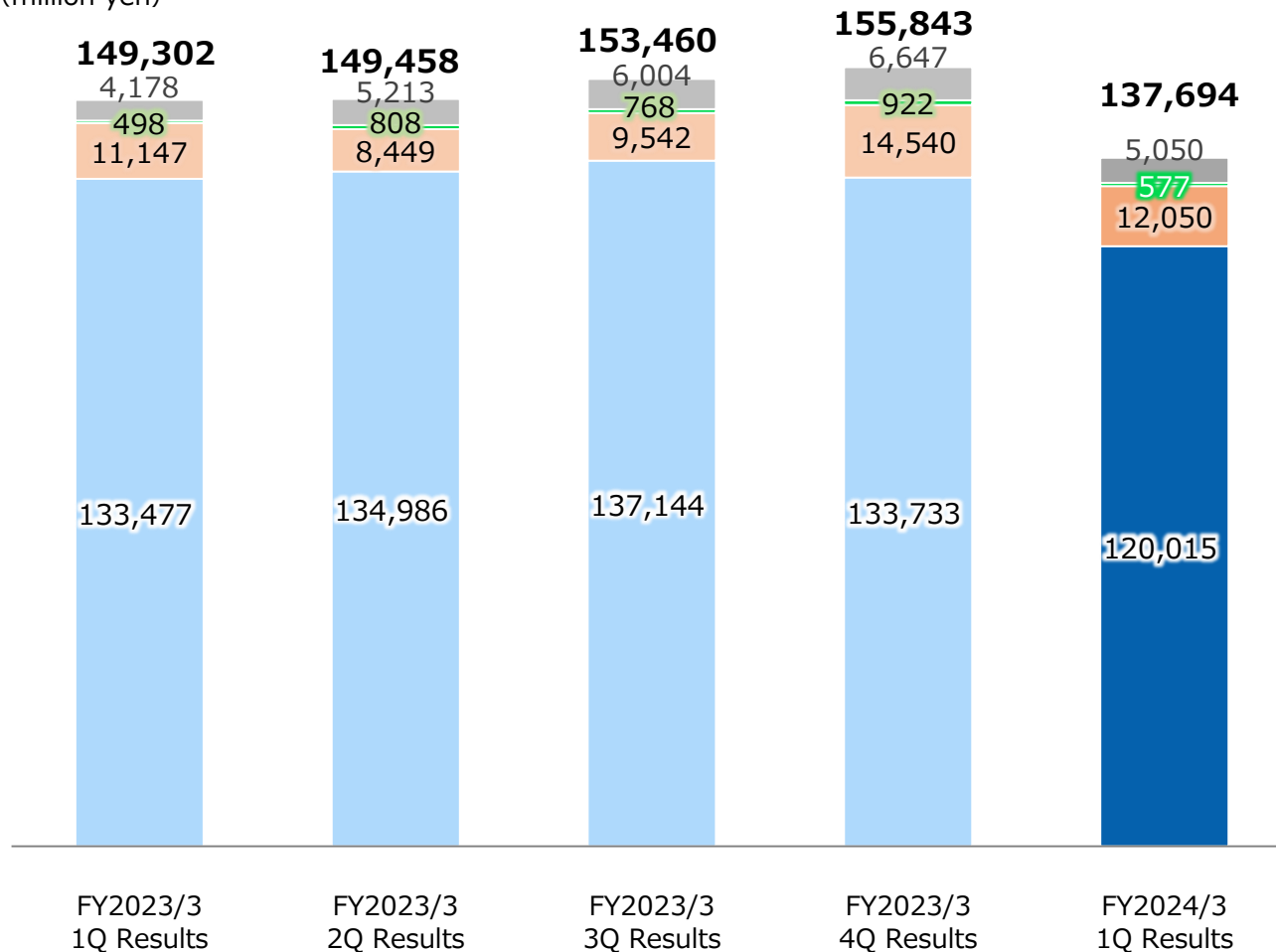
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

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

# Quarterly Net Sales Trends

## Net Sales

(million yen)



| Total |           |
|-------|-----------|
| YoY   | : -11,608 |
| QoQ   | : -18,148 |

| Other |          |
|-------|----------|
| YoY   | : +872   |
| QoQ   | : -1,596 |

| Software |        |
|----------|--------|
| YoY      | : +78  |
| QoQ      | : -345 |

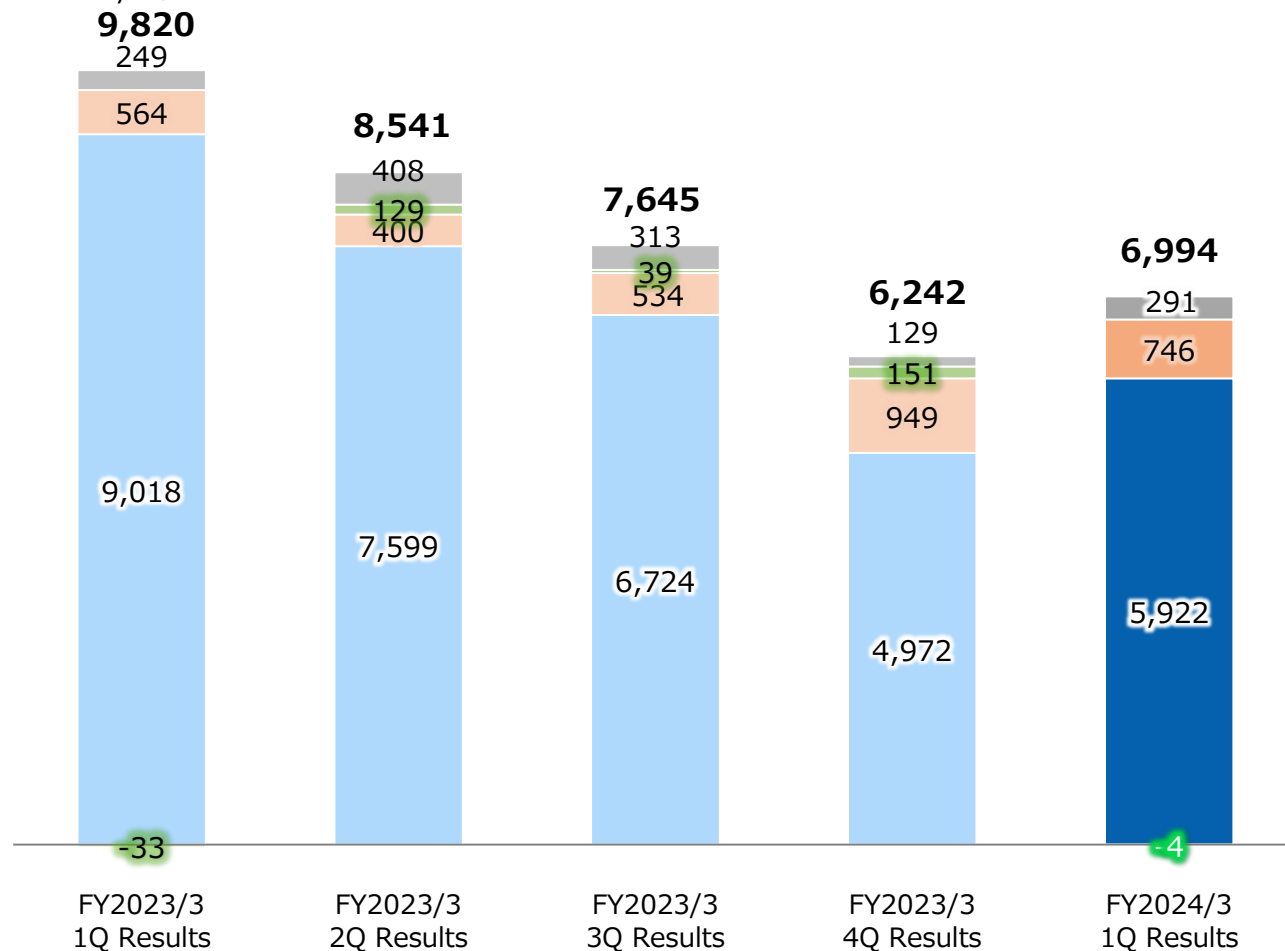
| Information equipment |          |
|-----------------------|----------|
| YoY                   | : +902   |
| QoQ                   | : -2,489 |

| Electronic equipment |           |
|----------------------|-----------|
| YoY                  | : -13,461 |
| QoQ                  | : -13,717 |

# Quarterly Segment Income Trends

## Segment Income

(million yen)



| Total |          |
|-------|----------|
| YoY   | : -2,826 |
| QoQ   | : +751   |

| Other |        |
|-------|--------|
| YoY   | : +42  |
| QoQ   | : +161 |

| Information equipment |        |
|-----------------------|--------|
| YoY                   | : +181 |
| QoQ                   | : -202 |

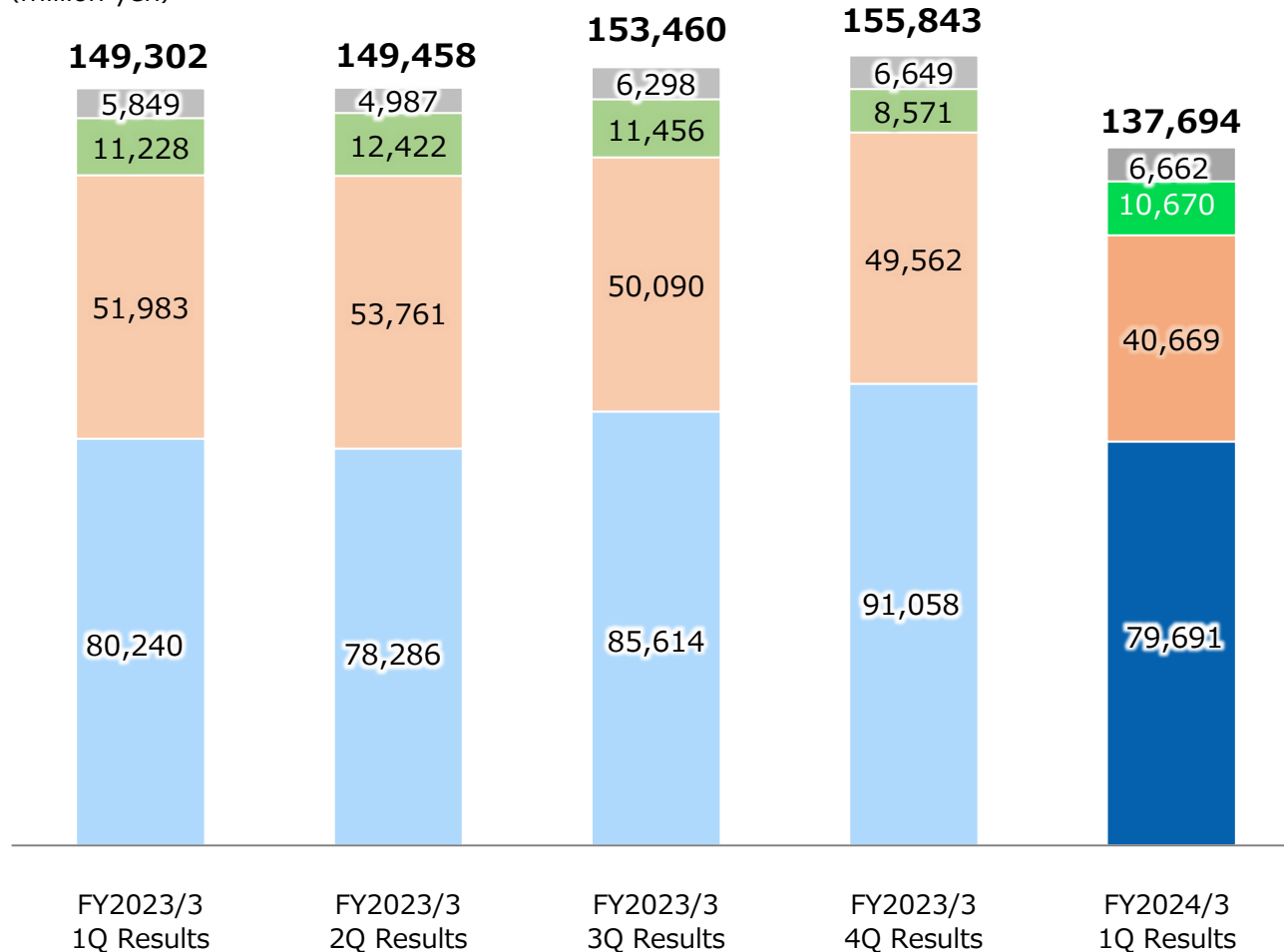
| Electronic equipment |          |
|----------------------|----------|
| YoY                  | : -3,095 |
| QoQ                  | : +950   |

| Software |        |
|----------|--------|
| YoY      | : +28  |
| QoQ      | : -156 |

# Net Sales by Region

## Net Sales

(million yen)



|       |           |
|-------|-----------|
| Total |           |
| YoY   | : -11,608 |
| QoQ   | : -18,148 |

|        |        |
|--------|--------|
| Europe |        |
| YoY    | : +812 |
| QoQ    | : +12  |

|               |          |
|---------------|----------|
| North America |          |
| YoY           | : -557   |
| QoQ           | : +2,099 |

|      |           |
|------|-----------|
| Asia |           |
| YoY  | : -11,314 |
| QoQ  | : -8,893  |

|       |           |
|-------|-----------|
| Japan |           |
| YoY   | : -549    |
| QoQ   | : -11,367 |

## Exchange Rate/FOREX Sensitivity

|     | FY2023/3<br>1Q Results<br>(Yen) | FY2024/3<br>1Q Results<br>(Yen) | (Reference)<br>Effect of 1% change<br>(Million Yen) |                     | Forex<br>Assumption<br>for<br>2024/3(yen) |
|-----|---------------------------------|---------------------------------|---|---------------------|---|
|     |                                 |                                 | Net sales   | Operating<br>income |   |
| USD | 129.57                          | 137.37                          | 579   | 11                  | 135.00                                    |
| RMB | 18.29                           | 19.34                           | 78  | 7                   | 19.50                                     |
| THB | 3.77                            | 3.99                            | 79  | 5                   | 3.80                                      |
| HKD | 16.51                           | 17.52                           | 46  | 1                   | 17.00                                     |
| EUR | 138.12                          | 149.47                          | 2   | 0                   | 140.00                                    |

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



20 Kandamatsunagacho, Chiyoda-ku, Tokyo 101-8629  
Contact: Investor Relations & Public Relations Department  
TEL:+81-3-5657-0106  
FAX:+81-3-3254-7133  
E-mail : [webmaster@taxan.co.jp](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.