KAGA ELECTRONICS CO.,LTD.

KAGA ELECTRONICS GROUP

INTEGRATED REPORT 2025



INTEGRATED REPORT

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Editorial Policy

Our integrated report is positioned as a tool to introduce to a wide range of stakeholders the unique business model of the Kaga Electronics Group, which achieves scale expansion and high added value through both its core trading company business and the EMS business, and to gain their understanding and support for the process and potential for expanding corporate value over the medium to long term.

For several years, the general shortage of semiconductor and electronic component supplies provided a tailwind for the Company's performance. As this has eased, a turnaround has occurred, and the absence of spot demand and inventory adjustments by customers are serving as headwinds. Against this backdrop, the Kaga Electronics Group's stakeholders are asking how the Group intends to prevail.

This integrated report serves as our response, presenting our thoughts on the further development of the EMS (Electronics Manufacturing Service) business, which is of great interest to our stakeholders, and discussions held by our outside directors on our growth strategy. It is our sincere hope that readers will gain insight into the unwavering commitment to growth held by the Kaga Electronics Group.

We will continue to strive for engagement with domestic and foreign investors and enhance this integrated report as a core tool for understanding our Company.

Forward-Looking Statements

Certain statements in this document may constitute "forward-looking statements." Such statements are based on currently available information and certain premises deemed rational at the time of writing. As such, actual results may differ from those projected due to various factors. Key factors that could cause actual results to differ from those projected include, but are not limited to, general economic conditions in Japan and overseas surrounding the Company's business domains as well as trends in demand for the Company's products and services, and trends in foreign exchange rates and stock markets.

Publication date

October 2025

Reference Guidelines

- GRI (Global Reporting Initiative) Standards
- The IFRS Foundation's International Integrated Reporting Framework
- The Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation 2.0

Period covered

This report covers the fiscal period from April 1, 2024 to March 31, 2025, with the exception of certain areas in which information prior or subsequent to these dates is included as necessary.

Financial figures

Figures related to financial content in this report are rounded down to the nearest unit. Ratios displayed beneath the displayed unit are rounded to one decimal place after calculation in yen.

Scope of report

Data calculation in this report covers KAGA ELECTRONICS CO., LTD. and its 72 consolidated subsidiaries (24 in Japan and 48 overseas). All such companies are included in the scope of the Company's consolidated accounting, except where stated.

Notation and coverage of the Company:
The Company: KAGA ELECTRONICS CO., LTD.
The Group: KAGA ELECTRONICS CO., LTD. and its 72 consolidated subsidiaries
Domestic facilities: KAGA ELECTRONICS CO., LTD. and its 24 domestic consolidated subsidiaries

Disclosure of information through the website

In addition to this report, information on a variety of other topics is available on our website.

Website: https://www.taxan.co.jp/en/



Financial Information

Integrated Report
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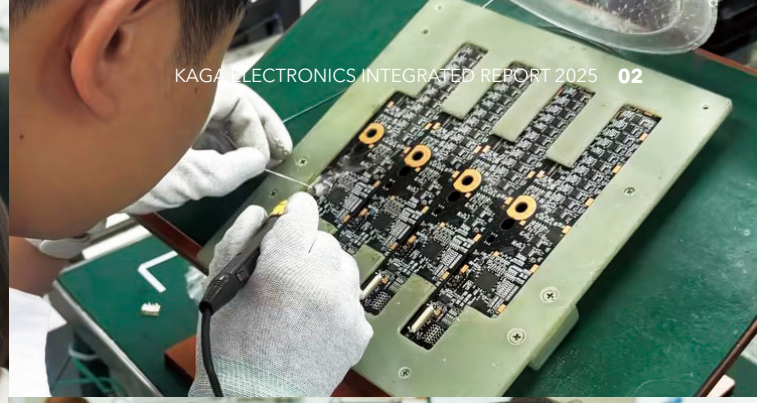
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Everything we do is for our customers

Founded about 50 years ago, KAGA ELECTRONICS CO., LTD. had very humble beginnings, starting out in a very small office. We have since grown into a general electronics trading company with operations that now span the globe. Our corporate philosophy, "Everything we do is for our customers," has remained unchanged since our earliest days. Based on this philosophy, we will keep contributing to the creation of an affluent society by continuing to support the development of our customers.





Takeshi Tsukamoto
Representative Director,
President of KAGA FEI Co., Ltd.

Opening Feature

The Kaga Electronics Group's Potential for Growth



Kenji Suzuki
Representative Director,
President of KAGA ELECTRONICS
(THAILAND) CO., LTD.

How KAGA-ism has evolved

Here, we present excerpts from a conversation between Takeshi Tsukamoto, President of KAGA FEI Co., Ltd., and Kenji Suzuki, President of KAGA ELECTRONICS (THAILAND) CO., LTD. (and former President of KAGA EMS TOWADA CO., LTD.), in which they discuss ways they have promoted the Kaga Electronics Group's unique PMI* as well as their vision for future development of the EMS business.

* Post-Merger Integration, the integration process following an M&A

Accelerating integration by taking on challenges

Tsukamoto "Make KAGA FEI a company that embodies the spirit of Kaga Electronics." These were the words of instruction from President Ryoichi Kado when I was assuming the position of Managing Director. KAGA FEI, or Fujitsu Electronics as it was known prior to its acquisition, was a trading company under the umbrella of the Fujitsu Group, an entity much larger than Kaga Electronics alone. At the time, I knew it would have been pointless to simply adopt Kaga Electronics' style of "just charging ahead" like a rogue samurai. I believed my role was to preserve KAGA FEI's strengths while also adopting the Company's distinctive spirit of embracing challenges and mind-set of thoroughly hedging its risks.

Prior to taking my first meeting in January 2019, I told my staff to prepare themselves for the long haul as we would be visiting every Group location over the course of the year. True to my word, I visited every domestic and international location, starting with the Shizuoka Sales Office that February and ending with a visit to South Korea on Christmas Eve.

We began the PMI process with an eye toward building a company that embodies the Kaga Electronics spirit. However, the COVID-19 pandemic struck the following year, leaving us unable to move about freely. Looking back, being able to visit each and every location during my first year as Managing Director was a stroke of good fortune.

After the acquisition went into effect, KAGA FEI faced a series of events that shook the Company to its core. However, we were able to seize those crises as opportunities, transforming ourselves into a company that truly embodies the spirit of Kaga Electronics.

The first such event was a steep decline in sales, which stood at approximately ¥230 billion at the time of acquisition, to about ¥130 billion the following year. This was the result of losing the commercial rights of a major supplier around the time the former parent company underwent business restructuring. We responded by kicking the search for new vendors into high gear. Thanks to KAGA FEI's technical team of over 200 discerning experts and their exceptional ability to identify high-quality vendors, the search was an overall success.

In fact, we receive so many eager requests from those who want to put their products on the market through us, confident that they will sell well, that I've had to step in to slow things down.

How KAGA-ism has evolved

Next came the COVID-19 pandemic and the subsequent semiconductor shortage. This left us completely unable to procure goods through our regular channels. At the time, we had to engage in spot sales, in which we sold whatever scarce parts we were able to procure from the market.

Initially, I was uncertain if KAGA FEI was even able to engage in spot sales. When I asked, I was told that it was general good practice to not handle any products with unknown serial numbers or inventory already on the market. As our customers were also struggling amid the parts shortage, I gave the order to allow spot sales as long as all transactions were made with customers' full acknowledge and consent regarding the uncertainties involved. We received a wave of orders not long after.

Compared to Kaga Electronics, KAGA FEI's existing customers have vastly larger purchasing volumes, meaning that this approach alone generated billions of yen in new sales. Moreover, we were able to leverage our advantage by taking a technical approach from the start and maintaining a presence in customers' design and development departments, giving us insight into where there may be insufficiencies, receiving information directly from procurement departments charged with sourcing parts and even the design and development departments themselves. Leveraging our expertise in technology proved to be a key factor in our business expansion and deepened our involvement in not only the procurement of parts, but also our clients' design and development stages.

Seeing customers so pleased, sales and profits growing, and even receiving year-end bonuses fostered a mindset that permeated our company; as an independent trading firm, we could sell anything. Cross-selling Kaga Electronics Group products through KAGA FEI also increased, becoming a positive catalyst for greater Groupwide integration. At the time of acquisition, 95% of KAGA FEI's sales were Fujitsu or Fujitsu Group products, but this year approximately half of total sales are expected to come from products sourced from suppliers engaged with after the acquisition.

A significant shift in mindset from passive to active

Suzuki Prior to becoming a Group company, KAGA EMS TOWADA (hereinafter TOWADA), operated under the name Towada Pioneer Corporation and functioned as a regional satellite factory or branch plant for then-parent company Pioneer Corporation. There were significant differences in Pioneer's and Kaga Electronics' corporate culture, business practices, and approaches.

First, in terms of culture, we focused on instilling in TOWADA employees the three main pillars of KAGA-ism—a management mindset, a sales mindset, and readiness as members of society—placing particular emphasis on embedding the ability to think and act independently and work toward self-improvement. We provided step-by-step guidance, using a consultative approach to illustrate specific and concrete examples.

In terms of business practices and approaches, TOWADA lacked expertise related to product planning and development, sales, and material procurement functions, as it had been operating as a downstream manufacturing facility for its parent company. One of the strengths of Kaga Electronics' EMS business, on the other hand, is its independent profit and loss system. In other words, each Group company operates independently, conducting its own sales and manufacturing its own products. This meant that after the merger, there were gaps to fill throughout the business process.

Our first step was to create manuals for such upstream processes as business strategy, sales and negotiations, and the preparation of quotations, and work to standardize them. From there, we established our own business divisions by selecting staff from our manufacturing department and instilling in them our action guideline F.Y.T. (FLEXIBILITY, YOUNG, TRY). At the same time, we selected suitable candidates, trained them in the fundamentals of procurement, and established a purchasing department by adapting manuals from Kaga Electronics.

Over the span of one to two years, we transformed and integrated a new mindset into our business processes, namely, one that embraces our capability to independently handle sales, secure orders, manufacture products, and turn a profit as well as the idea that we will ultimately see returns on our investments.

The Kaga Electronics Group's EMS business originally started with the aim of supporting the overseas shift of Japanese manufacturing, so its manufacturing bases are primarily overseas. However, about five years ago, international circumstances, particularly geopolitical issues, prompted a movement toward reshoring manufacturing. This necessitated the creation of domestic manufacturing bases for Kaga Electronics as well, leading to the acquisition of TOWADA in October 2019. As a result, TOWADA is the latest addition to the global factory network of the Group's EMS business.

Against this backdrop, we have made extensive use of the Kaga Electronics Group's sales capabilities and parts procurement strength. Since TOWADA's inception, we have pursued a collaborative business model with KAGA FEI, in which KAGA FEI handles sales and product planning and design while TOWADA undertakes manufacturing once an order is secured. In this way, TOWADA operates independently and has access to sales and procurement functions, thereby leveraging the strength of the Group.

Until recently, TOWADA served as the mother factory for the entire EMS business. However, manufacturing operations that have shifted overseas are moving away from China toward the ASEAN region, which is gaining importance as a production hub. Accordingly, starting this fiscal year, we have transitioned to a "three-site system," with the three core sites being TOWADA, KAGA TAXAN (SUZHOU) in China, and KAGA ELECTRONICS (THAILAND).

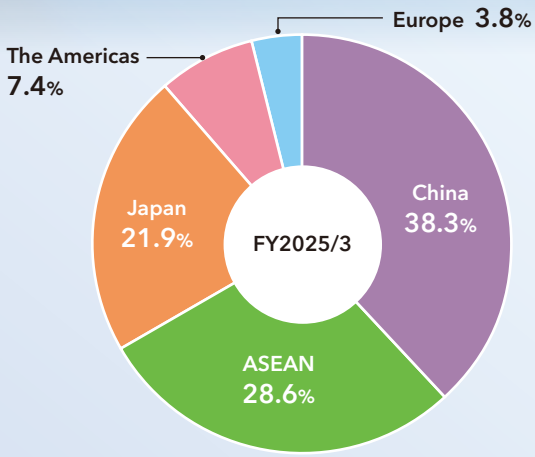
Based in Japan, TOWADA handles intellectual property functions such as overall quality control and manufacturing know-how. Our bases in Suzhou, China, possess both extensive experience in mass production and the strength necessary to develop their own automation equipment. By refining their approach to creating cost-effective production equipment and tailoring it to the Group's needs, these facilities will fulfill their role in leveraging automation equipment across the entire Group.

The Thai base will serve as our manufacturing hub within the ASEAN region, attracting new customers and expanding production to meet emerging needs driven by trends such as BCP and the shift away from China. This three-site system is designed to support the further evolution of the Kaga Electronics Group's EMS business.



Toward the Further Growth of the EMS Business

Regional Breakdown of EMS Business Revenue



The Kaga Electronics Group's EMS business' strengths

Suzuki The Kaga Electronics Group is unique in that although it started as an electronic components trading company, it has since expanded, growing from parts procurement and kitting operations to post-processing circuit board mounting and the assembly of finished products. Bringing KAGA FEI into the fold added design and development capabilities. With that said, we take great pride in being the ultimate behind-the-scenes team supporting our customers' *monozukuri*, or manufacturing, endeavors.

Looking at the timeline, while we began outsourcing processing to domestic partner factories in the 1970s, it wasn't until 1992 that we secured our first regional foothold in Hong Kong and initiated similar operations in China. In 1999, Kaga Electronics launched KAGA (SHENZHEN) ELECTRONICS LTD., its first Company-owned overseas factory. We have since expanded into Malaysia (2000), Thailand (2002), the Czech Republic (2009), Suzhou, China (2009), Indonesia (2014), Hubei, China (2015), Mexico (2017), Vietnam (2017), Turkey (2018), India (2018), Aomori Prefecture (2019), and Tottori Prefecture (2020). We now operate in 21 locations across 10 countries worldwide.

Guided by our corporate philosophy, "Everything we do is for our customers," we have swiftly and deliberately established overseas bases in countries and regions where our customers are expanding their production activities. This has not only enabled us to create a framework that provides locally sourced and utilized solutions that are tailored to our customers' needs, but also to expand our business sphere beyond Japanese corporations.

While there are many other semiconductor trading companies, Kaga Electronics has drawn particular recognition as a pioneer of the EMS business, which was developed within its own factories, as well as for maintaining the industry's largest EMS network. Kaga Electronics is one of the few EMS specialists in the industry, with sufficient electronic component trading capabilities enabling the offering of services that integrate the strengths of both EMS operations and electronic components trading. The Group's EMS business excels thanks to the wide range it can supply in a variety of production quantities. We do this through the provision of a "convenience store-type" of EMS that offers proximity and convenience for customers through high-mix, low-volume production and a "General Merchandise Store (GMS)-type" of EMS providing medium-scale production where customers can find most items nearby and make bulk purchases. These capabilities distinguish us from competitors that employ the "Taiwanese/Asian Mega EMS" model, which focuses more on mass production and, like a suburban shopping center, relies on quantity over quality.

Future initiatives for the EMS business

Suzuki Let's dive in a bit deeper into the previously mentioned "three-site system."

We established SUZHOU HATTEN INTELIGENT EQUIPMENT CO., LTD. a joint company between an equipment manufacturer in Suzhou and KAGA ELECTRONICS that independently develops such equipment as solder baths, surface mount machines, and various inspection machines—all of which are tailored to match our own production lines. This company's strengths lie in the way it develops in-house equipment that reduces labor and streamlines processes that require significant manpower.

Equipment developed in-house is first introduced in China or Thailand as the vanguard and then to other locations one after the other. In other words, our factories in Suzhou and Thailand serve as the pilots and operational models for our proprietary equipment.

KAGA ELECTRONICS (THAILAND), where I currently serve as president, is the Kaga Electronics Group's largest manufacturing base in terms of production area and number of employees. This company's strength lies in its capability to accommodate the needs of customers in such diverse fields as the automotive industry, air conditioning, factory automation, and consumer electronics. Of our two factories, one specializes in automotive applications, while the other focuses on office automation equipment such as wireless modules, copiers, and devices for operating systems. A third factory is currently under construction and this facility will fully implement factory automation with the goal of thoroughly reducing the need for labor. Until recently, each manufacturing site was tasked with handling specific product lines within its capabilities. KAGA ELECTRONICS (THAILAND), however, will be positioned as a factory capable of handling products across all fields.

While Thailand is currently our largest sales market, we anticipate Mexico will take that position in the next three to four years.

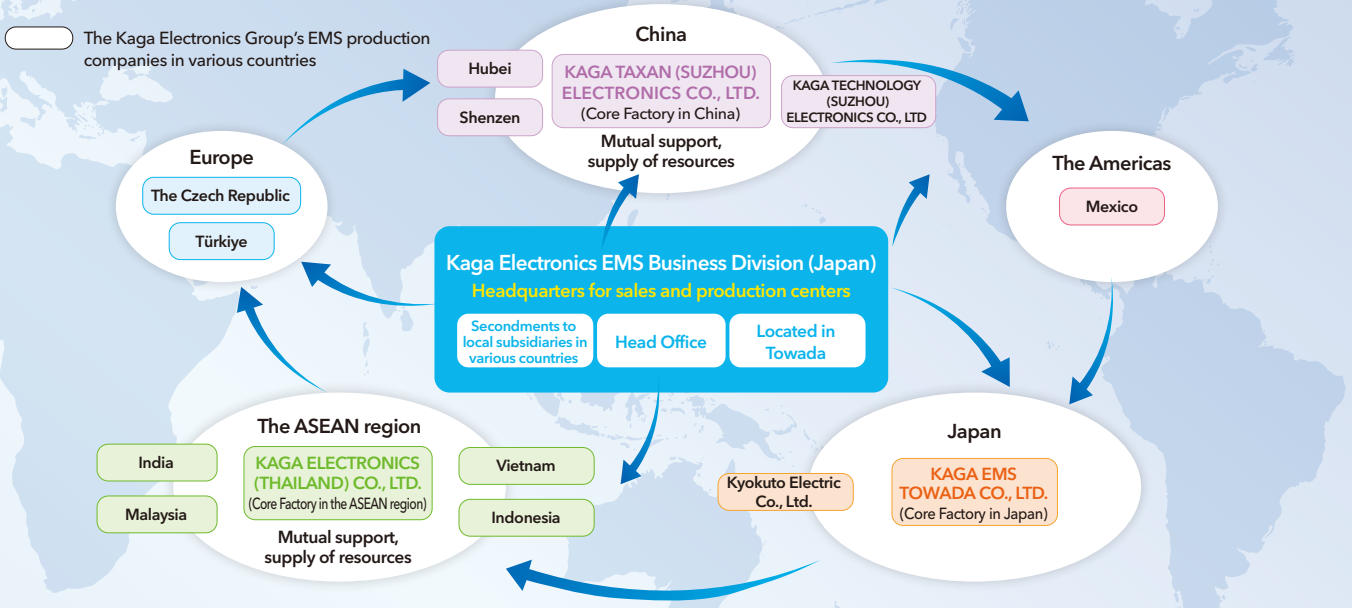
In April 2024, our factory in Mexico, established in 2017, completed its relocation from its original building (land area: 23,000 m^2; floor area: 8,200 m^2) to a new factory (land area: 80,000 m^2; floor area of Phase 1 (completed) 20,000 m^2, Phase 2 (planned) 20,000 m^2). This facility introduced equipment featuring the latest automation, labor-saving, and energy-saving technologies. Phase 1 has launched operations for circuit board mounting and unit assembly with plans to expand to a fully integrated production system encompassing parts molding, sheet metal processing, and final product assembly. Under our five-year plan, we aim to increase net sales to ¥50 billion and create 2,000 jobs.

Alongside Mexico, Malaysia is another location where we seek horizontal expansion. Bordering Thailand, Malaysia boasts high production volumes and a large workforce. Here, the entire

Toward the Further Growth of the EMS Business

production process is split into two stages: the front-end, where machines handle component assembly, and the back-end, where the final assembly is performed by our employees. In Malaysia, the back-end stage accounts for a large portion of overall processing, highlighting the issue of a workforce that's disproportionately large compared to production volume. This is why we will advance our efforts to automate processes and thereby reduce labor.

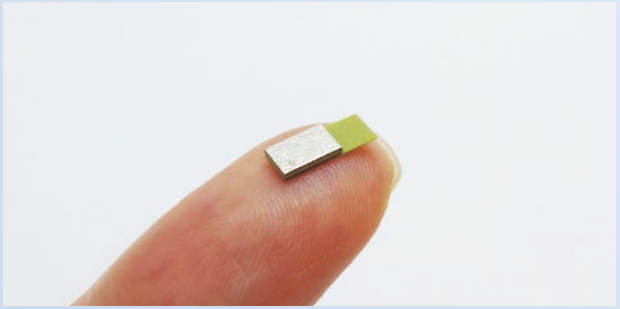
The strength of our domestic bases lies in their ingenuity and flexibility underpinned by a high-quality production system. Our locations in Japan play a key role in leading the advancement of *monozukuri* through the standardization of high-quality production methods and equipment innovation. In addition, they ensure that these achievements are shared with overseas bases.



Our full-scale entry in the small wireless module business

Suzuki In 2022, KAGA FEI acquired the rights of a small wireless module business from TAIYO YUDEN CO., LTD., taking over not only its sales but the product planning, development, and design operations handled by its development center. Today, the production process is split between TOWADA and KAGA ELECTRONICS (THAILAND), achieving 100% in-house production.

This is a prime example of our previously mentioned collaboration with KAGA FEI. For actual manufacturing, we are introducing in-house developed equipment to enhance cost competitiveness. From a Group perspective, this can be seen as a high-value-added business that transcends the realm of trading companies or EMS providers, operating as a component manufacturer that integrates development, manufacturing, and sales.


CONTINECT ultra small wireless module

Tsukamoto As Taiyo Yuden had previously acquired some of Fujitsu's wireless technology, when considering potential business transfer partners, KAGA FEI was the first company to be approached. After that, our first step was to conduct inspections of its Japan and Thailand locations, through which we discovered that the necessary equipment relocation to TOWADA and KAGA ELECTRONICS (THAILAND) would require minimal capital investment. We also realized that by leveraging the Kaga Electronics Group's procurement capabilities, we could potentially further reduce manufacturing costs.

Suzuki Initially, our production transfer approach involved replicating their existing manufacturing process. Although the equipment at the disposal of TOWADA and KAGA ELECTRONICS (THAILAND) was similar, allowing the use of most of our own machinery, we lacked vital new and specialized equipment. Therefore, adjustments had to be made so that we could work with differing specifications between equipment types, posing a real challenge to the idea of a smooth transfer while minimizing costs. After numerous trial production cycles, we managed to finish our preparations for mass production in the span of roughly a year and three months.

Tsukamoto Our business strategy does not include targeting the low-price product market pursued by competitors in China and Taiwan. Providing customers with such competitive products as the world's smallest ultra-compact devices and solutions that support long-distance communication is what sets us apart. In addition, KAGA FEI is able to support customers' efforts to obtain radio certification in various countries.

As a result, KAGA FEI's customers are able to create wireless products by adopting our modules without having to do anything in-house. This enables even customers without previous expertise in electronics or electronic components to produce numerous wireless products with communication functions and represents a significant business opportunity for KAGA FEI.

This endeavor won't just apply to individual modules, but also to the assembly of the printed circuit boards on which they are mounted. Directly assembling the boards for our customers' products on TOWADA and KAGA ELECTRONICS (THAILAND) assembly lines, where the modules are also produced, will help shorten the manufacturing process for our customers. This enhances the KAGA FEI's added value associated with circuit boards, including material and component costs, processing fees, and more.

Only the Kaga Electronics Group is capable of achieving such a feat as it combines its functions as an electronics component trading company with those of an EMS manufacturer.

We look forward to your continued support as we pursue future earnings growth.



Message from the CEO

Without Employee Growth, Companies Cannot Survive

Isao Tsukamoto Representative Director, Founder & CEO

Create positive work environments and relationships for employees working hard to earn a living

"Why do companies exist?" Even from the Company's humble beginnings, I have maintained that while I may be the founder, the Company does not belong to me. It belongs to our hardworking employees and exists as the place where they earn their living. This is why we at KAGA ELECTRONICS emphasize complete transparency in our management.

The way I see it, our employees are cherished partners with whom I share common values. Therefore, I operate from the basis of a "share the wealth" sort of mentality when it comes to those who diligently and creatively work every day to generate profits for the Company. This creates an atmosphere of "collective management" that gives employees a sense of ownership in the Company as they tackle their day to day tasks.

Message from the CEO

Also important to my management attitude is a determination to not mix business and personal matters. Given that our employees work so very hard, it is naturally incumbent upon the Company to value them and their efforts while maintaining clear and open channels of communication.

Companies that exist for the sake of their employees is a concept that stands the test of time simply because without hardworking employees, companies do not survive. Therefore, I remain firm in my belief that employees must always be valued.

As Founder, I take the recent incidents of harassment by some executives and employees very seriously. These incidents have reaffirmed my conviction that maintaining a safe and comfortable work environment must be the most fundamental stance of the Group.

How Kaga has stood the test of time

Around the time I founded the Company in 1968, engineers from electrical equipment manufacturers would personally visit Akihabara to purchase the parts they needed to build prototypes. Once I learned this, I began leveraging our Akihabara office location, which was only about 6.6 m^2, attracting customers with this simple sales pitch: "It takes just a single phone call—we'll gather and deliver any and all of the parts you need." As our client base gradually expanded, we began receiving more and more inquires from businesses across various industries that catered to their specific needs.

"Everything we do is for our customers," and "Never say 'no' to our customers," have been our cornerstone philosophies since our days as a handyman business. Over time, our customers came to appreciate our drive and procurement capabilities, which made it possible to source items unavailable in Japan, even going so far as to cross the ocean to find them. Our services went on to evolve further, going from simple parts procurement to meeting the needs of the era by providing kitting services and processing parts into units. This ultimately led to the current EMS business and is the origin of the Kaga Electronics Group's unique *monozukuri*, or manufacturing capabilities.

On the other hand, I often hear it said that the internet-dependent nature of contemporary society has made trading companies obsolete. However, during the semiconductor shortage, a customer of ours faced a production crisis because they couldn't find even a single semiconductor. Thankfully, we were able to leverage our global network and somehow secure it for them, but situations like this are not unusual and can happen at any time in the real world.

Currently, global manufacturers face strong demands from capital markets for capital efficiency even as the semiconductor and electronic components industry undergoes repeated intense cycles of prosperity and decline and is buffeted by heightened geopolitical risks as well as unpredictable shifts in industrial and trade policies. Consequently, manufacturers are increasingly relying on external sourcing and thus converting to modules and units.

At our founding, there were nearly 1,000 distributors of various size. Today, that number has been whittled down to around 200. So, how has Kaga prevailed? The answer lies in the human connections that we began cultivating more than 50 years ago as well as the capabilities of our employees.

It is because we are a Group that acts on behalf of our customers—a unique trait of the Kaga Electronics Group that competitors cannot replicate overnight. I also firmly believe that a lot of the credit should go to our strong adherence throughout the Group to a founding philosophy that posits a company simply cannot survive without employee growth.

Column

Wakayama Prefecture signs large-scale disaster preparation agreement

KAGA AEROSYSTEMS CO., LTD., our consolidated subsidiary, signed an agreement with Wakayama Prefecture in August 2025 concerning cooperation in aircraft transport activities during large-scale disasters (hereinafter referred to as "this agreement").

This agreement aims to enable the company, upon request from Wakayama Prefecture, to transport relief supplies such as daily necessities, as well as the personnel and equipment necessary for implementing emergency disaster countermeasures—including doctors—via helicopter, in the event of a large-scale disaster such as a Nankai Trough mega-earthquake occurring within Wakayama Prefecture and disrupting land transportation.



Center: Izumi Miyazaki, Governor of Wakayama Prefecture
Right: Masashi Sugimoto, President and Representative Director of KAGA AEROSYSTEMS

The company operates rotary-wing aircraft businesses based at Wakayama Prefecture's Nanki-Shirahama Airport, including helicopter operation contracting, aircraft maintenance, pilot training, and the import, export, sale, and leasing of aircraft and related equipment and parts. Since December 2022, the company has been contracted by Wakayama Prefecture to operate the "Kishu" firefighting and disaster prevention helicopter. Accordingly, in March 2023, the company received from the prefecture a new aircraft manufactured by Bell Textron, Inc. of the United States, featuring enhanced safety features configured for this purpose.

Message from the COO

Aiming for Further Growth by Prioritizing Profitability and Capital Efficiency

Ryoichi Kado Representative Director, President & COO



Review of the fiscal year ended March 31, 2025 and forecast for the fiscal year ending March 31, 2026

In the fiscal year ended March 31, 2025, net sales increased 0.9% year on year to ¥547,779 million. While the electronic components and information equipment businesses experienced sluggish growth due to prolonged inventory adjustments and the conclusion of transactions with a certain major customer, the software and other businesses performed steadily.

Over the same period, operating income fell 8.7% year on year to ¥23,601 million due to increased selling, general and administrative expenses brought about by a wage increase and rising logistics costs. Also, due to a decrease in gain on sales of investment securities (¥1,420 million) in the previous year, profit attributable to owners of parent fell 16.0% year on year to ¥17,083 million.

For the fiscal year ending March 31, 2026, we initially projected a decline in both net sales and profits, factoring in inventory adjustments alongside the impact of yen appreciation and U.S. tariff policies. However, with the consolidation of Kyoei Sangyo Co., Ltd. into the Group as of August 7, 2025, we are able to project net sales of ¥574.0 billion (up 4.8% year on year), operating income of ¥24.0 billion (up 1.7% year on year), and profit attributable to owners of parent of ¥24.2 billion (up 41.7% year on year), due to the recognition of ¥7.2 billion in negative goodwill associated with the acquisition. Our forecast has thus shifted to one of increased revenue and profit, while also being revised upward to include an increase in both revenue and profit.

Message from the COO

Review of Medium-Term Management Plan 2024

In quantitative terms, the core electronic components business had a solid performance during the plan's first year (ended March 2023), meeting KPI targets despite tight supply and demand conditions for semiconductors and electronic components. As a result, excluding new M&A targets, all KPIs—net sales, operating income, and ROE—were achieved two years ahead of schedule.

Building on this strong start, in May 2023, we announced a revised performance forecast for the plan's final fiscal year.

However, due to the effects of prolonged inventory adjustments and a wage increase, neither of which were anticipated at the time of the revision, both net sales and operating income for the fiscal year ended March 2025, the plan's final year, fell short of the revised numbers. However, ROE remained stable at over 10% throughout the medium-term management plan period.

On the qualitative front, we implemented various management initiatives in line with our basic policies to "further enhance our earnings power," "strengthen management foundations," "create new businesses," and "promote SDG-oriented management."

Regarding efforts to further enhance our earnings power, 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.

To strengthen management foundations, we promoted DX in management through such initiatives as replacing the core system and introducing sales force automation (SFA) tools. We also invested in human capital by implementing inflation allowances and a wage increase in addition to establishing a new specialized childcare leave system for male employees.

In our efforts toward promoting SDG-oriented management, we proactively addressed issues across the Environmental, Social, and Governance (ESG) dimensions. Specifically, regarding Governance (G), at the June 2023 General Meeting of Shareholders, we streamlined the Board of Directors, reducing its membership to six individuals, including three outside directors, and appointed a female auditor.

However, with regard to new business creation, although we continued to carry out small-scale business transfers and investments in venture companies, we were not able to achieve the plan's quantitative M&A targets. We have resolved to accelerate efforts in this area under our new Medium-Term Management Plan 2027.

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

	Management Plan (Announced on Nov. 25, 2021)	First-Year Results FY2023/3 (Announced on May 11, 2023)	Latest Outlook (Announced on May 11, 2023)	Final-Year Results FY2025/3 (Announced on May 14, 2025)
Net Sales	¥750.0 billion Organic growth: ¥600.0 billion Including new M&As: ¥150.0 billion	¥608.0 billion	[No change]	¥547.7 billion
Operating Income	¥20.0 billion	¥32.2 billion	¥30.0 billion or higher	¥23.6 billion
ROE	Stable 8.5% or higher	19.6%	Stable 10% or higher	10.8%

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

Basic Policies	Key Issues	Major Outcomes
Further enhancing our earnings power	• Selection and concentration of effort in growth fields • Strengthening and expansion of EMS business and overseas business	• Relocated and expanded our Malaysia plant (Oct. 2022) • Relocated and expanded our Türkiye plant (Jun. 2023) • Relocated and expanded our Mexico plant (Apr. 2024)
Strengthening management foundations	• Strengthening corporate governance • Efficient Group management • Investment in human capital	• DX investments: SFA (Aug. 2022), SAP (Apr. 2023) • Inflation allowance (Mar. 2023), wage increase implemented (Apr. 2024) • Established a specialized leave system for male employees (Apr. 2024)
Creating new businesses	• Initiatives in new fields • Promotion of open innovation through venture investments	• M&As: Four deals, including Taiyo Yuden's small wireless module business • Investment in venture companies: ¥800 million/11 companies
Promoting SDG-oriented management	• Addressing ESG management issues	• Environment: Solar power generation facilities installed at six plants in Japan and overseas • Society: Recognized as an outstanding organization of KENKO Investment for Health • Governance: Streamlined the Board of Directors, appointed female auditor (Jun. 2023)

Message from the COO

The Launch of Medium-Term Management Plan 2027

The overarching purpose of Medium-Term Management Plan 2027 (hereinafter, "the plan") is to strive toward the management vision established under the previous medium-term management plan, namely, to achieve annual net sales of ¥1 trillion and establish KAGA ELECTRONICS as a competitive world-class company and the Japanese industry's No. 1 corporate group in conjunction with its 60th anniversary; the fiscal year ending March 31, 2029 (FY2028).

The plan establishes enhancing corporate value through management focused on profitability and capital efficiency as its basic policy and will implement the following three priority measures.

1. We will further enhance our earnings power by focusing on expanding our core businesses, taking on the challenge of M&A, and creating new businesses.
2. We will improve our management foundations by clarifying our approach to allocating cash in line with strategic capital policies (see next section for further details) and revise our policy on shareholder returns.
3. We will promote SDG-oriented management by accelerating our response to ESG-related management issues in accordance with our Medium-to-Long-Term Sustainability Management Plan formulated in November 2021.

With an eye to achieving ¥1 trillion in net sales in FY2028, we have set management targets for the plan's final year (FY2027): net sales of ¥800 billion or higher and operating income of ¥36 billion or higher. As subsets of these targets, we have set target values for organic growth—¥700 billion or higher in net sales and ¥35 billion or higher in operating income—along with securing an operating income margin of 5.0%.

As capital efficiency is the principal emphasis of the plan's basic policy, we have set the final-year target for ROE at 12.0% or higher, with an awareness that the current cost of shareholders' equity is around 10%.

Although the business environment remains unpredictable, we are determined to achieve the plan's targets at all costs.



Management Targets

		Final year of Medium-Term Plan 2027 (FY2027)
Aiming for ¥1 trillion in net sales after three years	Net sales	¥800 billion or higher
	Operating income	¥36 billion or higher
Earnings growth driven by organic growth	Net sales	¥700 billion or higher
	Operating income (Profit margin)	¥35 billion or higher (5.0%)
Capital efficiency indicators	ROE [Equity Cost]	12.0% or higher [around 10%]

Message from the COO

Our approach to cash allocation and shareholder returns

Our basic approach to cash allocation is to maintain financial discipline while prioritizing the allocation of generated cash toward growth investments and shareholder returns with the aim of enhancing corporate value.

Specifically, we estimate that operating activities will generate a cash flow of ¥60 billion over the three-year plan period. Of this, we intend to allocate around ¥22 billion to ¥30 billion to shareholder returns, and over ¥30 billion toward growth investments such as new M&As and increasing production capacity in the EMS business.

The amount of funding needed for an M&A deal can vary significantly. Therefore, we will flexibly address any shortfall through external borrowing, etc. At the same time, if cash flow shows a surplus, we will allocate said surplus to shareholder returns. Our policy is to fully utilize all cash generated during the plan's period.

Under the plan, we significantly revised our previous shareholder return policy with a view to more proactively returning profits to our shareholders.

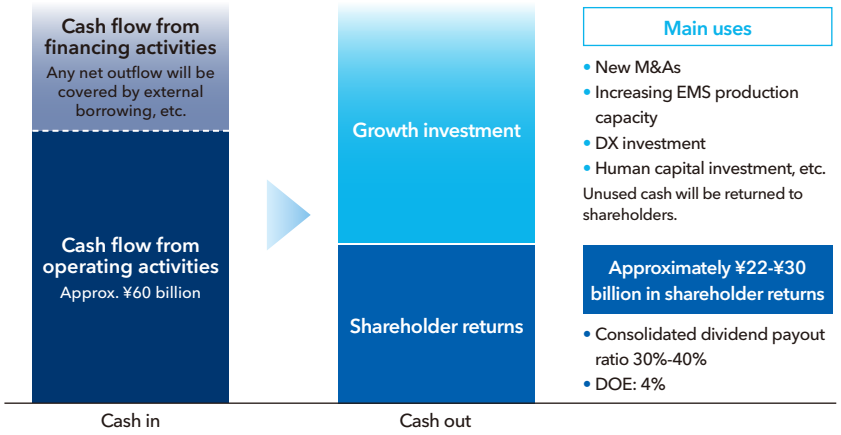
First, we raised our target consolidated dividend payout ratio from the previous range of 25%-35% to 30%-40%, aiming for dividend growth through medium-to long-term earnings growth.

Next, with the goal of securing stable and continuous dividends, we have adopted the dividend on equity ratio (DOE) as a new metric and are targeting a rate of 4%.

Finally, we will flexibly implement extraordinary dividends and the purchase of treasury shares as measures aligned with profit level and capital efficiency goals.

In accordance with this policy, in August 2025, the Company repurchased all of the common shares held by its four transaction banks, which are shareholders of the Company, through the Tokyo Stock Exchange's off-auction treasury share repurchase system (ToSTNeT-3). The total acquisition cost was ¥14.4 billion, and the 4,917,400 common shares acquired represent 9.4% of the total number of shares issued. All acquired shares have been canceled.

Cash allocation (Three-Year Period of FY2026/3-FY2028/3)



Measures to achieve management conscious of cost of capital and stock price

In our efforts to improve the price-to-book ratio and secure fair stock market evaluations of our business initiatives and growth strategies as well as to continue improving ROE by achieving profitability in excess of the cost of shareholders' equity, we will steadily implement the various measures set forth in our Medium-Term Management Plan 2027 with a focus on the following four initiatives. Furthermore, we will continue to strive for constructive dialogue with market participants through proactive investor relation activities.

Measure 1 Steadily implement the Medium-Term Management Plan 2027

We will strive to maintain and improve business growth and profitability through the steady implementation of the various measures set forth in the medium-term management plan with the goal of achieving our management targets in the final year of the plan.

Measure 2 Enhance shareholder satisfaction

We will further enhance shareholder satisfaction through the steady implementation of the shareholder return policies set forth in our medium-term management plan.

Measure 3 Promote SDG-oriented management

The Sustainability Committee, on which I serve as Chair, will play a central role in deepening our existing CSR and ESG initiatives and promoting SDG-oriented management on a Groupwide basis.

Measure 4 Maintain and strengthen proactive investor relations activities

Led by the Investor Relations and Public Relations Department, we will continue building trust in the Company's management by disseminating information to capital markets and proactively engaging in dialogue, thereby reducing capital costs.

We will continue to strive for proactive and constructive dialogue to ensure fair evaluations from the stock market regarding our business initiatives.

Message from the COO

Early execution of new M&A initiatives outlined in the plan

As outlined in the previous section, the new medium-term management plan positions the growth and expansion of such existing businesses as the electronic components business and EMS business alongside M&As and the expansion of partnerships as the two pillars of its growth strategy.

As part of this strategy, in July 2025, the Company successfully submitted a tender offer bid for the common stock of Kyoei Sangyo, a specialized trading company dealing in electronic components, semiconductors, industrial equipment, and other products. Kyoei Sangyo is a mid-sized trading company in the industry with annual net sales of ¥57.7 billion and profits of ¥1.7 billion (fiscal year ended March 2025). It is scheduled to become a wholly owned subsidiary within the year. To reflect Kyoei Sangyo joining the Group, the full-year performance forecast for the fiscal year ending March 2026 was revised upward with the initial projection of decreased net sales and profits transforming into a forecast of increased net sales and profits. Concurrently, an upward revision in the dividend forecast was announced.

Although the new medium-term management plan has just commenced, we intend to continue proactively pursuing M&A opportunities.

Revision of earnings forecast due to Kyoei Sangyo becoming a Group company

(Unit: millions of yen)		KAGA ELECTRONICS Previous forecast (Announced May 14, 2025) FY2025/3 Results	KAGA ELECTRONICS Previous forecast (Announced May 14, 2025) FY2026/3 Full-Year	KAGA ELECTRONICS Previous forecast (Announced May 14, 2025) Operating income margin	Kyoei Sangyo FY2026/3 Q2-Q4	Kyoei Sangyo Operating income margin	KAGA ELECTRONICS (after revision) Current forecast (Announced Aug. 7, 2025) FY2026/3 Full-Year	KAGA ELECTRONICS (after revision) Current forecast (Announced Aug. 7, 2025) Operating income margin
Net sales		547,779	530,000		44,000		**574,000**	
Operating income		23,601	23,000	4.3%	1,000	2.3%	**24,000**	4.2%
Ordinary income		22,593	23,000	4.3%	800	1.8%	**23,800**	4.1%
Gain on bargain purchase		–	–		–		**7,200**	
Profit attributable to the owners of parent		17,083	16,500	3.1%	500	1.1%	**24,200**	4.2%
Earnings per share (yen)		325.08	313.95				**488.45**	–
Return on equity (ROE)		10.8%	10.0%				**14.6%**	4.6pt
Annual dividend* (yen)	Full year	110	110				**120**	10
	Interim	55	55				**60**	5
	Year-end	55	55				**60**	5

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

Overview of Kyoei Sangyo

Company name	Kyoei Sangyo Co., Ltd.	
Established	October 6, 1947	
Head Office	4-12-6 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan	
Capital	¥3,161 million	
Representative	Jun Hirasawa, President	
Number of employees	Consolidated	787
Net sales		¥57.793 billion (FY2025/3)
Affiliated companies	Domestic Subsidiaries: 2 / Overseas Subsidiaries: 4	

Note: Capital, number of employees, and affiliated company information are as of March 31, 2025.



Medium-Term Management Plan 2027 (FY2025-FY2027)



Hitoshi Koujitani

Director, Senior Executive Officer
General Manager of Corporate Strategy Office

How were the targets for Medium-Term Management Plan 2027 set? Has the process changed from previous plans?

For Medium-Term Management Plan 2024 (hereinafter "the previous plan"), a top-down approach was used to set targets. Members of top management provided general outlines of what they wanted the Company to achieve, then broke those down and fleshed them out for each business segment.

Conversely, a bottom-up approach was adopted when setting targets for Medium-Term Management 2027 (hereinafter "the current plan." Each business division was required to create its own medium-term management plan. These were then aggregated and an organic growth target of over ¥700 billion in net sales was set. However, if we are to reach our overarching long-term goal of achieving ¥1 trillion in net sales, the current plan must achieve at least ¥800 billion in net sales. Accordingly, we intend to augment organic growth with the pursuit of M&As.

Based on wide-ranging discussions, we are presently taking necessary steps to achieve the ¥700 billion target. This involves confirming the current circumstances of each business division and their intentions as well as identifying any shortfalls in resources.

Results and targets by segment

		Final year of the previous plan (FY2024 results)	Final year of the current plan (FY2027)	CAGR
Electronic Components	Net sales	¥347.7 billion	¥400.0 billion	4.8%
	Segment income	¥10.2 billion	¥16.5 billion	17.4%
EMS	Net sales	¥134.5 billion	¥230.0 billion	19.6%
	Segment income	¥7.3 billion	¥13.5 billion	22.7%
CSI	Net sales	¥42.6 billion	¥55.0 billion	8.9%
	Segment income	¥3.3 billion	¥4.0 billion	6.6%
Others	Net sales	¥22.8 billion	¥15.0 billion	–
	Segment income	¥1.5 billion	¥1.0 billion	–
Total	Net sales	¥547.7 billion	¥700.0 billion	8.5%
	Segment income	¥23.6 billion	¥35.0 billion	14.0%

*CSI: Consumer & System Integrator

Medium-Term Management Plan 2027 (FY2025-FY2027)

Until now, our business divisions' intense focus on generating profits had led to a tendency to prioritize business performance. Under the current plan, while reflecting on our business portfolio, we will foster a forward-looking mindset that envisions ideal business performance and evaluates business investments and M&As from the perspective of capital costs and effective use of capital.

While our net cash position was significantly stronger than that of our peers and we boasted excellent financial stability, we faced challenges in terms of capital efficiency. A lack of opportunities to utilize funds set aside for new M&As under the previous plan has contributed to the situation.

Under the current plan, in line with its basic policy of "enhancing corporate value through management focused on profitability and capital efficiency," top management will consciously work to shift its mindset and actively pursue improvement in capital efficiency.

That being said, solidifying a business portfolio mindset throughout an entire organization requires a shift in the mindset of those on the front lines.

At Kaga Electronics, the smallest organizational units are sections, which combine to form departments and, ultimately, business divisions. Our corporate culture encourages each section to listen to customer needs and pursuing business with efficiency in mind. The Company's strength lies in its ability to achieve stable business performance and is largely attributable to the breadth of its coverage, which significantly outstrips that of its competitors. This leaves us much less susceptible to fluctuations in individual industries.

When we started our journey as an independent trading company, we had "nothing to sell" and so began by prioritizing listening to our customers and paying attention to their needs. This principle was eventually enshrined as our corporate philosophy, "Everything we do is for the customers," and is put into practice every day through KAGA-ism, our management and sales mindset. Consequently, our overwhelmingly strong sales capabilities—reflecting a focus on "having something to sell and knowing where to sell it"—remain our greatest strength to this day, setting us apart from manufacturer-affiliated trading companies.

It is generally thought that a strong company is the result of bringing together entities that are already quite strong. However, for a long time we more resembled a collection of individual shops. This lack of common structure made it difficult to work as a unified organization implementing major policies and strategies. Therefore, in April 2023 we established the Sales Strategy Department as a cross-functional organization focused on market priorities.

In addition, we introduced a sales force automation (SFA) system and are actively promoting the adoption of frameworks to enhance information sharing.

Directly hearing from the customers about the issues they face is undoubtedly the best course of action, meaning that we must continue to further sharpen our customer engagement skills. We must also continue to build mutually beneficial relationships with both our customers and suppliers or we run the risk of becoming obsolete.

In today's world of rapidly advancing AI, it is not enough to simply provide answers to the issues our customers face. The key to staying ahead of the times lies in unearthing the Group's wealth of "raw knowledge"—information that cannot be found online—and mastering how to organize, analyze, and impart it effectively. In doing so, we aim to gain a competitive advantage over our peers and become an even more overwhelmingly vital point of contact for our customers.

Basic policy and priority measures

Basic Policy **Enhance corporate value through management focused on profitability and capital efficiency**

Priority Measures		Main Action Plan
Further enhance our earnings power	Expansion of core businesses	• Implement business portfolio management
	Taking on the challenge of M&A	• Generate more than ¥100 billion over the current medium-term management plan period to achieve our target of ¥1 trillion in net sales by the end of FY2027
	Creation of new businesses	• Establish the Sales Strategy Office and explore new businesses centered around energy, infrastructure, transportation, and the environment
Strengthen management foundations	Implementation of capital strategies	• Strategic cash allocation and proactive shareholder returns
	Investment in human capital	• Reform human resource system (develop human resources overseas, promote workforce diversity, etc.)
Promote SDG-oriented management	Accelerated response to ESG management issues	• Environment: Promote 100% renewable energy with an eye to carbon neutrality • Society: Promote women's full participation in the workplace, work style reforms, and employee engagement • Governance: Achieve the goals of the appointment of female directors and the transition to a Company with an Audit and Supervisory Committee ahead of schedule

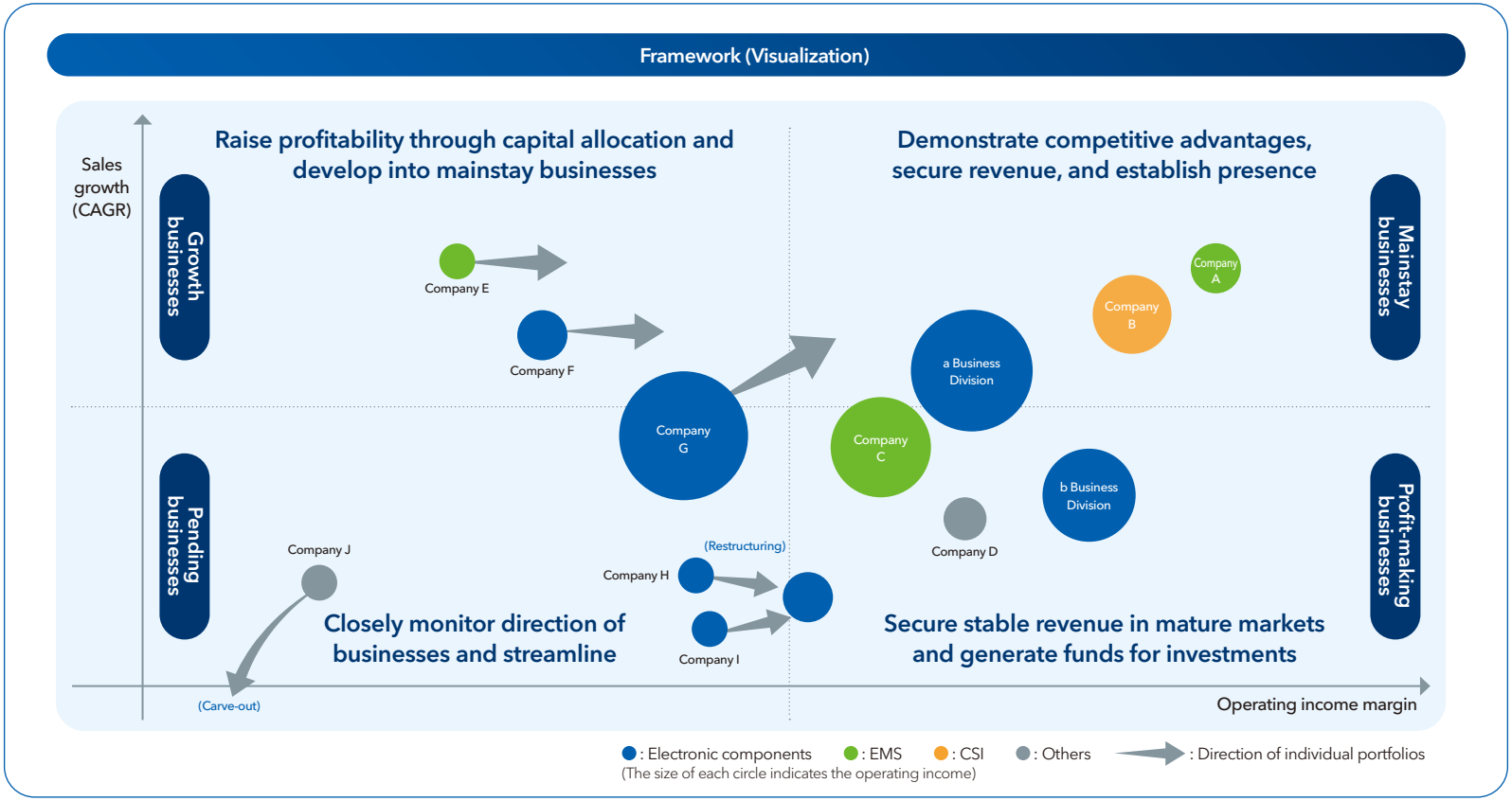
Medium-Term Management Plan 2027 (FY2025-FY2027)

On top of a corporate culture in which each organization possesses its own strengths, we are working to enhance our digital marketing efforts, leveraging this "raw information" as an additional weapon.

How will the priority measure of "further enhancing our earnings power" be promoted under Medium-Term Management Plan 2027?

Medium-Term Management Plan 2027 identifies further enhancing our earnings power through the expansion of our core businesses as a priority measure and the implementation of business portfolio management as an action plan.

As an organization within the Kaga Electronics Group, Kaga Electronics analyzes the medium-to-long-term direction of each of its businesses by Visualizing them on a Framework with sales growth potential on the vertical axis and operating income margin on the horizontal axis. This analysis is conducted at the business division level for Kaga Electronics and at the individual



Medium-Term Management Plan 2027 (FY2025-FY2027)

company level for Group companies and used to inform investment policies and budget/performance management. While each company previously operated under independent managements, the increase in Group companies through M&A has led to a shift toward managing and allocating management resources with an eye to an overall optimization.

We will continue to pursue scale expansion in the electronic components business through the acquisition of competitors and management integration.

In our EMS business, which we position as a growth driver for the Company, we aim to outpace our competitors in terms of growth, as demonstrated by the compound annual growth rate (CAGR) target set in the medium-term management plan. Customers who previously handled all manufacturing in-house are increasingly turning to outsourcing for some or all of their operations. We expect to achieve high growth in the EMS business by effectively capitalizing on this trend.

In pursuit of further growth in the EMS business, we have determined it is best to target development in the upstream stages of our customers' value chains. Naturally, the hurdles are high and risks must be considered, but we must also consider the added value gained against the potential risks. The ultimate goal of the EMS business, to sell components, remains unchanged.

Our EMS business adds value by its very nature and even as

Growth Strategy Matrix by Business and Company

	Kaga Electronics	KAGA FEI	Excel	Net sales (billions of yen)
Electronic Component	• Based on our strengths in customer relations and procurement, which are among the industry's best, commit to the Kaga Electronics style of 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 company by cross-selling Kaga Electronics products	FY2025/3 347.7 **FY2028/3 400.0**
EMS	• Develop a customer-focused "local production for local consumption" EMS business based on a global five-region production system	• Accelerate the E2MS business, becoming involved from the design stage • Expand small-sized wireless module business and integrate development, production, and sales	• Cultivate B2B customers in the transportation infrastructure sector by leveraging the strengths of distributors of display devices	FY2025/3 134.5 **FY2028/3 230.0**
CSI	• Utilize the strengths of such sales channels as mass retailers as well as schools and other educational institutions to expand information technology products and services			FY2025/3 42.6 **FY2028/3 55.0**
Others	• Total commitment to profit-oriented management and concentration on profitable businesses rather than simply expanding in size			FY2025/3 22.8 **FY2028/3 15.0**
Net sales (billions of yen)	FY2025/3 319.5 **FY2028/3 400.0**	FY2025/3 197.8 **FY2028/3 260.0**	FY2025/3 30.3 **FY2028/3 40.0**	FY2025/3 547.7 **FY2028/3 700.0**

Medium-Term Management Plan 2027 (FY2025-FY2027)

we strive to take advantage of this, we also nurture high expectations for operations involving the small wireless modules acquired through the business transfer of KAGA FEI. Centered on Bluetooth and Wi-Fi modules, we are leveraging KAGA FEI's development team in support of initiatives aimed at securing customers' use of our modules in their finished products.

In taking on the challenge of M&As, another priority measure, we are targeting companies in the electronic components and semiconductor trading sector that are proactively seeking industry consolidation and have a minimum net sales threshold of about ¥20 billion to ¥30 billion. Trading companies affiliated with manufacturers like Kyoei Sangyo, a recent addition to the Group, are seeking new opportunities by partnering with independent trading companies like us. By collaborating with such companies, we hope to advance the consolidation of the industry.

Under the priority measure of creating new businesses, we have established four key themes: energy, infrastructure, transportation, and the environment. We believe the most effective approach to addressing each theme is to target such social issues as population decline and labor shortages as well as the promotion of DX. From there, we will determine the best way to leverage the Group's assets, which include strengths in the field of electronic components and semiconductors and those of our EMS capabilities particularly suited to *monozukuri*, or manufacturing. We plan to leverage the Group's strong customer base and collaborate with well-suited companies to launch new businesses. The aforementioned Sales Strategy Office is spearheading these efforts.

Could you tell us more about Medium-Term Management Plan 2027's investments in human capital in line with the priority measure of "strengthening management foundations?"

Our investments in human capital focus on developing our core human resources and increasing our overall number of employees. As a means of motivating our core human resources, we believe it crucial to clearly distinguish which individuals will be expected to serve as leaders for the next generation and provide them with targets to aim for as well as proper training, all the while ensuring that their progress is appropriately evaluated so that they will desire to remain in their roles.

Even from my own experience of being transferred without knowing the first thing about corporate planning, I can say that experiencing various departments and unexpected transfers becomes an opportunity for self-improvement. I believe that human resources expected to thrive in the future should be transferred frequently and given the opportunity to gain diverse experience.

As the weight of overseas operations continues to increase, we must urgently address the current severe shortage of overseas personnel nationals among our human resources. We must not only expand the pool of employees within the company who wish to work overseas but step up efforts to recruit experienced professionals from outside the company.
The labor shortage has led to ineffective rotation systems, resulting in a persistent pattern of outbound-only transfers without any transfers into Japan. This situation inevitably reduces the number of employees willing to volunteer for overseas assignments. Therefore, we recognize that nurturing valuable human resources overseas is a pressing issue.

Our employees at the company are all energetic go-getters who are given the freedom to take on any task and speak their minds. Chairman Tsukamoto, though the founder, is always humble and respectful toward everyone. It is precisely this quality that has allowed him to build such a broad network of connections from the Company's founding to the present day. President Kado, on the other hand, may be demanding when it comes to work but he genuinely cares for his employees. Through our dedicated efforts, we are committed to further enhancing the Company's strengths—its free-spirited corporate culture and the exemplary leadership at the top.





Message from the CFO

Achieving a robust financial foundation while prioritizing profitability and capital efficiency

Yasuhiro Ishihara
Director, Senior Executive Officer
Head of Administration Headquarters

Cash allocation policy under Medium-Term Management Plan 2027

One of the priority measures under Medium-Term Management 2027 (hereinafter "the new plan"), "strengthening management foundations," places particular emphasis on capital strategy and clearly outlines our approach to strategic cash allocation and proactive shareholder returns.

Our method of strategic cash allocation defines how cash generated from operating activities will be allocated and specifies where and how as well as how much will be used. Estimates regarding said allocation over the new plan's three-year period, include approximately ¥60 billion to be supplied as cash flow from operating activities. Of this, we aim to allocate approximately ¥30 to ¥35 billion toward growth investments and approximately ¥22 to ¥30 billion to shareholder returns.

Priority measures	
Further enhancing our earnings power	Expansion of core businesses
	Taking on the challenges of M&As
	Creation of new businesses
Improving management foundations	Implementation of capital strategies
	Investment in human capital
Promotion of SDG-oriented management	Accelerated response to ESG-related management issues

We will actively pursue new M&A as a key use of growth investments. Kyoei Sangyo, which joined the Group in July 2025, is a prime example of this strategy. Despite our best efforts under the previous medium-term management plan, no suitable M&A opportunities arose, leading to accumulated cash reserves. Therefore, under the new plan, we intend to step up our pursuit of this initiative.

A second use of growth investment will be to expand EMS production capacity. With overseas markets as the primary focus, the EMS business has actively expanded its production bases since 2000. As some of this equipment has deteriorated or become superannuated over the years, we will upgrade to the latest equipment featuring automation and other labor-saving considerations to enhance production efficiency, reduce costs, and further enhance our earnings power.

We will also advance DX initiatives that strengthen our management foundations and make direct investments. While Kaga Electronics has already completed the upgrade of its core SAP system, such upgrades are currently being implemented at domestic Group companies. Through such efforts, we will build a robust DX foundation that unify systems across the Group and advance IT investments.

Lastly, we will unwaveringly continue to invest in human capital, our greatest asset as a trading company. This includes providing benefits to our employees.

Should the cash earmarked for allocation to these growth investments prove insufficient, we will cover the shortfall through borrowings or other means. Conversely, any surplus will be directed toward shareholder returns. In this way, we are approaching cash allocation strategically and flexibly.

Message from the CFO

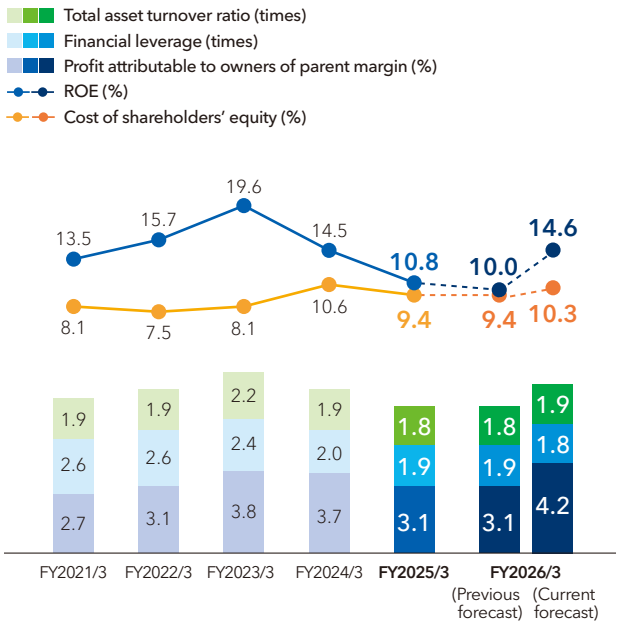
Strengthening shareholder returns to create a growth spiral in stock prices

We recognize that expectations regarding our rate of return are rising among both current and prospective investors, shareholders, and potential investors. From the Company's perspective, we recognize this as the cost of equity capital, which we currently estimate to be around 10%. Therefore, we must achieve a rate of return exceeding 10% while also consistently delivering shareholder returns commensurate with this level. The new plan envisions a growth spiral in which we meet shareholder expectations and this, in turn, drives up our stock price. Our cash allocation policy also aligns with this approach.

The consolidated dividend payout ratio, which serves as a benchmark for medium- to long-term dividend growth, has been raised one notch from the previous medium-term management plan's range of "25% to 35%" to "30% to 40%" in the new plan.

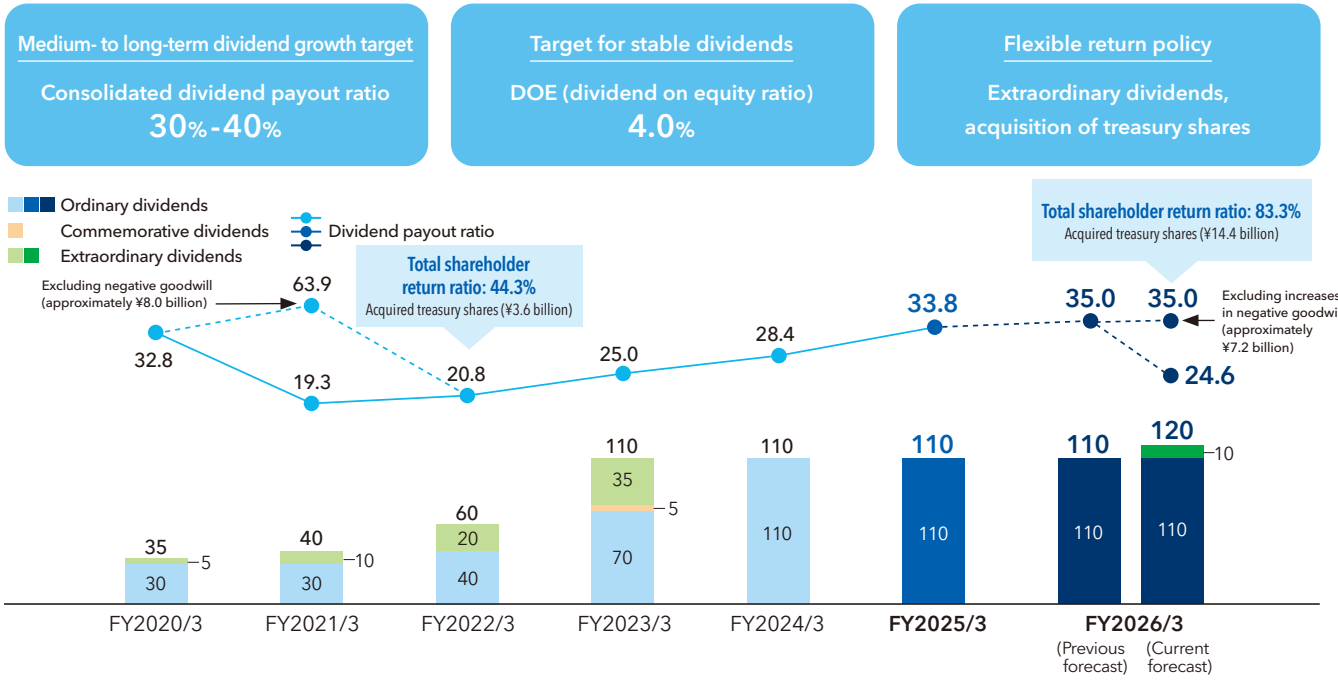
Furthermore, we have newly established a 4.0% dividend on equity ratio (DOE) as an indicator of stable dividends, and promise consistent payouts regardless of income statement results. Particularly in recent years, significant fluctuations in the supply and demand for electronic components and semiconductors have created a situation that yields substantial profit growth in times of shortage. Conversely, when shortages ease and the balance of supply and demand becomes more relaxed, customer inventory levels increase and our profits tend to stagnate. In other words, due to the very nature of the market, fluctuations in financial results from year to year contribute to unevenness in the Company's performance. Therefore, as relying solely on the consolidated dividend payout ratio would result in unstable dividends, we have decided to introduce DOE to ensure investors can invest with confidence.

ROE



Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024.

Shareholder Return Policy



Message from the CFO

The Company has traditionally returned surplus earnings by supplementing ordinary dividends with extraordinary dividends when management targets are exceeded, and it intends to continue this flexible return policy.

Share buybacks are another example of the flexibility of our shareholder return policy. On August 8, 2025, we conducted our largest-ever share buyback, totaling ¥14,447 million, through the Tokyo Stock Exchange's off-auction share repurchase system (ToSTNeT-3). The cancellation of all such treasury shares represents 9.4% of the total number of our shares outstanding (excluding treasury shares). This marks the first time the Company has cancelled treasury shares since its initial public offering.

Amid the recent trend of reducing and eliminating strategic shareholdings, our four primary banks expressed an intention to sell their holdings of our shares. We decided to repurchase these shares in consideration of the impact it would have on our stock price.

The Company revised its full-year earnings forecast for the fiscal year ending March 2026 from a decline in both sales and profit to an increase, reflecting the effect of the Kyoei Sangyo acquisition, and announced a forecast for a dividend increase.

Following the dividend increase revision, DOE is projected to be 4.2%. With this share buyback and cancellation, ROE for the fiscal year ending March 2026 is expected to reach 14.6%, and the total dividend payout ratio is projected to be 83.3%. The stock market has responded favorably to the Company's initiatives, with PBR exceeding 1.1 times (as of September 30, 2026).

Going forward, we will continue to steadily implement our new medium-term management plan and strive to enhance corporate value.

Cost-of-capital and stock price conscious management initiatives

Future initiatives	**1. Steadily implement 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. Improve shareholder satisfaction	Raise the consolidated dividend payout ratio to between 30% and 40% and target DOE at 4.0% to ensure stable and sustainable dividends.
	3. Promote SDG-oriented management	Establish and announce greenhouse gas emission reduction targets for Scopes 1 through 3 and earn better evaluations from such external organizations as CDP and TCFD.
	4. Maintain and reinforce 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.

Implementing cost-of-capital and stock price conscious management

To maintain ROE above the cost of capital, improving profitability is an absolute priority. This requires relentlessly pursuing profit by compressing costs as much as possible. President Kado has consistently emphasized this approach since taking office and has implemented various initiatives to enhance our earnings power. At the same time, we have worked to improve asset efficiency—looking to generate sales and earn profits while amassing minimal assets.

Since its founding, Kaga Electronics has adhered to the principle of "asset-light management." Within its sales divisions, it rigorously enforces the philosophy that "inventory is a liability," striving to minimize stockpiles as much as possible. Similarly, it has prioritized collections over payments, compressing accounts receivable and avoiding long-term collections.

In terms of minimizing idle capital, we adhere to the principle of investing in noncurrent assets only when truly necessary while avoiding holding noncurrent assets that do not generate profits. This approach is not only in line with our policy regarding capital efficiency but reflects current requirements.

In managing financial leverage, we prioritize exceeding our shareholders' expected rate of return while maintaining a balanced approach to ensure our funding capacity remains intact. We hold an A (single A flat) credit rating and, although we have not undertaken any major investment projects during the current medium-term management plan period and maintain ample cash reserves, we remain acutely mindful of financial discipline. We will carefully select investment targets, applying both the accelerator and the brakes as needed.

Message from the CFO

The Kaga Electronics Group's Potential for Further Growth

"Inventory is a liability," "Prioritize collections over payments," "Don't let money sit idle"—without a doubt, the principles of KAGA-ism that have been cherished by Chairman Tsukamoto since our founding and instilled in all of our employees have served to strengthen the Group's financial foundations. By avoiding the buildup of unnecessary inventory, this approach has also prevented losses due to dead stock and the creation of bad debt.

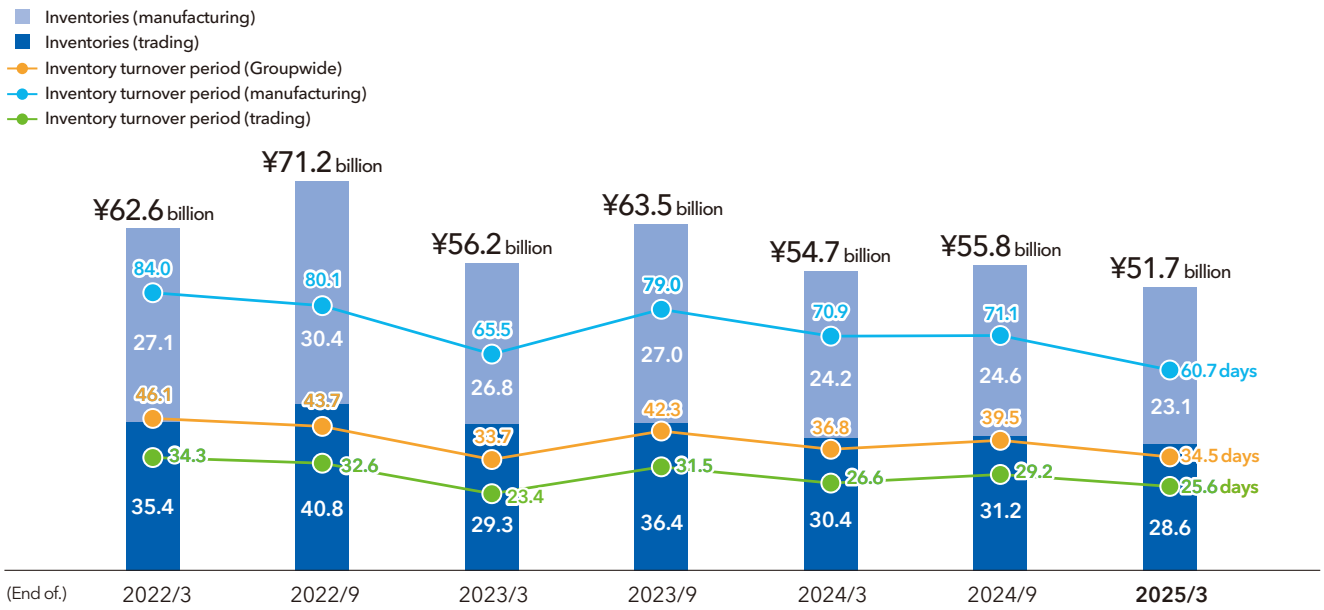
Kaga Electronics has implemented a system of individual inventory management that links particular lots of inventory to individual salespeople. This approach embeds the entire process—from product sales to the collection of payment—into the sales role as defined by the Company's action guidelines. We believe this concept should be adopted universally.

Although inventory levels as of the end of March 2025 had returned to normal levels, we recognize there remains room for further reduction. Given the strong commitment of our sales team to achieving a 1% operating income margin, we expect current efforts to yield results.

In terms of M&A that complements organic growth, with Kyoei Sangyo joining the Group, the new medium-term management plan has gotten off to a promising start. To achieve net sales of ¥1 trillion, we must continue to pursue M&A as the second and third arrows in our quiver.

As the person responsible for our finances, I am prepared to handle any project that arises at any time and am ready to invest funds without hesitation when necessary.

Inventory trends / Inventory turnover period



DIALOGUE 1

Roundtable Discussion of Outside Directors

A Grounded Discussion on How the Kaga Electronics Group Should Grow

Noritomo Hashimoto
Outside Director

Susumu Miyoshi
Outside Director

Mamoru Yoshida
Outside Director



Here, we present a summary of a roundtable talk among our three outside directors, Susumu Miyoshi, Noritomo Hashimoto, and Mamoru Yoshida, in which they discuss topics pertaining to the Kaga Electronics Group's future, including deliberations held during Board of Directors meetings in connection with the formulation of its Medium-Term Management Plan.

Did you focus on a particular area during the formulation of the current Medium-Term Management Plan?

Miyoshi: In the course of our deliberations on the plan, I suggested conducting a "portfolio analysis" in order to take stock of the products and services at the Company's disposal. By thus obtaining a clear understanding of the Company's strengths and weaknesses, we were able to secure a better overall view of the situation. Having done so, the first key step was to clarify the direction in which the Company is heading and the areas it will focus on going forward. Next, the Company needed to clarify its commitment to its stakeholders—employees, customers, shareholders, business partners, and the local community—and to establish quantitative targets. For shareholders in particular, it is important to strive toward higher targets, aiming for a consolidated dividend payout ratio of between 30% and 40% and ROE of 12% or higher. The relationship between ROE and capital costs

Roundtable Discussion of Outside Directors



must also be carefully assessed and addressed. In addition, I have voiced my desire for the careful consideration of what should be done to improve capital efficiency.

When pursuing specific initiatives, the growth potential of existing products must first be assessed. For the Company to achieve its ambitious target of achieving ¥1 trillion in net sales, it will need to vigorously introduce new businesses like that involving small wireless module production. Then comes M&A. Although the Company recently placed a tender offer bid (TOB) for Kyoei Sangyo Co., Ltd., two or three similar deals are needed. When promising opportunities arise, the Company must be poised to strike decisively.

The final point I emphasized dealt with the Company's leveraging of its human resources. Amid discussions of leveraging the skills of Kaga's senior employees and women and the employment of mid-career hires, engineers and foreign nationals, I drew attention to the growing importance of technological development and its particular role in empowering the Company's engineers.

Hashimoto: The Company's strength lies in the way it is able to perceive an issue and extend a helping hand to its customers before the competition even begins to notice an issue. In other words, it boasts higher business acumen than its competitors. The Company also believes helping customers to be the ultimate goal of business; a philosophy that is demonstrated in how its EMS business embraces striving to address the needs of customers, a trait that also yields about benefits for the Company. This is a mindset the Company takes great pride in and uses as it consistently strives to determine the best ways it can contribute to society.

Today, semiconductors are used in everything from home appliances to automobiles. We're living in an age in which it is hard to find products that don't contain semiconductors. The Company's strength as an electronics trading company lies in its unwavering support for its customers and confidence that it can handle anything and everything. I believe remaining steadfast in carrying on this spirit unique to the Kaga Electronics Group to be more crucial than simply achieving the medium-term management plan's qualitative targets because of the plan's unique structure. The Company is confident that it has sown enough seeds and will cultivate them throughout the fiscal year to ensure that future harvests will be exponentially bountiful.

In this context, it is absolutely essential that each and every employee never lose sight of how their individual efforts tie into the medium-term management plan. I am certain that as long as everyone clearly understands and pursues their roles, the Company will experience growth. We mustn't allow ourselves to become so preoccupied with what lies ahead that we lose our critical thinking skills.

Yoshida: Having recently completed my first year as an outside director, I would like to share some particularly memorable points from a fresh perspective.

First, during deliberation and formulation meetings for Medium-Term Management Plan 2025, there were also discussions on the net sales target for fiscal 2030. The heads of each business company showed much enthusiasm and considered highly aggressive targets. Each site continuously strives to identify the challenges its customers face, and this commitment is the very embodiment of Kaga Electronics' corporate philosophy: "Everything we do is for our customers." Of course, while I recognize these goals will not be achieved easily and that many challenges lie ahead, I believe that framing each one from the perspective of challenges being the fuel to the fire of business and tackling them aggressively to be the best approach. I believe having management that takes a bottom-up approach to achieving ambitious targets, rather than a executive-led top-down approach, to be simply wonderful.

Touching on the portfolio strategy Mr. Miyoshi previously mentioned, our ongoing direct engagement with customers keeps us mindful of what solutions to provide in which business areas. Going forward, I would like to see deeper collaboration with new business areas and top-down M&A initiatives as well as enhanced cooperation among business companies.

Achieving net sales of ¥1 trillion is an extremely ambitious goal that will require a fundamental reform of management practices. I will continue to strive toward updating the Company's corporate philosophy, values, and vision, sharing them throughout the entire organization, while contributing to the development of Groupwide strategies, the pursuit of excellence, management reform, and fostering a positive corporate culture.

Miyoshi: Bottom-up initiatives succeed because those on the front lines possess keen intuition that effectively translates top-level directives. From my position as an outside director, I've observed a "never-give-up spirit" permeating throughout the front lines, demonstrating remarkable tenacity. Such a company is truly resilient, no matter the circumstances. Going forward, I look forward to setting somewhat more ambitious goals and seeing the momentum build from the field as we strive to achieve them.

Roundtable Discussion of Outside Directors

What is the best approach to achieving the targets of the Medium-Term Management Plan and net sales of ¥1 trillion?

Hashimoto: Discussions during board meetings frequently centered on such topics as whether the overall net sales target should be ¥1 trillion or ¥800 billion and the scale of M&A that would be appropriate within said frameworks. As mentioned earlier, our front-line groundwork is thorough, so unrealistically high targets are never arbitrarily set. Whether results exceed or fall short of the target figures, a solid analysis of the current situation relative to the intended numbers is always conducted.

Essentially, if we fail to raise the overall level of growth, achieving our goals is unlikely. However, it's not simply a matter of "let's sell more"; the extent to which the EMS business can be expanded is also a crucial factor. The ideal approach is to pursue two parallel objectives: aiming for this level of growth even without M&A, and simultaneously exploring the potential for EMS expansion.

Miyoshi: The ¥1 trillion target is truly remarkable. While from our current position it may seem like a long shot, only by taking steady steps forward will we move closer to this goal. Moreover, the Company has the tools it needs at its disposal—there's no reason not to aim higher.



While component sales are important, profits won't increase without the added value component assembly brings. This is a major challenge to be addressed in the medium-term management plan.

While the EMS business primarily targets overseas markets, it represents a major asset for the Kaga Electronics Group. It is crucial for the EMS business to further evolve into the EDMS business, with the "D" standing for design, and to develop the capability to handle everything from planning and design to production and quality assurance in an integrated manner. From what I've seen during my visits to several overseas factories, processing capabilities are still insufficient. I do, however, have high hopes for KAGA ELECTRONICS (THAILAND)'s production base. If this base is able to further strengthen its capabilities, it will effectively raise the bar.

The upgrading and expansion of the EMS business will significantly contribute to the Group's development.

Yoshida: The Company's trading company business serves as a core part of its main operations. As such, without contributing to the success of its clients' businesses, including the acquisition of new customers, sales growth cannot be achieved. Significant growth can also be driven by M&A, expanding business domains, or developing new ventures. However, the key to success in these endeavors lies in three essential elements: affinity for the business domain, human resources capable of operating the business, and the domain's technology.

Regardless of the chosen approach, careful and objective consideration of the Group's strengths, weaknesses, and available capabilities is essential. We outside directors are making various proposals and engaging in discussions while objectively assessing the Kaga Electronics Group's strengths and challenges.

What are your thoughts on the launch of the full internalization of small wireless module production?

Hashimoto: Taking on this new business feels like a very bold decision. It marks the Kaga Electronics Group's first venture into developing, manufacturing, and selling its own branded devices. Should these products enjoy widespread adoption, they have the potential to transform the world. Once such products are developed, their reception in the market, strengths, and areas for improvement must all be closely tracked and analyzed. Only then can products that outperform competitors be created consistently. Sustaining such endeavors is impossible without the resolve to build a team of engineers dedicated to this purpose. In the world of manufacturing, unless you're prepared to invest all of this year's profits into technological development and human resource acquisition, you won't survive. It's that harsh.

Miyoshi: KAGA EMS TOWADA and KAGA ELECTRONICS (THAILAND) will work in cooperation to ensure that these small wireless modules will be manufactured entirely in-house. Both companies are leveraging their respective strengths with an eye to continuous improvement. I also applaud the achievement made possible through the intra-Group collaboration between KAGA FEI and EMS TOWADA as an example of the Company's previously mentioned efforts to advance its EMS business. If this form of development continues to be realized, I believe it holds tremendous potential for growth as a Group.

Yoshida: Prior to the Group taking charge, we were told that while the products themselves were technologically advanced, there were challenges in terms of customer engagement. The Group's strength, however, lies in its extensive customer reach and, by leveraging this strength, highly marketable products have been developed. This is a truly remarkable outcome. We believe this functional module business represents areas with significant growth potential, including marketability. However, looking to the future, software development will be crucial as

Roundtable Discussion of Outside Directors

will achieving the functionality customers demand and developing solutions.

The Kaga Electronics Group's technical division will spearhead the development of high-marketability functional modules, and I hope that this will be cultivated into a major pillar of its business.

Following the release of an internal investigation committee report on "power harassment" cases, what measures should be implemented to prevent its reoccurrence?

Miyoshi: I am outraged to my core. I loathe situations like this, and I am genuinely saddened by the lack of respect for human rights, a vital principle in and of itself. As this isn't a widespread problem throughout the Company, it's essential to seek proper guidance from an expert. While the Company does employ the use of suggestion boxes to gather employee feedback and opinions, they aren't being utilized effectively, making it imperative that they be improved.

Hashimoto: As chair of the investigation committee, I compiled the results of a thorough inquiry into the facts along with recommendations for reoccurrence prevention measures and reported them to the Board of Directors. While this incident is certainly infuriating, I believe it is essential to first fully grasp what led to it happening.

In this case, I got the distinct impression that the Company placed the entire burden of growing its EMS business overseas on the shoulders of a single local manager. Generally, overseas operations are handled by teams of 5 to 10 Japanese supervisors managing anywhere from 100 to 200 local employees, meaning that each individual ends up juggling multiple responsibilities. Because they are relatively few in number, regardless of age or seniority, each supervisor is forced to bear the heavy responsibility of becoming a key player in solving issues the Company's faces.

Furthermore, I believe entrusting the site to the same supervisor for over a decade was problematic in itself. No matter how capable someone is, being stuck in the same position for more than ten years would make anyone weary. One would understandably become frustrated if they felt that any chance to take on new opportunities just passed them by.

As the EMS business will clearly remain the backbone of the Company going forward, it is imperative that this incident be taken seriously. The Company must thoroughly examine how to resolve this issue, engage in candid discussions, and implement organizational reforms to prevent any reoccurrence.

Miyoshi: It is regrettable that those in leadership positions either overlooked or failed to provide guidance on this matter. Rather than acting solely in their own best interests, supervisors must learn to control their frustration in the moment and take measured steps to nurture their team. Officer training must be thoroughly implemented to ensure leaders are capable of properly supporting their subordinates.

I also believe that because of the "five-year rotation" stipulated in the Company's Employment Rules, the Personnel Department shares some responsibility for allowing the supervisor to remain in the position for so long.

Hashimoto: While it's true that the supervisor overstaying their position was part of the problem, this presents a genuinely difficult issue. If the five-year rotation policy were strictly enforced, we run a high risk of local employees perceiving supervisor placements as merely temporary assignments, which would hinder managerial effectiveness.

Miyoshi: In that regard, ultimately, overseas projects won't succeed unless local employees are placed in top positions. China has already reached that stage, and I've told the officer in charge that, even if it takes time, we have no choice but to move in that direction.

Yoshida: It is extremely important, as Mr. Hashimoto mentioned,



for all executives to thoroughly discuss what the Company should stand for as an organization and to establish as a shared value the principle that no line should be crossed—particularly with regard to human rights. KAGA ELECTRONICS CO., LTD. aims to establish a corporate philosophy revolving around a people-centered approach and that values individuals, embedding this ethos into its corporate culture. As such, the Company also seeks to provide guidance to the affected parties on ways to bounce back from this incident.

I wish to convey to those in top management positions the importance of always maintaining a spirit of gratitude and humility.

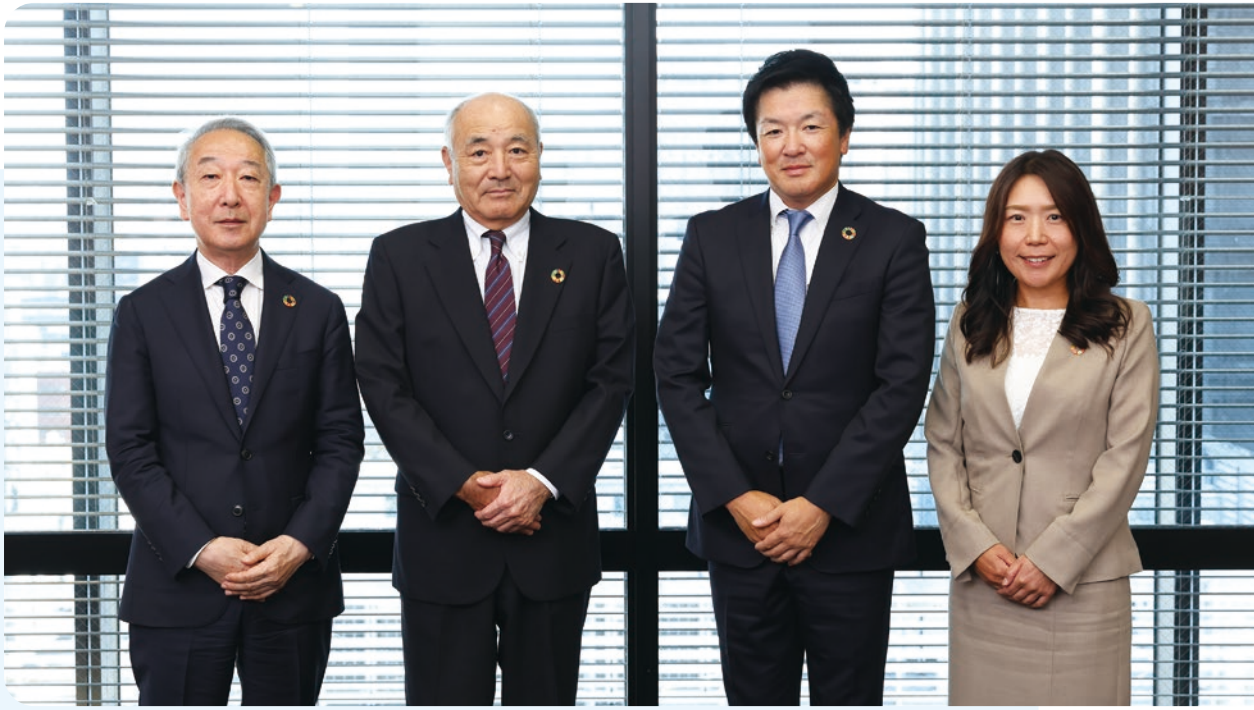
Hashimoto: Nurturing the EMS business overseas is an absolute priority for the Company. Tackling the management of overseas bases and factories head-on to ensure such incidents never happen again will undoubtedly be a crucial step toward securing the Company's future—a step that it can look back on as the point its business began to truly evolve.

DIALOGUE 2

Roundtable Discussion of Audit and Supervisory Committee Members

Transitioning to a Company with an Audit and Supervisory Committee and Aiming for Even Greater Heights in Governance

Here, we present a summary of a roundtable talk among the four members of the Audit and Supervisory Committee—Director Eiji Kawamura and Outside Directors Susumu Kitsunai, Yoichi Sato, and Kyoko Oyanagi—in which they discuss the future direction of the Kaga Electronics Group.



Yoichi Sato
Outside Director, Audit and Supervisory Committee Member

Eiji Kawamura
Director, Full-Time Audit and Supervisory Committee Member

Susumu Kitsunai
Outside Director, Audit and Supervisory Committee Member

Kyoko Oyanagi
Outside Director, Audit and Supervisory Committee Member

How do you plan to proceed following the transition to a Company with an Audit and Supervisory Committee?

Kawamura: Despite the Company being commonly referred to as an "owner run company," the Board of Directors has always been very proactive when it comes to engaging in discussions. Fiscal 2025 ushered in our transition to a Company with an Audit and Supervisory Committee, bringing together experts in various fields—a certified public accountant, a lawyer, and a labor and social security attorney—all of whom have helped further improve the quality of discussions within the Board of Directors.

Over the past decade, we have significantly expanded our business scale through strategic M&A activities. Governance practices tailored to this scale are in place, and we take pride in the efficiency and effectiveness of our board operations.

Kitsunai: My transition from an auditor to an Audit and Supervisory Committee member has changed nothing in terms of my approach within the Board of Directors. While my expertise lies in accounting, I have always voiced my concerns in other areas as well. As an auditor, I participated in discussions with the mindset of directly contributing to resolving issues despite my inability to cast a vote. Now that I also bear the added responsibility of exercising voting rights, my commitment to governance remains steadfast.

Sato: The Company has achieved significant growth since its humble beginnings, deeply ingraining the founder's character and approach to work into its corporate culture. In our current bid to proactively break into overseas markets and expand our scale, we are entering a pivotal transition period during which substantial change is inevitable—both for the Company itself and from a governance perspective.

Among the topics discussed at board meetings are ways in which the Company can reach new heights.

Oyanagi: We view the transition to a Company with Audit and Supervisory Committee to be an important step toward enhancing governance and improving management transparency. I intend to place strong emphasis on a human capital management perspective, focusing particularly on creating an environment in which diverse human resources, including women in leadership roles, can fully utilize their skills. As an external expert, I aim not only to oversee the soundness of management but also to continue providing concrete advice to help the Company become a corporation beloved by society.

Roundtable Discussion of Audit and Supervisory Committee Members

What are your thoughts on the key points for initiatives aimed at becoming "a competitive world-class company" with annual net sales of ¥1 trillion?

Kawamura: Drawing on nearly 20 years of experience managing administrative departments at the Company, including as head of the Finance & Accounting Department, I oversee how earned funds are utilized and whether operations are conducted appropriately. While we have set the medium-to-long-term goal of achieving net sales of ¥1 trillion, we are also paying close attention to ways we can grow while improving our profitability as pursuing sales growth at all costs can sometimes be counterproductive in that regard.

Many of our past M&A deals have involved bringing companies with profitability challenges into the Group, setting time limits for improvements, and turning their finances around. We expect such deals to increase going forward.

What matters the most to our shareholders when it comes to M&A is whether or not they will see a proper return on their investment. As such, we intend to continue to turn any company that enters the Group, even those with poor financial returns, into profitable entities capable of enhancing our earnings power.

Kitsunai: With more and more of our business coming from overseas, it is becoming increasingly important to determine how to leverage governance effectively while advancing our overseas operations and how to secure and nurture human resources capable of addressing these challenges.

Having spent many years involved in overseas business, I intend to provide solid advice on this matter.

Sato: The Company's growth thus far stems from its salespeople engaging in diverse activities for the sake of its customers, rather than merely focusing on sales. As such, it's undeniable that internal rules and procedures have sometimes taken a backseat. When you reach the scale of a company with net sales of ¥1 trillion, a management approach that prioritizes profit above all else is unsustainable. At times, it becomes necessary to strengthen the management foundation and rebuild the governance structure, even if it means accepting a slight decline in profits.

We are entering an era of exceptionally harsh societal scrutiny. Even the disciplinary action system, which underpins the very foundation of the organization, can, depending on the circumstances, potentially pose a threat to a company's survival. Therefore, we believe that continuing to demonstrate the Company's outstanding sales capabilities while consciously advancing with governance on a daily basis is precisely what will lead to becoming a ¥1 trillion company.

Oyanagi: As a member of the Diversity Promotion Committee, my contributions focus on leveraging our human capital and the Group's strengths from a future-oriented perspective. To achieve our goal of becoming a ¥1 trillion company, rather than merely expanding in scale, it is essential to create an organization that enables growth for every employee and transforms diversity into a competitive advantage. To this end, I intend to propose human resource strategies that incorporate external perspectives while supporting sustainable growth.

As Audit and Supervisory Committee members, how will you address instances of "power harassment"*?

Kawamura: The Company has been in business for nearly 60 years now and, although it pains me to say it, retains a very old-fashioned mindset among its veteran employees—myself included. This hinders our ability to keep up with the times.

Companies operate through teamwork, so instilling a mindset of mutual respect is crucial. How effective the preventive measures we've established will be depends entirely on people's willingness to change. Therefore, it is crucial to establish a framework that allows for issues to be easily brought to the attention of the Personnel Department when they arise. From there, department heads can be notified—creating a work environment in which problems do not go unreported.

Oyanagi: Harassment often stems from such rigid mindsets as "that's not how things were back in my day." Therefore, it is important to remain keenly aware of changing times and adapt accordingly, reflecting the diversification of values and work styles.

As Audit and Supervisory Committee members, we will closely monitor management to ensure they adequately understand that harassment poses not only significant legal and reputational risks to the Company, but also directly impacts the motivation and productivity of each employee, and that they are thoroughly implementing measures to prevent reoccurrence. Furthermore, we intend to advise on ensuring that the training and whistle-blowing systems are not merely perfunctory, but lead to effective, substantive initiatives.

Sato: A recent anonymous internal survey conducted shows a great deal of employee concern regarding the Company's handling of the matter, with many viewing the subject as important to its overall future. Therefore, our continued firm stance both internally and externally will serve as a crucial test. As an Audit and Supervisory Committee member, this is an area on which I intend to place particular emphasis.

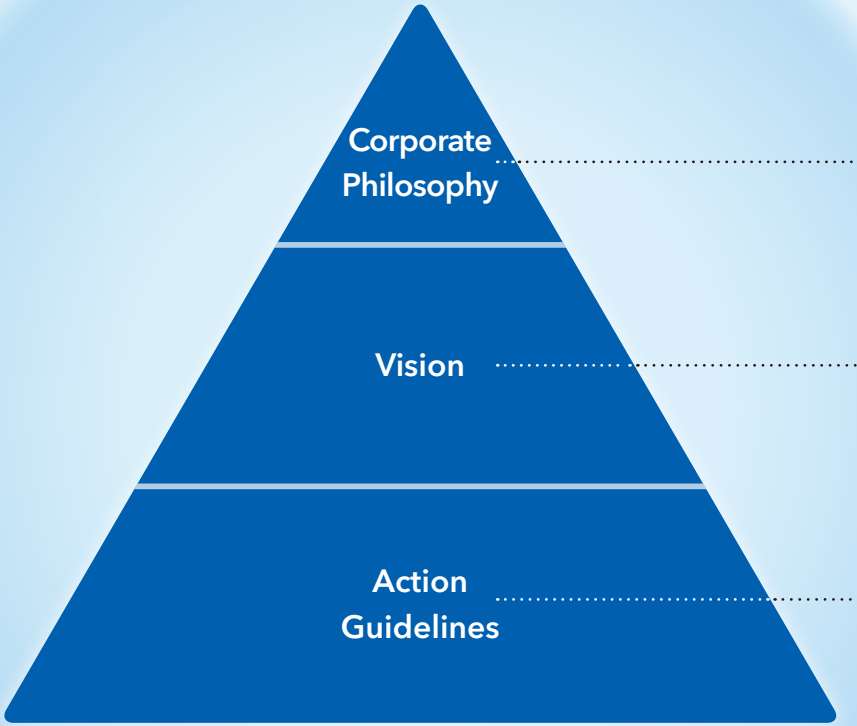
Kitsunai: Our corporate culture is somewhat outdated. While in Japan our improvement efforts have made great strides, the incident unfortunately took place overseas, where oversight from the Head Office is limited.

At this juncture, we are actively expanding into overseas markets and must thoroughly ensure that measures to prevent the reoccurrence of such an incident are implemented and do what we can to not dampen the spirits of those eager to go abroad and make their mark.

* In December 2024, an internal investigation committee was launched following the publication of articles in certain online media outlets regarding conduct resembling power harassment that occurred at the Company's subsidiary in China. Mr. Hashimoto served as chairperson with Mr. Kawamura, Mr. Sato, and Ms. Oyanagi serving as its members. The committee investigated and verified the facts, imposed disciplinary measures on the officers and employees found to have committed misconduct, and proposed measures to prevent their reoccurrence.

The Kaga Electronics Group's Corporate Philosophy

Since its founding, the Kaga Electronics Group, under the Corporate Philosophy, "Everything we do is for our customers," has engaged in rigorous dialogue with its customers and painstakingly implemented their requests. This has expanded our business domain from the EMS business (which has expanded from kitting to the processing and manufacturing of electronic components and semiconductors) to the information equipment business (which sells finished products). We will boldly strive toward realizing the goals of becoming "the Japanese industry's No. 1 corporate group" and "a competitive world-class company."



Everything we do is for our customers

Become "the Japanese industry's No. 1 corporate group" Aim to become "a competitive world-class company"

F.Y.T. (Flexibility, Young, Try)
Be Flexible and think and act Young when Trying to take on challenges

3G (General, Global, Group)
No matter the product, we will look around the world, and leverage group strengths to give customers what they need

KAGA-ism
Both a management and sales mindset as well as our attitude as a member of society

The Kaga Spirit (The Words of Isao Tsukamoto)

Personal connections are intangible assets

The Kaga Electronics Group is capable of responding quickly and accurately to changes in the business environment and customer needs to drive continuous growth. This ability stems from the personal connections, or business network, we have built up over the years based on relationships of trust with customers and suppliers. These relationships form a vital part of our management foundations in conducting business as a trading company. The idea that "personal connections are intangible assets" has been passed down over the years as one of the pillars of what we call KAGA-ism, the essence of who we are.

Never say "no"

Based on the motto "Never say 'no,'" the Kaga Electronics Group has been expanding its business domain from parts procurement to kit-parts sales and even contract production, planning and development, and maintenance services, while enhancing the lineup of products to meet customer needs. The origins of our global "one-stop service system," an enduring strength of the Company, lies in this customer-first approach.

Inventory is a liability

In our earliest days, a lack of ample working capital forced us to place each order for products after receiving an order from a customer. This gave birth to the idea that "inventory is a liability," which has evolved into a currently held principle for how we receive and place orders, a critical feature of the Company. Responding as quickly as possible to order information has enabled us to build win-win relationships with customers and suppliers.

People are a finite asset; companies are perpetual entities

The Kaga Electronics Group continues to tackle new challenges with a view that there is no end goal to corporate activities based on the philosophy that "people are a finite asset; companies are perpetual entities." Pursuing aggressive M&A activities and developing new products and services that resolve social issues are some of the initiatives we are undertaking to drive sustainable growth. We will remain committed to pushing the envelope as a Group as we head toward a century in business.

An organization driven by communication

In order to ensure our ability to quickly seize opportunities amid a changing business environment full of future uncertainty, it is important to have a corporate culture that makes maximum use of the individual capabilities of our personnel. Based on this philosophy, the Kaga Electronics Group is working to build an open workplace that encourages different ways of communication to achieve common goals.

The Timeline of the Kaga Electronics Group's Growth

1968-1980

Having started out as a handyman business based in Akihabara, Tokyo, with an office space of less than 7 m², we achieved business expansion thanks to surging electronics parts demand in the wake of rapid growth in the popularity of CB transceivers and the arcade game "Space Invaders" in the 1970s. In 1980, our net sales exceeded ¥10 billion.



1968 Established in Sotokanda, Chiyoda Ward, Tokyo

1980-2000

In 1981, our TAXAN brand monitors, developed in-house for use with Apple computers, achieved considerable sales at home and abroad. We launched our first overseas base in the United States and, in 1985, established another in the United Kingdom, significantly accelerating the pace of our overseas expansion. Moreover, in 1983, we became a supplier of mask ROMs for use in the Famicom, a mega-hit gaming console, thus making an entry into the field of game software for household gaming devices. In the 1990s, we began proactively penetrating Asian markets outside Japan, securing our first regional foothold in Hong Kong in 1992. In 1999, we launched KAGA (SHENZHEN) ELECTRONICS LTD., our first factory concurrently serving as an overseas EMS base.



1999 Established KAGA (SHENZHEN) ELECTRONICS LTD., the Group's first in-house factory

2000-2020

Entering the 2000s, we expanded our overseas network of EMS production bases, which had previously been centered in China, establishing facilities in Malaysia, Thailand, the Czech Republic, Indonesia, Mexico, Vietnam, Turkey, and India. In Thailand, we eventually built two bases. At the same time, the number of our bases in China grew to four. During the course of these endeavors, our net sales exceeded ¥100 billion in 2000 and ¥250 billion in 2005.



2017 Established TAXAN MEXICO S.A. DE C.V. in Mexico

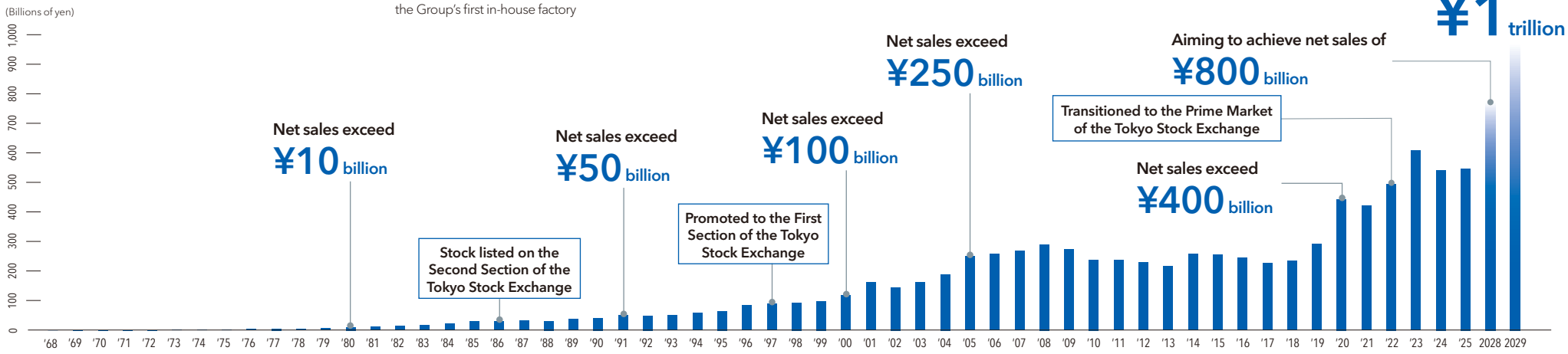
2020-

We executed a rapid series of M&As, with KAGA FEI Co., Ltd., KAGA EMS TOWADA CO., LTD., EXCEL CO., LTD. and Kyokuto Electric Co., Ltd. made into Group companies. Having pursued M&As over the past several years, we have now entered a second growth phase and are aiming for net sales of ¥800 billion in FY2027 on the road to net sales of ¥1 trillion in FY2028, the 60th anniversary of our founding.



Aiming to surpass net sales of ¥1 trillion

Net sales



Value Creation Process

Guided by its corporate philosophy of "Everything we do is for our customers," the Kaga Electronics Group has achieved growth by exercising a venturesome spirit that leads it to seek opportunities emerging from changes in society.

Under Medium-Term Management Plan 2027, the Group is currently pursuing quantitative growth via the electronics trading company business while expanding its EMS business, which aims to contribute to qualitative growth in profit. Through these two endeavors, the Group strives to raise its net sales to ¥1 trillion and become a competitive world-class company. This is how we deliver greater environmental and social value via our business operations.

Everything we do is for our customers

Materiality

- E: Create a clean global Environment
- S: Create an inclusive company as well as an affluent society
- G: Create a sustainable management foundations
- B: Realize sustainable business growth

Medium- to Long-Term Sustainability Management Plan

Medium-Term Management Plan 2027 (FY2025-FY2027)

"Enhancing corporate value through management focused on profitability and capital efficiency"

- Further enhance our earnings power
- Improve our management foundations
- Promote SDG-oriented management

Aim to become "a competitive world-class company"
Become "the Japanese industry's No. 1 corporate group"

Building on the growth of existing businesses, achieve earnings growth through the creation and acquisition of new businesses along with M&A and partnership expansion

Net sales of ¥800 billion or higher

Earnings growth driven by the expansion and growth of core businesses

Net sales of ¥700 billion or higher

Expand the trading company business to drive further growth in the EMS business

Increased sales: Expansion of trading company business

Increased profit ratio: Enhancement of value delivered through the EMS business

Distribute value to stakeholders

Suppliers	Total value of products procured	¥438.2 billion
Employees	Total wages and bonuses paid	¥20.7 billion
Shareholders	Total dividends paid	¥5.7 billion
Creditors	Total interest paid	¥0.7 billion
Government and administrative agencies	Total corporate taxes paid	¥6.9 billion

Non-financial capital

M&As and other business activities, are strengthening non-financial capital and propelling our basic strategy forward

Social capital	Human capital	Manufacturing capital	Intellectual capital
Customers: 10,700 companies	Group employees: 8,560	Our own manufacturing sites: 21 worldwide	Technical staff: 1,718

Financial capital

Secure stable management foundations

ROE	Net D/E ratio	Equity ratio
10.8%	-0.28	54.4%

Cost of shareholders' equity around 9.4%

Strengthen non-financial capital

60th anniversary of our founding (FY2028)

Net sales ¥1 trillion

Aim to become "a competitive world-class company"

Deliver greater environmental and social value

SUSTAINABLE DEVELOPMENT GOALS

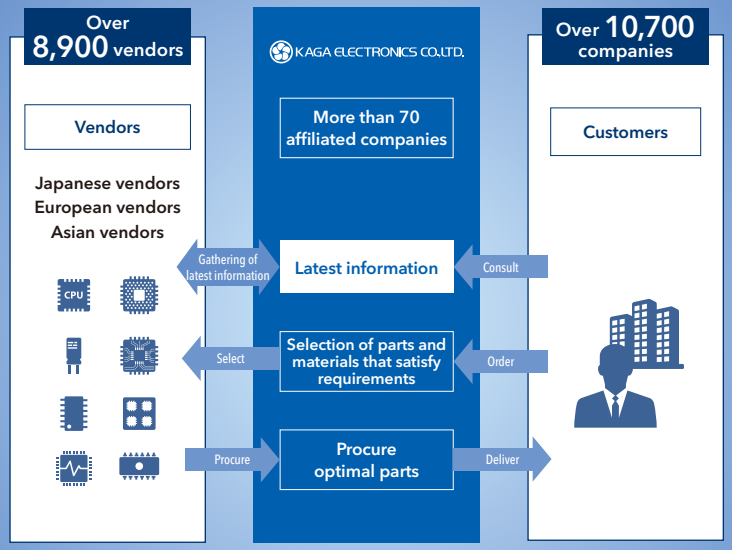
The Kaga Electronics Group's Business Model

Our trading company business leverages our expertise as an independent general electronics trading company, with a business foundation built on relationships with more than 8,000 vendors serving domestic and international markets and a customer base comprising over 10,000 companies. Growth in this business is sustained not only through parts procurement but also through collaboration with our EMS business, which handles the contract production of semi-finished and finished products, as well as by our ability to provide one-stop services covering sales through after-sales support across the entire Group.

Trading company business

We leverage our strengths as an independent trading company with no restrictions on the products we handle to connect our customers with suppliers around the world and provide them with the best products in the best form.

01 Extensive points of contact with customers and suppliers



02 Outstanding adaptability

Advantages of an independent general electronics trading company

Procurement capabilities that can be furnished only by an independent trading company backed by hard-earned trust and know-how accumulated over the course of more than 50 years

Global network capability

Information gathering capability that enables us to stay ahead of the changing times thanks to the various functions of Group companies in a diverse range of fields

Technical support structure

A rock-solid, trustworthy support structure afforded by a team of seasoned engineers

EMS business

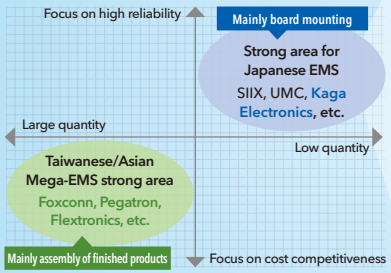
With high reliability and high-mix, low-volume production as our strengths, we develop our business through local production for local consumption by our nearby customers

01 One-stop solution capability

Leveraging the procurement strength unique to an electronic components trading company, **the Kaga Electronics Group's comprehensive strengths enable it to provide one-stop services** covering sales through after-sales support

02 "Convenience store-type" EMS

Japanese EMS vs Taiwanese/Asian EMS



Convenience store-type EMS vs GMS type-EMS

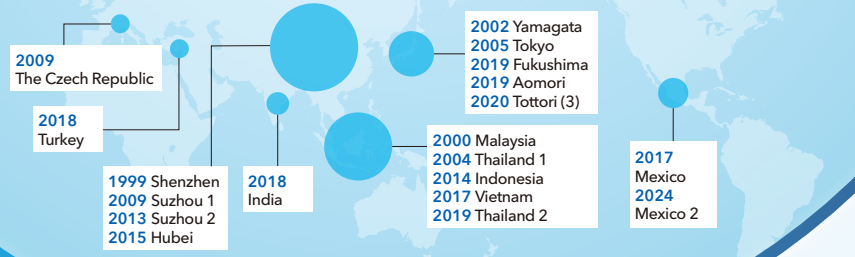
Kaga Electronics
- Small initial investment (Leased land and buildings, standardized interiors)
- High-mix, low-volume production
- Local production, local consumption model (procurement, manufacturing and logistics)

VS

Major Japanese EMS competitor
- Large amount of investment
- Large volume of production
- Export-centered model

03 Global network

Meeting customer needs in a swift and flexible manner by taking full advantage of our global EMS production system, which encompasses 21 bases in 10 countries



Directors and Audit and Supervisory Committee Members

As of June 26, 2025

Directors



Isao Tsukamoto

Representative Director, Founder & CEO

1968 Founded KAGA ELECTRONICS CO., LTD. (private management)
1968 Established KAGA ELECTRONICS CO., LTD., President
2007 Founder & CEO
2022 Representative Director, Chairman Founder & CEO
2023 Representative Director, Founder & CEO

Significant positions concurrently held
2021 Outside Board Director, ITbook Co., Ltd. (Currently SAAF Holdings Co., Ltd.) (to present)
2024 Outside Board Director, Solekia Limited (to present)



Ryoichi Kado

Representative Director, President & COO

1980 Joined KAGA ELECTRONICS CO., LTD.
1991 General Manager of Sales Department, Sales Headquarters
1995 General Manager of East Japan Sales Department, High Tech Business Division
1995 Director
2002 Managing Director
2005 Senior Managing Director, Chief of Specific Industry Sales Headquarters
2012 Vice President
2014 President & COO
2022 Representative Director, President & COO
2023 Representative Director, President & COO



Takeshi Tsukamoto

Director, Senior Executive Officer

1987 Joined KAGA ELECTRONICS CO., LTD.
2005 Representative Director, President of KAGA (H.K.) ELECTRONICS LIMITED
2010 General Manager of EMS Sales Department, Overseas Business Division
2012 Managing Director of KAGA HIGHTECH CO., LTD.
2015 General Manager of Corporate Strategy Office
2016 Executive Officer, General Manager of Corporate Strategy Office
2019 Executive Officer, Director and Senior Managing Executive Officer of Fujitsu Electronics Inc. (currently KAGA FEI Co., Ltd.)
2023 Senior Executive Officer, Representative Director, President of KAGA FEI Co., Ltd.
2025 Director, Senior Executive Officer, Representative Director, President of KAGA FEI Co., Ltd.



Yasuhiro Ishihara

Director, Senior Executive Officer

1987 Joined KAGA ELECTRONICS CO., LTD.
2012 General Manager, Finance Department, Administration Headquarters
2012 Director of KAGA HIGHTECH CO., LTD.
2015 General Manager, Finance Department, Administration Headquarters
2018 Executive Officer, General Manager of Finance Department, Administration Headquarters
2019 Executive Officer, Director and Managing Executive Officer of Fujitsu Electronics Inc. (currently KAGA FEI Co., Ltd.)
2021 Executive Officer, General Manager of Finance Department, Deputy Head of Administration Headquarters
2022 Executive Officer, Deputy Head of Administration Headquarters
2023 Senior Executive Officer, Head of Administration Headquarters
2025 Director, Senior Executive Officer, Head of Administration Headquarters



Hitoshi Koujitani

Director, Senior Executive Officer

1992 Joined KAGA ELECTRONICS CO., LTD.
2012 General Manager of Special Sales Department No.4, Special Sales Division
2013 General Manager of Special Sales Department No.2, Special Sales Division
2019 General Manager of Corporate Strategy Office
2020 Executive Officer, General Manager of Corporate Strategy Office
2024 Executive Officer, General Manager of Corporate Strategy Office, General Manager of Sales Strategy Office
2025 Executive Officer, General Manager of Corporate Strategy Office
2025 Director, Executive Officer General Manager of Corporate Strategy Office



Susumu Miyoshi

Outside Director

1963 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
2001 Executive Vice President and Representative Director
2002 President of Osaka Toyopet Co., Ltd. (currently Osaka Toyota Motor Co., Ltd.)
2005 Advisor to Toyota Motor Corporation Chairman of Osaka Toyopet Co., Ltd.
2015 Outside Director of the Company



Noritomo Hashimoto

Outside Director

1977 Joined Mitsubishi Electric Corporation
2009 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, in charge of General Affairs, Human Resources and Public Relations
2012 Director, Member of the Nomination Committee, Senior Vice President, in charge of Corporate Strategic Planning and Operations of Associated Companies
2016 Director
2016 Advisor
2019 Outside Director of the Company

Significant positions concurrently held
2021 Outside Director of Ibokin Corp. (to present)
2024 Outside Director of Susumu Holdings Corporation (to present)
2024 Outside Director of Susumu Co., Ltd. (to present)



Mamoru Yoshida

Outside Director

1979 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
2012 Managing Executive Officer, Panasonic Corporation, President, AVC Networks Company
2013 Managing Director, in charge of Technology, Intellectual Property, and Information Systems, Panasonic Corporation
2015 Managing Director, Senior Vice President of Appliances Company, President of Air-Conditioner Company, in charge of TV Business, Panasonic Corporation
2016 Senior Audit & Supervisory Board Member, Panasonic Corporation
2024 Outside Director of the Company

Significant positions concurrently held
2022 Outside Director, Nuvoton Technology Corporation Japan (to present)

Directors and Audit and Supervisory Committee Members As of June 26, 2025

Directors, Audit and Supervisory Committee Members



Eiji Kawamura

Director, Audit and Supervisory Committee Member (full-time)

1979 Joined KAGA ELECTRONICS CO., LTD.
1985 President of TAXAN (UK) LTD.
1993 General Manager of Overseas Sales Department, Sales Headquarters No. 2
2005 Executive Officer, General Manager of Accounting Division and General Manager of Information Systems Department
2012 Executive Officer Chief of Administration Headquarters
2012 Director, Chief of Administration Headquarters and General Manager of Accounting Division
2015 Managing Director, Head of Administration Headquarters
2022 Director, Managing Executive Officer Head of Administration Headquarters
2023 Auditor (full-time)
2025 Director, Audit and Supervisory Committee Member (full-time)



Susumu Kitsunai

Outside Director, Audit and Supervisory Committee Member

1997 Joined Tokyo Office of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
2001 Registered as Certified Public Accountant
2002 Opened Kitsunai Certified Public Accountant Office as Representative (to present)
2004 Established Asia Alliance Partner Co., Ltd. as Representative Director (to present)
2018 Auditor of KAGA ELECTRONICS CO., LTD.
2025 Outside Director of KAGA ELECTRONICS CO., LTD. (Audit and Supervisory Committee Member)

Significant positions concurrently held
2002 Representative of Kitsunai Certified Public Accountant Office (to present)
2004 Representative Director of Asia Alliance Partner Co., Ltd. (to present)
2022 Outside Director of Agent Insurance Group, Inc. (to present)



Yoichi Sato

Outside Director, Audit and Supervisory Committee Member

1977 Assistant Judge at Tokyo District Court
1989 Judge at Tokyo District Court
1996 Judge at Tokyo High Court
2016 Admitted to the bar, Joined Alpha Partners Law Offices (to present)
2018 Auditor of KAGA ELECTRONICS CO., LTD.
2025 Outside Director of KAGA ELECTRONICS CO., LTD. (Audit and Supervisory Committee Member)

Significant positions concurrently held
2016 Lawyer of Alpha Partners Law Offices (Of-Counsel) (to present)
2021 Auditor of Bouygues Asia K.K. (to present)



Kyoko Oyanagi

Outside Director, Audit and Supervisory Committee Member

2002 Joined Sanken Outsourcing K.K.
2004 Joined Sugata Labor Management Office (currently Sakura Management Office)
2005 Registered as a labor and social security attorney
2006 Executive Director, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association)
2016 Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office (to present)
2023 Auditor of KAGA ELECTRONICS CO., LTD.
2025 Outside Director of KAGA ELECTRONICS CO., LTD. (Audit and Supervisory Committee Member)

Significant positions concurrently held
2016 Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office (to present)
2020 Chairperson, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association) (to present)

Executive Officers

Founder & CEO	**Isao Tsukamoto**	
President & COO	**Ryoichi Kado**	
Managing Executive Officers	**Motonori Toshinari**	
	Mitsuhiro Nohara	
Senior Executive Officers	**Mitsuhito Ikeda**	President of EXCEL CO., LTD.
	Takeshi Tsukamoto	Representative Director, President of KAGA FEI Co., Ltd.
	Yasuhiro Ishihara	Head of Administration Headquarters
	Hitoshi Koujitani	General Manager of Corporate Strategy Office

Executive Officers	**Shoji Seki**	Senior Managing Director of KAGA SOLUTION NETWORK CO., LTD.
	Hiroki Suzuki	President of Digital Media Lab., Inc.
	Hiroaki Maruyama	Director, Managing Executive Officer of KAGA FEI Co., Ltd.
	Hironaga Nagasaka	Director, Managing Executive Officer of EXCEL CO., LTD.
	Takahiro Urazawa	Representative Director, President of KAGA SPORTS CO., LTD.
	Katsutoshi Suzuki	Representative Director, President of KAGA DEVICES CO., LTD.
	Satoshi Eguchi	Representative Director, President of KAGA MICRO SOLUTION CO., LTD.
	Mitsuhiro Kumabe	Representative Director, President of KAGA SOLUTION NETWORK CO., LTD.
	Kenji Shimazaki	Managing Director of KAGA SOLUTION NETWORK CO., LTD.
	Zhen Zhou Zhu	Division Director of EMS Business Division and President of KAGA (SHANGHAI) ELECTRONICS CO., LTD.
	Norio Takekuma	Supervisor of ASEAN Headquarters and Chairperson of KAGA ELECTRONICS (THAILAND) CO., LTD.
	Takayuki Tsurumi	Supervisor for Europe and the Americas President of TAXAN MEXICO S.A. DE C.V.

Greetings from the Newly Appointed Directors: Renewed Commitment



Fostering the further growth of the Kaga Electronics Group's largest company and contributing to the Group's expansion

Takeshi Tsukamoto
Director, Senior Executive Officer

As a Senior Executive Officer, I have had the privilege of attending the Management Meeting and other such gatherings, in the process gaining a better understanding of the Group's overall direction and developing a sense of the path it should be taking. Upon becoming a director, however, I feel the weight of that responsibility has grown significantly.

Furthermore, I intend to stay in my role as President of KAGA FEI, which boasts the highest sales and profits among the Group's companies. In said capacity, I will work to ensure continued solid operations while spearheading the overseas business and will strive to further enhance KAGA FEI's value within the Group. Possessing the technical skills to handle design and development, and leveraging the Company's strength in conducting business directly with regional overseas customers, I aim to build a foundation for the Group's further expansion.

I hope to enhance our value by meeting the expectations of our customers who believe that joining the Kaga Electronics Group means expanding sales channels while allowing them to feel free to ask for help whenever they are in trouble.

Going forward, now that I will be in a position to oversee the entire Group as a director, I intend to proactively share my opinions so that I can contribute to the Group's overall expansion.



Leveraging the expertise cultivated through the Group's future expansion

Yasuhiro Ishihara
Director, Senior Executive Officer

Having worked in the fields of accounting and finance since my twenties, I consider my expertise in these areas to be my greatest asset. I see my role as analyzing management metrics and translating them into actionable insights for future management, so as to ensure that frontline salespeople understand these key indicators.

Throughout my thirties, I was tasked with managing business divisions and subsidiaries, among which was the information equipment business, where I gained experience in business improvements and reforms using IT. I feel that this particular experience and the attendant skillset I developed can be leveraged for the good of the Group.

To date, I've been seconded to subsidiaries four times. Three of those assignments involved launching new businesses or managing subsidiaries that had recently joined the Group. I devoted much of my effort to their integration, helping them adopt more efficient management to ensure their ability to contribute to the Group. The final of the four assignments focused on bringing a subsidiary stuck in the red back into the black.

Going forward, I intend to leverage the expertise I have cultivated to support post-merger integration (PMI) during future Group expansion through M&As, as well as to revitalize organizations and enhance management efficiency.



Remaining grateful for every day and staying humble

Hitoshi Koujitani
Director, Senior Executive Officer

Despite being appointed as a director, I don't consider myself to possess any advanced skills. I believe I'm still inexperienced in many areas and need to rely on the support of others.

Moving forward, my ability to respect and leverage my network of connections, both within and outside the Company, will be put to the test. My mission as a director is to absorb the diverse insights of various people regardless of their connection with the Company and adequately convey this information to our employees.

Making sure to thank those around me when things go well and reflecting on and taking responsibility for my mistakes to ensure they aren't repeated—these are aspects of humanity that I intend to uphold, remaining grateful for every day and staying humble, no matter what.

I also feel that in the face of differing opinions or issues that must be corrected, it is my duty as a director to stand firm and express my thoughts on the matter at hand.

Corporate Governance

Basic approach and structure of corporate governance

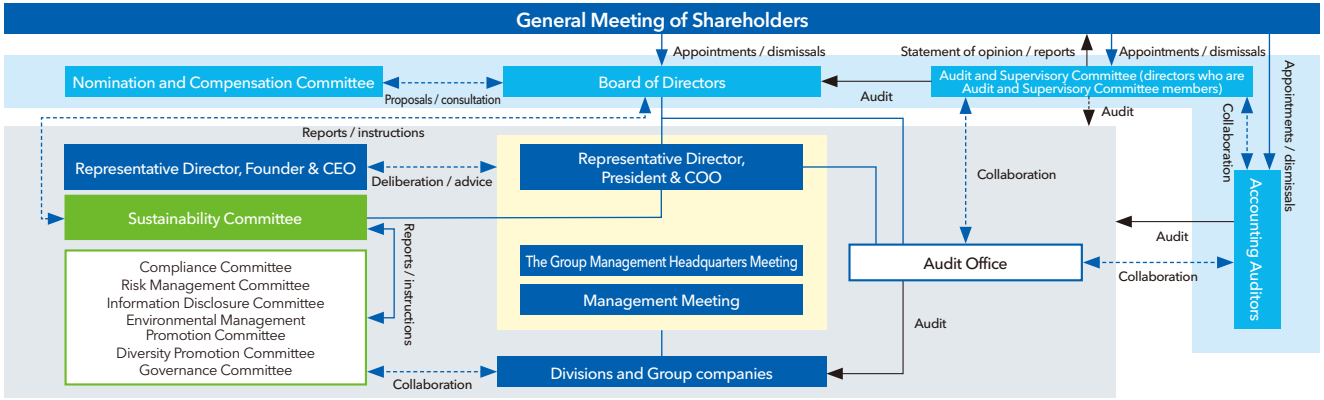
KAGA ELECTRONICS recognizes that enhancing corporate governance is a key management issue. The Company is therefore building a corporate governance system with the fundamental policies and aims of ensuring total compliance with corporate ethics, laws, and regulations, reinforcing internal control systems, and securing the soundness, efficiency, and transparency of business operations to improve its corporate value. Moreover, in light of the importance of corporate governance, the Company maintains the Sustainability Committee and the Nomination and Compensation Committee, thereby strengthening its corporate governance structure.

The Company has adopted an executive officer system that is both employment- and delegation-based. In addition, in order to enhance corporate governance, we made the transition from a company with a corporate auditor system to a Company with an Audit and Supervisory Committee following the conclusion of the 57th General Meeting of Shareholders on June 26, 2025. The adoption of a corporate governance structure consisting of the Board of Directors, the Nomination and Compensation Committee, the Audit and Supervisory Committee, and cooperation with the Accounting Auditor promotes a distinction between management decision-making and oversight functions and business execution functions. By clarifying respective roles and functions, we aim to strengthen the Board of Directors and business execution functions while establishing a structure capable of responding swiftly to changes in the external environment.

In principle, the Board of Directors meets once a month and holds extraordinary meetings on a flexible basis. The Board of Directors makes decisions on important matters related to management as well as items stipulated by laws and regulations, and it supervises the execution of duties by directors.

The Board of Directors comprises 12 members (including six outside directors), establishing a structure that enables thorough discussion and precise, prompt decision-making. The Audit and Supervisory Committee comprises four directors serving as Audit and Supervisory Committee members (three of whom are outside directors). These committee members actively participate not only in Board meetings but also in key internal meetings as part of their duties.

Corporate Governance Organizational Diagram



Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Audit and Supervisory Committee members, three of whom are outside directors. In principle, this committee meets once a month and convenes as needed.

Nomination and Compensation Committee

The Company has established a Nomination and Compensation Committee as a voluntary body to secure the transparency and objectivity of its process for nominating candidates for directors and Audit and Supervisory Committee members, evaluating their performance, and determining remuneration for these individuals. The Nomination and Compensation Committee consists of at least three directors selected by the Board of Directors, a majority of whom shall be independent outside directors, and the chairperson of the committee shall be selected from the independent outside directors.

Sustainability Committee

The Sustainability Committee is chaired by the Representative Director, President & COO. Subordinate to this committee, the Company has established the Compliance Committee, Risk Management Committee, Information Disclosure Committee, Environmental Management Promotion Committee, Diversity Promotion Committee, and Governance Committee. These organizations work to ensure appropriate decision-making and execution of business operations throughout the Group while formulating policies, measures, and targets for ESG issues and monitoring related progress.

Audit Office

The Company established an Audit Office under the direct authority of the Representative Director, President & COO. The Audit Office works in collaboration with the Administration Headquarters, etc., conducting audits to assess the appropriateness of business activities undertaken by Group companies and other entities, monitor the status of management resources they use, and confirm that they are in compliance with laws and regulations, the Articles of Incorporation, and other internal rules. Moreover, pursuant to the Financial Instruments and Exchange Act, the Audit Office conducts evaluations of internal control systems.

Corporate Governance

Outside officers

The Company has appointed six outside directors, three of whom serve as Audit and Supervisory Committee members. Based on the Tokyo Stock Exchange standards on independence, we appoint outside officers who do not have any special interests in the Company and who have extensive experience and broad powers of judgment in corporate management. The directors who serve as Audit and Supervisory Committee members are also required to have highly specialized knowledge and maintain independence from management executives.

The Company has established a staff office for the Board of Directors that distributes materials related to matters for deliberation by the Board to all officers, including outside officers, ahead of each meeting day. The staff office provides supplementary explanations to the outside officers when needed to ensure that adequate information is imparted in advance. This helps support lively debate at Board of Directors meetings. By the end of each fiscal year, the staff office sets the schedule for the regular Board of Directors meetings for the following fiscal year and notifies all officers, including outside officers, of this schedule in order to improve attendance.

Attendance at Board of Directors Meetings for the fiscal year ended March 31, 2025

Name		Position and assignment at the Company (As of March 31, 2025)	Status of attendance at Board of Directors meetings		Committee membership		
			Attendance (times)	Attendance rate (%)	Nomination and Compensation Committee	Sustainability Committee	Board of Auditors
Isao Tsukamoto		Representative Director, Founder & CEO	17/17	100.0	● 6/6 (100%)*3	–	–
Ryoichi Kado		Representative Director, President & COO	17/17	100.0	● 6/6 (100%)*3	● 2/2 (100%)*3	–
Shintaro Kakei*1		Director, Senior Managing Executive Officer	17/17	100.0	–	● 2/2 (100%)*3	–
Susumu Miyoshi	Outside Independent	Outside Director	17/17	100.0	● 6/6 (100%)*3	–	–
Noritomo Hashimoto	Outside Independent	Outside Director	17/17	100.0	● 6/6 (100%)*3	–	–
Mamoru Yoshida*2	Outside Independent	Outside Director	13/13	100.0	● 6/6 (100%)*3	–	–
Eiji Kawamura		Full-time Auditor	17/17	100.0	–	–	● 16/16 (100%)*3
Susumu Kitsunai	Outside Independent	Outside Auditor	17/17	100.0	–	–	● 15/16 (94%)*3
Yoichi Sato	Outside Independent	Outside Auditor	17/17	100.0	–	–	● 16/16 (100%)*3
Kyoko Oyanagi	Outside Independent	Outside Auditor	17/17	100.0	–	–	● 16/16 (100%)*3

Outside : Outside directors and outside auditors member　Independent : Independent directors as defined by the rules of the Tokyo Stock Exchange　● : Committee chair　● : Committee

*1 Shintaro Kakei retired from the position of Director and Senior Managing Executive Officer at the conclusion of the 57th General Meeting of Shareholders held on June 26, 2025.
*2 Mamoru Yoshida attended all 13 board meetings held during the current fiscal year since assuming his position as director on June 26, 2024.
*3 Number of committee meetings attended (attendance rate)

Corporate Governance

Areas of specialty of Directors for the fiscal year ended March 31, 2026

	Name		Corporate management	Global business	Sales and marketing	Law, risk management, and compliance	Finance and accounting	Personnel management and human resource development	Technology and manufacturing	IT and digital technology
Directors	Isao Tsukamoto		●	●	●		●			
	Ryoichi Kado		●	●	●			●		
	Takeshi Tsukamoto		●	●	●				●	
	Yasuhiro Ishihara					●	●	●		●
	Hitoshi Koujitani		●		●					●
	Susumu Miyoshi	Outside Independent	●		●	●	●			
	Noritomo Hashimoto	Outside Independent	●			●		●	●	
	Mamoru Yoshida	Outside Independent	●	●					●	●
Directors, Audit and Supervisory Committee members	Eiji Kawamura			●			●	●		●
	Susumu Kitsunai	Outside Independent	●	●			●			
	Yoichi Sato	Outside Independent				●		●		
	Kyoko Oyanagi	Outside Independent	●			●		●		

*1 Up to four skill categories are presented per individual in line with the Company's expectations regarding their contributions in their respective areas of specialty. The above matrix does not fully describe the expertise possessed by each individual.
*2 Upon resolution at the 57th General Meeting of Shareholders held on June 26, 2025, the Company transitioned to a Company with an Audit and Supervisory Committee.

Remuneration system for officers

The Company's basic policy regarding remuneration for its directors is to structure a remuneration system that is linked with shareholder interests and that robustly incentivizes these individuals to strive for ongoing improvement in corporate value, with the aim of securing and retaining excellent human resources capable of practicing and realizing its corporate philosophy. To this end, the Company strives to set remuneration for each director at a level commensurate with their assigned responsibilities. Specifically, remuneration for executive directors comprises basic fixed remuneration, performance-linked remuneration, and share-based remuneration. Remuneration for outside directors and directors serving as Audit and Supervisory Committee members, who are tasked solely with exercising supervisory functions, consists only of basic remuneration due to the nature of their duties.

The Company has also made it a rule to ensure that procedures for determining remuneration for directors are rational, objective, and transparent as is the content of such remuneration itself.

Total amount of remuneration for the year ended March 31, 2025

	Total remuneration, etc. (millions of yen)	Number of recipients
Directors (Of which, outside directors)	707 (28)	6 (3)
Auditors (Of which, outside auditors)	36 (15)	4 (3)

Corporate Governance

Evaluating the effectiveness of the Board of Directors

Outside directors with ample management experience and international perspectives engage in lively discussions at each meeting of the Board of Directors, asking questions and offering advice from a variety of perspectives regarding the execution of executive officers' duties. They also endeavor to obtain necessary information on important legal amendments and trends in corporate governance as appropriate. In addition, each director is subject to mutual checks and balances, principally through the free and vigorous exchange of opinions among the members.

Furthermore, once a year, all directors are asked to participate in a self-assessment survey on the effectiveness of the Board of Directors (i.e., its composition, operation, functions, provision of information to outside directors, governance structure, etc.). The results are then analyzed and evaluated.

The results of fiscal 2024's evaluation indicate that the effectiveness of the Board of Directors as a whole has been maintained at an appropriate level.

Main agenda items at Board meetings

In fiscal 2024, the Board of Directors has specifically deliberated on the following matters in accordance with the Board of Directors Rules: statutory items; the approval of budgets and the settlement of accounts; the determination of management policies, strategies, and plans; M&A projects; a review of the executive structure; and matters related to the transition to a Company with an Audit and Supervisory Committee. Also, this committee receives reports from each business division on the status of activities and medium- and long-term plans.

Major deliberations by the Board of Directors in FY2024

Corporate Strategy Sustainability Governance	Medium-Term Management Plans	Report on the progress and results of Medium-Term Management Plan 2024 and the formulation of Medium-Term Management Plan 2027
	Sustainability	Activity reports from the Sustainability Committee and its various subcommittees and revision of the Environmental Policy
	Directors and Officers	Personnel changes involving directors and auditors (including at Group companies), compensation, liability limitation agreement with outside auditors, Directors and Officers Liability Insurance
	Governance	The transition to a Company with an Audit and Supervisory Committee and board effectiveness assessments
	Human Resources	Performance-linked bonuses and penalties, a report on the results of the engagement survey, revisions to the retirement benefit system and the qualification age limit system, the promotion of senior (older) employees, a revision of overseas allowances and rewards, and punishments
	Systems and DX	Response to generative AI and cyberattack countermeasures
Audit & Internal Control Risk Management, Finance & Accounting Compliance	Audits	The internal audit annual activity report, the internal audit plan, and external audit fees
	Internal Control	The effectiveness of judgment in internal control, internal control report
	Risk Management	Violations of laws, reporting of impropriety, credit management
	Finance & Accounting	Matters related to financial statements, budgets, borrowing limits, dividends of surplus, financial investment, cash flow, stock splits
	Compliance	Revised statement of authority, the establishment of a committee investigating improper conduct
	Litigation and Arbitration	Litigation expenses

Internal Control / Compliance

Basic approach to internal control systems

The Kaga Electronics Group is aware that enhancing corporate governance is an important management issue. Our fundamental policy is ensuring compliance with corporate ethics and laws and regulations and reinforcing internal control systems while maintaining the soundness, efficiency and transparency of management and raising corporate value.

Accordingly, the Company has established Rules on Officers for directors and Board of Directors Rules for the Board as a whole. These rules ensure the proper execution of duties, and directors mutually supervise the status of business execution via regular and extraordinary meetings of the Board of Directors. The Company has also established Organization Rules, Rules on the Allocation of Work Duties, Rules on Work Authority, and Rules on Internal Approval to clarify the scope of authority of each director and ensure that their mutual supervision is effective. Also, the Company maintains an Audit and Supervisory Committee, and each committee member, including outside directors serving as Audit and Supervisory Committee members, conducts detailed audits of the execution of duties by directors.

In addition, the Company has formulated the Basic Compliance Rules, which serve as a code of conduct to ensure compliance with laws and regulations and the Articles of Incorporation as a means of enabling the proper execution of duties by employees of the Company and Group companies. The Company's Compliance Committee, set up under the umbrella of the Sustainability Committee, enforces these rules. In this way, the Company has secured a structure to ensure the appropriate execution of business throughout the Group.

Moreover, the Audit Office, operating under the direct authority of the Representative Director, President & COO, works in collaboration with such departments as the Administration Headquarters to monitor the status of compliance with laws and regulations, the Articles of Incorporation, and other internal rules. Furthermore, the Company has established an internal reporting (whistleblowing) system that enables Company or Group employees to directly and anonymously report conduct in violation of laws and regulations or the Articles of Incorporation to the Representative Director, Founder & CEO, Representative Director, President & COO, Audit and Supervisory Committee members, the Sustainability Committee, or the Sexual Harassment Investigation and Countermeasures Committee.

Risk management system

Potential risks that the Group faces include those related to economic conditions, exchange rate fluctuations, geographical location, purchases, in-house products, legal regulation, markets, major litigation, personal information, M&A, trade compliance, indemnification, human resources and labor affairs, group governance, and cybersecurity. As part of efforts to create the needed appropriate systems to manage every risk the Group may face, the Company has tasked designated divisions with handling specific risks while appointing risk control officers and managers tasked with spearheading risk countermeasures undertaken by such division.

Should any of the above risks occur, the respective departments will immediately take necessary and appropriate measures to minimize the incurrence of damage under the direction and supervision of the risk control officers and managers.

In addition, by establishing the Risk Management Committee as a direct subordinate body of the Sustainability Committee, we have put in place a system for taking prompt and appropriate action to address foreseeable risks in the Group.

Ensuring appropriate operations at Group companies

The Company has established the Rules on the Management of Group Companies to ensure appropriate business operations at group companies and executes controls based on these rules. In addition, it is required that any coordination among Group companies as well as any actions taken on important matters are discussed by the Company's Management Meeting and Board of Directors before decisions are made.

The Audit Office conducts audits in collaboration with the Administration Headquarters and other business units to ensure that business activities undertaken by Group companies meet unified standards and to confirm the appropriateness and compliance of their operations with laws and regulations as well as the Articles of Incorporation. The Office also provides guidance for improvements in business activities.

Furthermore, Group companies submit the minutes from all Board of Directors meetings to the Company and make monthly reports on business activities, the status of budget implementation, and important matters relating to ensuring the appropriateness of business activities.

Efforts toward the elimination of antisocial forces

The basic position of the Kaga Electronics Group is to maintain no relationships whatsoever with antisocial forces that threaten social order and safety and to remain resolute in its refusal of all improper demands from antisocial forces as set forth in its Fundamental Compliance Rules and Employment Rules.

In cases where the Company is subject to improper demands from antisocial forces, the General Affairs Department and Sustainability Committee work together, acting in collaboration with crisis management advisors and corporate attorneys on an as necessary basis to ensure proper and organized responses to such incidents. The Company also holds regular discussions with its corporate attorneys, meets with police departments and other external specialized organizations, and participates in training and other activities to gather relevant information on antisocial forces.

Human Capital-Related Initiatives

Building a Better Company and Organization by Clarifying the Gap between Our Present and Our Desired Future

Ken Ishizaki
General Manager, Administration Headquarters Personnel Department



Conducting Our First Employee Engagement Survey

In October 2024, the Company conducted its first employee engagement survey, believing that investment in human capital and engagement surveys are inextricably linked. An online survey was administered to 792 employees of Kaga Electronics, yielding an 86.2% response rate. According to a comparison with a benchmark company employee database, the results placed us among the top 15% to 30% with a standard deviation score of 55.8.

The survey comprised 11 categories: one through five dealt with employee job satisfaction, six measured trust in management, seven addressed the reliability and stability of management and the Personnel Department, and eight through eleven concerned the Company's fundamental stance on the environment and SDGs.

Among the items covered, our employee benefits are especially well-received, ranking in the top 10% of the deviation index, those covered by the average (standard) questions, happiness at work, employee autonomy, management dependability, satisfaction with human resource and labor practices, our work environment, and diversity are ranked within the top 10% to 30%. Our scores in such areas as self-efficacy, customer approach, human resource development, our organizational culture, and regional and social contributions show potential for future improvement.

These results indicate that the Company's widespread adoption of KAGA-ism has resulted in a large number of employees capable of taking the initiative. In terms of employee compensation, 12 consecutive years of the Company upholding a policy of distributing year-end bonuses based on the principle of "sharing the wealth" has boosted satisfaction. In addition, the Company offers comprehensive welfare benefits, including club activity support, Company-owned recreational facilities, and cruisers. Furthermore, we provide a variety of training programs and diverse leave systems to foster a comfortable working environment and are making concerted ongoing efforts to enhance working conditions for women—efforts that are well-received.

In terms of work environment, our promotion of work-style reforms that make it easier to take vacations and leave work on time have been highly rated, indicating that the reforms we have been advancing are becoming deeply ingrained within the Company. Furthermore, we believe that openly sharing company information, including financial results, with employees has fostered

Employee Engagement Survey Results Summary

No.	Category	Deviation score	DI*
Average (Standard questions)		**55.8**	**57.4**
Happiness at work		57.2	53.8
1	Self-efficacy	52.2	51.4
2	Employee autonomy	59.8	73.9
3	Customer approach	52.1	61.1
4	Human resource development	52.2	32.1
5	Organizational culture	54.7	64.0
6	Management dependability	56.7	67.6
7	Satisfaction with HR and labor practices	57.1	45.5
8	Employee benefits	62.9	73.1
9	Work environment	59.7	66.1
10	Diversity	56.5	46.9
11	Regional and social contribution	47.5	23.9

* Deviation index: Response value calculated by subtracting negative responses from positive responses. In addition to deviation scores, we utilize numerical data for each question to extract insights for future Company strategies.

Items ranking within the top 10% of deviation scores (Excellent figures)

Employee benefits

Items ranking within the top 10%–30% of deviation scores (Positive figures)

Average (Standard questions) / Happiness at work / Employee autonomy / Management dependability / Satisfaction with HR and labor practices / Work environment / Diversity

Items ranking within the top 30%–70% of deviation scores (Not bad, but room for improvement)

Self-efficacy / Customer approach / Human resource development / Organizational culture / Regional and social contribution

greater trust in management.

On the other hand, when looking at self-efficacy, because trading companies do not have products of their own, they face challenges in fostering a corporate culture and organizational structure that provides a sense of meaning and boosts pride in one's work. Furthermore, as diversity is also highly valued, improvements are needed to create an environment in which women can play an even greater role, such as by establishing more female role models. The low level of trust in the internal reporting system and the fact that many employees feel the company does not provide an environment in which they can easily discuss harassment issues are also points that management must take to heart. As for our regional and social contributions, we will ensure thorough internal communication about our ongoing initiatives and consider introducing systems to support individual employees' regional and social contribution activities.

Feedback on each business division's results will be provided to their respective division heads, who will then take appropriate action.

We will continue to conduct engagement surveys on an annual basis, with the results being reflected in management and human resource decisions.

Human Capital-Related Issues

Our human resource development program is characterized by generous support for up-and-coming employees. We provide both annual training and rank-based training, with annual training sessions available through the fifth year of employment and tailored to each year of service or specific roles. From year six or seven, members begin to transition into leadership roles. For them, rank-based training such as Leader Training is offered. Subsequently, as employees advance to supervisory and managerial positions, the focus increasingly shifts to merit-based promotion, leading to greater variation in the pace of advancement.

The main issue here is the turnover ratio for employees with less than three years with the Company. As it takes about three years to acquire product knowledge and build strong relationships with clients in trading company roles, and given the extensive training provided, turnover at this stage poses a significant risk and resignations at this stage constitute a significant loss for the Company. Therefore, we need to focus on management practices that standardize work methods and level out workloads, aiming to shorten the time required to become fully competent by about one year.

At the same time, issues also exist in terms of developing management personnel. As the way younger employees approach work has changed significantly and job-hopping has become commonplace, traditional management styles and perspectives based solely on the experience of individuals in leadership positions are no longer sufficient to inspire lasting loyalty or foster rapid development. We believe the quality and frequency of manager training programs should be reevaluated. Furthermore, to cultivate the human resources needed to lead Kaga Electronics into the future, for several years we have been considering establishing personnel categories such as "Next-Generation Management" and "Future Core Personnel" in an effort to stock talent pools. While we have yet to implement this, we are determined to move forward with strong resolve.

Moreover, in consideration of our future shift toward overseas business, we need to facilitate the mobility of talented human resources, not only at Kaga Electronics itself but also across the entire Group. As a first step, we have begun the task of organizing and mapping the skills of technical positions within Kaga Electronics. While the introduction of SAP has advanced the standardization of work and the leveling of operational balance, primarily in sales management, moving forward we will proceed with also building a system that enables information sharing in the area of human resources.

Top 15 Responses by DI

Category	No.	Question	DI	Deviation score
Employee autonomy	11	I am familiar with the Company's management philosophy (Vision, Kaga-ism, etc.)	92.4	58.4
Management dependability	39	The Company discloses its financial results to employees	91.2	61.6
Management dependability	47	The Company values its customers	89.5	55.9
Employee benefits	56	I am provided regular opportunities for training (workshops, e-learning, etc.)	85.5	61.6
Employee autonomy	13	I am aware of the performance of the Company and my department (sales, profits, costs, etc.)	84.6	59.0
Organizational culture	35	Employees greet each other properly in the workplace	82.4	55.8
Customer approach	22	Employees are courteous when receiving visitors and properly greet and see off customers	82.4	54.9
Employee autonomy	15	I often support other employees	80.4	69.2
Organizational culture	34	I trust my coworkers and colleagues	79.8	53.0
Work environment	64	It is easy to take paid leave or compensatory time off	79.4	65.1
Employee benefits	57	The Company pays attention to the comfort of the work environment and internal welfare facilities (break rooms, restrooms, etc.)	79.2	65.2
Employee autonomy	14	I proactively think and act towards the organization's goals	78.8	65.5
Happiness at work	1	Are you happy working at this company? Please rate on a scale of 100 points	78.3	59.0
Customer approach	26	The Company responds sincerely to customer complaints	78.2	52.1
Management dependability	40	I trust the management	77.6	57.2

Bottom 15 Responses by DI

Category	No.	Question	DI	Deviation score
Regional and social contribution	74	I actively participate in regional and social contribution activities	-25.0	40.8
Additional questions	79	I am aware of women within the Company who serve as role models for the advancement of women	1.9	–
Human resource development	28	I feel that training for new employees and mid-career hires is thorough	5.0	45.9
Additional questions	85	I believe there is an organizational culture that supports the advancement of women throughout the Company	5.1	–
Additional questions	89	I have confidence in the whistleblowing system (suggestion boxes, compliance and harassment consultation boxes)	8.6	–
Additional questions	84	I believe this is a company in which women can thrive	8.9	–
Additional questions	81	I feel management expects women to thrive	11.9	–
Regional and social contribution	73	I believe the Company actively engages in activities contributing to the community and society	15.2	41.2
Additional questions	78	The Company promotes employees (e.g., into management roles) based on gender equality	20.2	–
Additional questions	87	The Company provides an environment where it is easy to report harassment	20.2	–
Satisfaction with HR and labor practices	53	I am satisfied with the content of the performance evaluation and compensation systems	24.5	55.7
Diversity	70	I believe the Company is working to create an environment in which older employees can work comfortably on a daily basis (e.g., employment conditions, evaluations)	26.1	51.7
Additional questions	86	I aspire to a career as a manager	26.2	–
Human resource development	27	The Company hires human resources who not only possess business skills and abilities but also align with its philosophy and values	29.3	51.6
Customer approach	19	The Company shares customer information effectively, fostering a sense of unity within the organization	29.7	55.1

Together with Our Employees

The most important management resource for a trading company is undoubtedly its human resources. To drive sustainable growth, we promote the development of human resources and the creation of an environment that enables the execution of our action guideline F.Y.T. (FLEXIBILITY, YOUNG, TRY). This guideline expresses our commitment to remain "Flexible in the face of change, Young at heart, and willing to Try new things."

Implementing the idea that "everyone is a corporate manager"

Human resource strategy / Diversity management

The Kaga Electronics Group's approach to human resources can be summarized into a single sentence, "People are our greatest asset." In line with this approach, we have worked to nurture independent, autonomous, and self-motivated individuals with a strong spirit. In the course of human resource management, we remain mindful of what can be done to maximize the value of our human resources and bring out their full potential while encouraging them to exercise their unique strengths as Kaga Electronics Group employees. As our business activities become more global and the market environment is increasingly subject to abrupt change, diversity and a willingness to take on new challenges are essential to driving sustainable growth. For its part, diversity enables us to approach risks as opportunities while the willingness to take on new challenges puts us in a position to take full advantage of these opportunities. Accordingly, the Kaga Electronics Group promotes diversity management with an eye to making effective use of diversity in human resources and work styles. At the same time, applying a perspective that treats each individual as a corporate manager, we respect human resources who persist in taking on challenges. We intend to continue nurturing a corporate culture that encourages taking on challenges and learning from rather than punishing failure.

Nurturing Global Human Resources Based on the EMS Business

Our EMS Business Division serves as the hub of a training program supported by coordinated domestic and international operations entailing the dispatch of employees to overseas assignments. This program involves providing employees with on-site experience in executing the EMS Business Division's business framework through business trips abroad and their ultimate secondment to overseas operations once they have amassed sufficient experience. In addition, to nurture human resources capable of handling overseas production management, we promote initiatives related to human resource mobility. This includes assigning new recruits for stints at overseas factories once they have gained experience at domestic factories.

Initiatives to Promote Diversity

In line with its Human Rights Policy, the Group promotes initiatives with such goals as the establishment of safe and comfortable work environments. Also, within this framework, our Medium-to-Long-Term Sustainability Management Plan focuses on advancing diversity and human resource management. Domestically, we are establishing targets and systems for promoting the advancement of women in the workplace as well as appointing women to management positions. Overseas, we are developing systems for appointing local human resources, including women, to leadership roles. We will continue our efforts to foster work environments in which everyone can demonstrate their abilities through flexible work arrangements and enhanced development support.

Pursuing a comfortable working environment

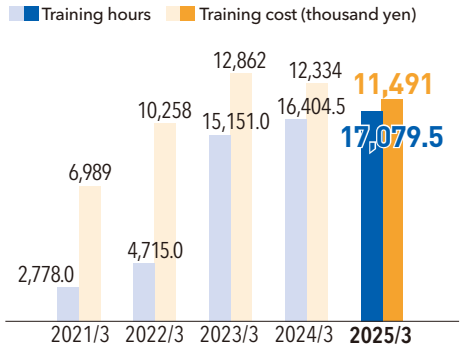
Employee education, training, and income compensation programs

At the Kaga Electronics Group, we support the career development of employees through training for new recruits, annual training, rank-based training, e-learning, and other forms of education, as well as by providing assistance through correspondence courses.

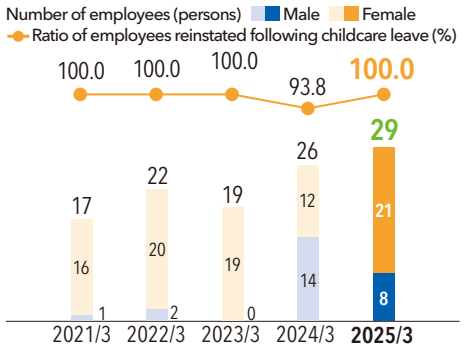
At the core of our training system are in-house position level qualification systems and annual training programs. Under this system, every new employee receives training to qualify as a Group member before advancing to leader, chief, manager, general manager and, ultimately, senior general manager. Our training programs, which differ based on employees' years of service, provide comprehensive support, including post-employment training for new hires, sales mindset training, factory tours (manufacturing training), six-month follow-up training, and basic technical study sessions. Over their second to fifth year, employees undergo training on a yearly basis. Around their sixth year, employees typically reach the "leader" level of positions, making them eligible to participate in such position level-based training programs as leadership training.

In addition, every year, we grant a total of six days of paid "refresh leave," which is separate from annual paid leave, to all employees. We also instituted a sick leave program for those who develop one of three specified types of serious disease (cancer, cerebral stroke, or myocardial infarction) to help them secure their income during their hospitalization and absence from work as well as hourly paid leave. Furthermore, to encourage male employees to utilize childcare leave, we implement various initiatives—including a specialized childcare leave system that was established on April 1, 2023. Through such initiatives, we aim to strike a good work-life balance and thus realize a safer work environment for employees.

Total training hours / Training cost



Number of employees who took childcare leave* / Ratio of employees reinstated following childcare leave



Note: Includes employees who took specialized childcare leave

Together with Our Employees

Pursuing a comfortable working environment

Initiatives to Promote Health Management

To ensure the physical and mental well-being of our employees and to maintain and improve their health, we proactively pursue health management. In addition to conducting regular health check-ups and stress checks, we have established a consultation system that includes industrial physicians and external counselors to provide support in the prevention of mental health issues. As part of our work-style reform initiatives, we also promote the use of paid leave and are expanding our hourly paid leave system.

Furthermore, we own four domestic recreational facilities and two cruiser boats operating as employee welfare facilities and have secured access to other employee welfare facilities, including domestic and international resorts and contracted golf courses.

We also provide daily health support in the form of physical training rooms within the main headquarters building and its annex. Offering the opportunity to develop exercise habits, these rooms feature the latest AI-assisted exercise machines utilizing electronic tags to deliver optimal training tailored to the physical needs and capabilities of each individual.

We will continue to pursue various health promotion initiatives with an eye to creating an environment in which employees can work with peace of mind, while also empowering them to proactively maintain and improve their health.



Training room established within the Kaga Electronics Head Office Building Annex



Company-owned cruiser boats

Recognized as a 2025 Outstanding Organization of KENKO Investment for Health

We believe that it is essential for each and every employee to be healthy both mentally and physically, and to operate as a group of professionals with integrity and high corporate ethics. We also believe that an energetic corporate culture centered on a work environment that allows for smooth communication, job satisfaction, and the health of our employees and their families is extremely important for the Company's sustainable growth and that the value of our existence can be enhanced by continuing to maintain and improve employee health.

Accordingly, we have implemented various initiatives, including organizing a Health Management Promotion Committee and analyzing employee health checkup results to identify high-risk individuals and develop targeted approaches. For these efforts, we were recognized as a 2025 Outstanding Organization of KENKO Investment for Health (Large Enterprise Category), the third consecutive year of our receiving such recognition.

SDGs Contribution Award

Based on its corporate philosophy, "Everything we do is for our customers," as outlined in its Sustainability Policy, the Kaga Electronics Group will contribute to the realization of a sustainable society by striking a balance between solving social issues and sustaining growth as a corporation through its business activities. To achieve this, this award system, established in 2022, is aimed at fostering a corporate culture in which each and every employee of the Company is encouraged and motivated to take an interest in and work toward SDGs on a daily basis. Winners are awarded shares of the Company's stock.

In FY2024, the individual award recognized the introduction of sales of IH soldering equipment that reduces CO_2 emissions, while the group award honored various initiatives, including our sponsorship of EV buses for the Osaka-Kansai Expo and development of an app for agricultural machinery control systems to facilitate smart farming.

Together with Our Customers

The Kaga Electronics Group proposes and provides value-added products and services that swiftly meet changes in the times based on its corporate philosophy of "Everything we do is for our customers." By doing so, we support the technological innovation and production streamlining of our customers worldwide.

To deliver high-quality products and services

Quality control system

Within its EMS Business Division, the Group established the Production Center as its headquarters. Centered around three core factory facilities—Japan (KAGA EMS TOWADA CO., LTD.), China (KAGA TAXAN (SUZHOU) ELECTRONICS CO., LTD.), and Thailand (KAGA ELECTRONICS (THAILAND) CO., LTD.)—the Group works to strengthen production technology and quality control across the entire organization. This is achieved through the coordinated efforts of its 21 EMS in-house factory locations across various regions, including the Americas, Europe, Asia/ASEAN, China, and Japan.

In addition to actualizing our commitment to "putting quality first and manufacturing products that satisfy our customers," we have established working groups to handle quality assurance, production control, production technology, IT-based production innovation, global procurement, SDGs, etc., at every site with the overarching purpose of sharing and standardizing various indicators and standards across the Group. Furthermore, not only do we pursue such lateral development as the supplementation of know-how and resources, we also conduct regular inter-site business trip exchange meetings in order to improve quality and customer service.



A Production Center-led exchange of overseas engineers

Pursuing our philosophy of "Everything we do is for our customers"

Efforts to enhance quality

The Company's Engineering Department controls the technological resources of the entire Group, works to ensure the effective use and optimization of these resources as well as to strengthen technological capabilities and expand business across the organization. The Systems Engineering Department collaborates with the Company and its Group companies to handle everything from planning and development to design, manufacturing, maintenance, and operation of customer products. The Quality Assurance Department seeks to enhance development quality and manages safety standards throughout the Group. This department works with other departments responsible for quality within the Group, depending on the circumstances, to resolve issues.



Prototype evaluation using a measurement device

Status of ISO 9001 certification

KAGA ELECTRONICS and the following Group companies have attained ISO 9000 series certification, an international standard for quality management. The Company is striving to further enhance customer satisfaction through the continuous improvement of its quality management system.

Japan:		KAGA ELECTRONICS CO., LTD./ AD DEVICE CO., LTD./ KAGA MICRO SOLUTION CO., LTD./ KAGA FEI Co., Ltd./ NV DEVICES Co., Ltd./ KAGA EMS TOWADA CO., LTD./ Kyokuto Electric Co., Ltd./ KAGA TECHNO SERVICE CO., LTD.
Overseas:	China:	KAGA (H.K.) ELECTRONICS LIMITED/ KAGA (SHENZHEN) ELECTRONICS LTD./ SUZHOU TAXAN KAGA TRADING CO., LTD./ KAGA TECHNOLOGY (SUZHOU) ELECTRONICS CO., LTD./ HUBEI KAGA ELECTRONICS LIMITED
	Asia/ASEAN:	KAGA COMPONENTS (MALAYSIA) SDN. BHD./ KAGA ELECTRONICS (THAILAND) CO., LTD./ PT. KAGA ELECTRONICS INDONESIA/ KAGA ELECTRONICS (VIETNAM) CO., LTD./ KAGA ELECTRONICS INDIA PRIVATE LIMITED
	The Americas:	TAXAN MEXICO S.A. DE C.V./ KAGA FEI AMERICA, Inc.
	Europe:	KD TEC s.r.o./ KD TEC TURKEY ELECTRONIK SANAYI VE TICARET LIMITED SIRKETI/ KAGA FEI EUROPE GmbH

Together with Society

Cognizant of the importance of its social responsibilities as a company, the Kaga Electronics Group contributes to sports promotion and to the local community through its business sites worldwide and actively undertakes activities that help drive advances in education, art, and culture.

Contributing to the local community

The Kaga Electronics Group, which conducts business activities around the world, takes on a variety of social contribution activities at its domestic and overseas sites to foster sustainable local development.

Among our overseas sites, TAXAN MEXICO S.A. DE C.V. (Mexico) conducted activities during the Christmas season that involved employees bringing in and distributing toys to children living near the factory in addition to providing candy goody bags for children at a local kindergarten.



Distributing toys to children living near the factory (TAXAN MEXICO)

As for our domestic sites, KAGA EMS TOWADA CO., LTD. conducts regular cleanup activities not only around its factories but at local tourist spots and also organizes factory tours for local junior high school students as part of their social studies courses. KAGA MICRO SOLUTION CO., LTD. offers work experience training and internship programs to local junior high schools in addition to conducting cleanup activities in the areas surrounding its factories. Kyokuto Electric Co., Ltd. also contributes to the beautification of the local environment through cleanup activities around its factories.



Factory tour for local junior high school students (KAGA EMS TOWADA)



Work experience training for local junior high school students (KAGA MICRO SOLUTIONS)

Supporting education, the arts, and culture

Digital Media Lab., Inc., a Group company, is using its copyrighted characters, the Vegetable Fairies,* to support the Ministry of Agriculture, Forestry and Fisheries' "Let's Eat Vegetables Project," which promotes educational food activities for kids.

This promotional campaign, taking place in such areas as Tokyo's Nerima Ward and Shizuoka City, centered on the essential role of vegetables in a healthy diet, conveying this message through posters distributed to approximately 250 elementary, junior high, and high schools, as well as childcare facilities.



A promotional poster for the "Let's Eat Vegetables Project"

We also provided children with opportunities to learn about healthy vegetable eating through our other educational nutrition workshops. We will continue to collaborate with local communities and educational institutions to foster a greater interest in nutrition.

In addition, the Company contributes to society in a wide range of fields related to education, the arts, and culture. These efforts include Founder & CEO Chairman Isao Tsukamoto presenting lectures as a specially appointed professor for the Faculty of Service Innovation, Chiba University of Commerce, and sponsoring Kanazawa JAZZ STREET, an annual music event in Kanazawa City, Ishikawa Prefecture.

* *Vegetable Fairies N.Y. Salad* is an animated series based on an art book created by author Yoshitaka Amano. The series, produced by Digital Media Lab., Inc., began airing on NHK Educational TV from 2007.



Educational activities on nutrition at an elementary school



Kanazawa JAZZ STREET 2025

Together with the Earth

The Kaga Electronics Group views the 21st century as the century for protection of the global environment and, with this in mind, conducts business activities aimed at realizing a sustainable society by reducing the emission of CO_2 and other greenhouse gases (GHGs), utilizing renewable energy, and conserving biodiversity.

Environmental Policy

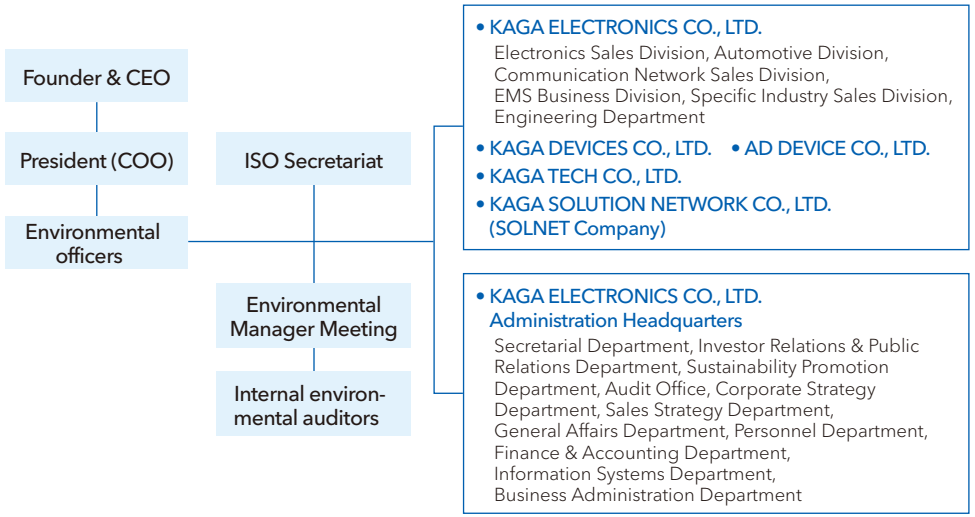
Under our corporate philosophy of "Everything we do is for our customers," the Kaga Electronics Group seeks to meet our customers' needs while striving for the realization of a sustainable society. To achieve this goal, we are committed to conserving and enhancing the natural environment in order to protect our irreplaceable earth.

1. The Kaga Electronics Group shall establish an environmental management system involving all executives and employees (including contract and temporary employees. The same applies hereinafter in this environmental policy). Under this management system, we shall promote global environmental conservation and pollution prevention in all business activities, including the provision of products and services.
2. In executing our business activities, we shall strictly adhere to environmental laws, regulations, and requirements as well as comply with all other requirements agreed upon by the Kaga Electronics Group.
3. We shall reduce CO_2 emissions, promote the use of renewable energy, and thoroughly implement energy and resource conservation initiatives through our business activities to mitigate climate change.
4. Products and services handled by the Kaga Electronics Group shall, to the extent possible, meet the following requirements.
   - Must be comprised of environmentally friendly substances
   - Must be able to cut waste through reuse and recycling
   - Must be designed with energy and resource conservation in mind using the latest electronics technology
5. We shall raise awareness among our executives and employees regarding environmental and biodiversity conservation, and promote education and training to implement our environmental policy.
6. Our Environmental Policy shall be disseminated widely throughout society through such means as the Kaga Electronics Group website and integrated report.

Environmental management system

The Kaga Electronics Group established an environmental management system based on its Environmental Policy. Under the system, environmental officers, the ISO Secretariat, the Environmental Manager Meeting, and internal environmental auditors team up and, guided by the President, conduct environmental management at KAGA ELECTRONICS and its Group companies. In addition, the Company and its Group companies have attained ISO 14001 certification, an international standard for environmental management systems. We are strengthening our system through a PDCA cycle.

Environmental management system



Note: KAGA FEI, KAGA EMS TOWADA, EXCEL, KAGA TECHNO SERVICE CO., LTD., Kyokuto Electric Co., Ltd., and NV DEVICES Co., Ltd. have each acquired ISO 14000 certification for their respective environmental management systems.

Together with the Earth

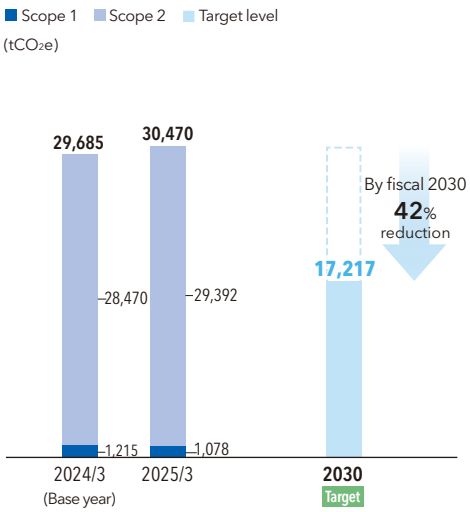
Initiatives to reduce environmental burden

Greenhouse gas emission status and reduction targets

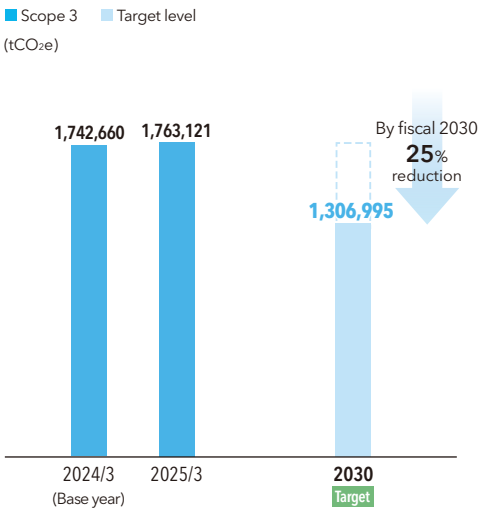
Historically, although the Company has calculated greenhouse gas emissions only for specific areas of activity, in the interest of ensuring continuous emissions management and transparent information disclosure, we have calculated all relevant Scope 1, 2, and 3 emissions for the first time in the fiscal year ended March 31, 2024. Using this period as a baseline, we have set a reduction target of 42% for Scope 1 and 2 emissions and 25% for Scope 3 emissions by fiscal 2030.

The Group is committed to understanding the current situation and working toward achieving its goals. Emissions for the year ended March 31, 2025 are as follows.

Scope 1 and 2 GHG Emissions



Scope 3 Emissions



Achieving 100% renewable energy use

The KAGA ELECTRONICS Head Office Building is designed for energy conservation. Notably, it features an exterior air-intake double-skin* curtain wall that brings outside air into offices to reduce the heat load, introduce natural ventilation, and improve sound insulation. In addition, the Group has installed renewable energy facilities employing solar panels at manufacturing sites in Aomori and Fukushima prefectures in Japan as well as at overseas manufacturing sites in China, Vietnam, and Mexico. Furthermore, we are advancing the shift to renewable energy while simultaneously purchasing carbon credits and non-fossil certificates.

The Group remains committed to considering environmental issues and will continue to advance initiatives to achieve 100% renewable energy.

* Double skin refers to a construction technique in which a building's exterior walls are partially or fully covered with a double layer of glass.

Introducing solar panels at manufacturing bases



TAXAN MEXICO's New Plant

Biodiversity conservation activities

In 2023, the Company installed a biotope type rooftop garden at its Head Office building in line with its commitment to preserving biodiversity and protecting the natural environment. To this end, we also strive toward species conservation and the creation of environments conducive to the survival of living organisms and plants. Furthermore, we regularly host biodiversity lectures for employees and their families, inviting representatives from cooperating NPOs to serve as instructors.

We will continue to regularly survey the habitats of living organisms and plants and provide information through the Company's website.

*A cohesive space in which local wildlife lives.



The biotope on the roof of our Head Office building

The Kaga Electronics Group's Materiality

Having sincerely considered the various issues and social demands the Company and the world are facing, the Kaga Electronics Group has identified the following key issues that will have a significant impact on its management from the four perspectives of E: Environment, S: Society, G: Governance, and B: Business. By implementing materiality initiatives addressing these issues through corporate activities, we will contribute to the realization of a sustainable society and promote the further enhancement of corporate value.

	Materiality	Related SDGs	Changes in the socio-economic environment	Our initiatives
E	Create a clean global environment	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	• Growing seriousness of global warming and other environmental problems • Urgent call for carbon neutrality	• Provide products and services designed to help resolve environmental and energy issues • Continue initiatives to reduce the environmental burden
S	Create an inclusive company as well as an affluent society	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	• Changes in social structure as we move toward the popularization of the new normal • Human resource shortages attributable to a low birthrate and an aging population	• Promote workforce diversity and innovative work styles to better adapt to the new normal • Develop human resources by passing down and updating KAGA-ism
G	Create a sustainable management base	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	• Public calls for more robust corporate governance • Growing need for business resilience against changes in the operating environment	• Further strengthen corporate governance and compliance • Thoroughly practice a profit-focused management approach
B	Realize sustainable business growth	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	• Progress in digital transformation • Coming of a "super-smart" society due to the popularization of ICT, such as IoT and AI • Intensification of global competition	• Provide products and services that contribute to the transition to a digital-driven society • Create new businesses aimed at helping solve social issues • Further promote global expansion



Medium- to Long-Term Sustainability Management Plan

In November 2021, the Group formulated its Medium- to Long-Term Sustainability Management Plan. In line with its corporate philosophy, "Everything we do is for our customers," the Kaga Electronics Group will promote sustainability management that aims to achieve both a sustainable society and its own sustainable growth as a corporate group. In our efforts, we will also cherish dialogue with customers, business partners, shareholders, investors, employees, local communities, and all other stakeholders. In these ways, we will proactively play our part in the realization of a sustainable society while enhancing our corporate value.

Sustainability Policy

Under our corporate philosophy of "Everything we do is for our customers," the Kaga Electronics Group seeks to achieve both a sustainable society and sustainable growth of the Group.

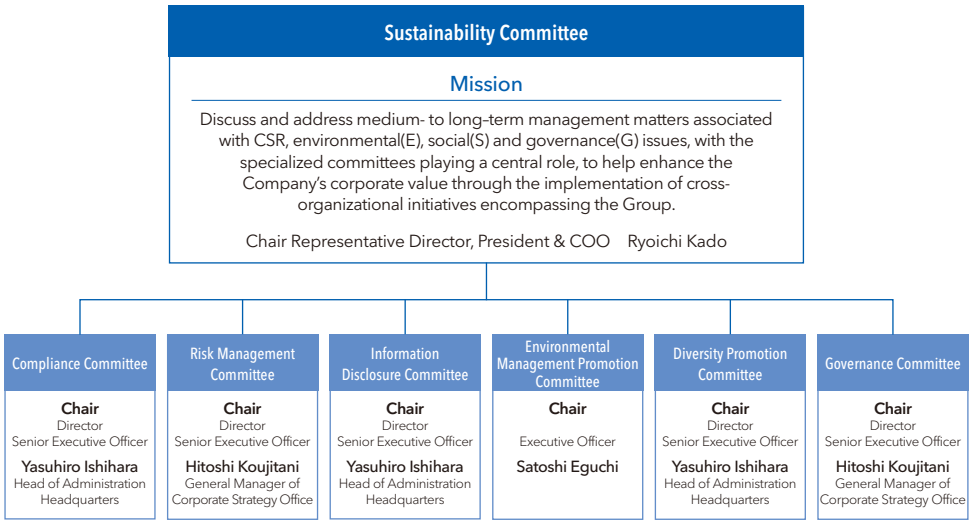
Toward this purpose, we will respect dialogue with customers, business partners, shareholders, investors, employees, local communities, and all other stakeholders, based on our Basic CSR Policy, Environmental Policy, and Action Guidelines. We will work to increase our corporate value as we play an active role in achieving a sustainable society.

1 We tackle environmental issues through our business activities	Through our business activities, we will take action to cut CO_2 emissions, reduce waste, and promote reuse. At the same time, by providing environmentally considerate products and services, we will contribute to bringing about a society that values the global environment.
2 We respect develop rights and nurture human resources	We will respect the human rights of all stakeholders, regardless of gender, age, nationality, social status, disabilities, or other personal attributes. We will develop work environments in which diverse employees can work in safety and health, both physically and mentally, and will develop personnel systems and education and training systems that allow these employees to maximize their individual abilities. We will further work to develop human resources who will take on the challenge of innovation.
3 We will work to build mutual trust with society	We will work to be a company that earns the trust of society by observing laws and regulations, by strengthening our governance structure, and by sincerely engaging in fair competition, the provision of high-quality products and services, timely and appropriate information disclosure, and other corporate activities.

Sustainability Promotion Structure

The Kaga Electronics Group recognizes the promotion of CSR and sustainability as an important management issue. We have established a Sustainability Committee chaired by the Representative Director and President of Kaga Electronics Co., Ltd.

Under the committee, we have set up specialized subcommittees for Environmental Management Promotion, Diversity Promotion, Governance, Risk Management, Compliance, and Information Disclosure. This management structure promotes CSR and sustainability across the Group. Under the commitment of top management and in collaboration with business divisions, we work as a united group to promote sustainability through each committee by formulating policies, measures, and targets for ESG issues and managing progress.



Medium- to Long-Term Sustainability Management Plan


Solar panels installed at our Vietnam factory


Solar panels installed at our Fukushima facility

Progress of the Medium- to Long-Term Sustainability Management Plan

	Main themes	Issues to be tackled or discussed	Medium-term targets*	Long-term targets	Main activities and progress	
					FY2024/3	FY2025/3
E	Aiming to raise the ratio of renewable energy to total energy consumption to 100%	• Introducing renewable energy at domestic sales bases	2024: 40% (1%)	2030: 100%	• Renewable energy-derived electricity accounted for 5.1% of consumption. • Decided to purchase non-fossil certificates toward achieving the goal of 40% renewable energy by FY2024. The Company also decided to quantify greenhouse gas emissions and set a reduction target for FY2024.	• At present, renewable energy-derived electricity accounts for 14.6% of consumption. • Purchased non-fossil certificates and achieved the target of 40% renewable energy. Quantified greenhouse gas emissions (Scope 1, 2 & 3 calculations) and set a reduction target, which is published on the Company website.
		• Introducing renewable energy at domestic manufacturing bases	2024: Determine policies via information gathering and analysis **In-house power generation/external procurement** Solar panel/biomass power generation/renewable energy power generation businesses	2030: 50% 2050: 100%	Introduced solar power generation equipment at Towada Factory (December 2023) and Sukagawa Factory (February 2024).	The self-sufficiency rate due to solar power generation reached 9.2% at the Towada Factory, and additional equipment installation is under consideration. The self-sufficiency rate at the Sukagawa Factory reached 21.9%.
		• Introducing renewable energy at overseas manufacturing bases		2030: 30% 2050: 100%	Installed solar panels at our new plant in Mexico (April 2024).	The new plant in Mexico received approval for solar power generation and started operation in January 2025. The purchase of an I-REC (International Renewable Energy Certificate) for the leased manufacturing facility is under consideration.
	Switchover of Company-owned vehicles to EVs	• Switchover of vehicles used by domestic sales departments to EVs (including HVs, PHVs, and FCVs)	2024: 85% (78.5%)	2030:100%	The ratio of electric vehicles in the Company fleet increased by 3.0 percentage points from the previous year to 85.0% (as of March 31, 2024).	The ratio of electric vehicles in the Company fleet increased by 5.2 percentage points from the previous year to 90.2% (as of March 31, 2025).
S	Diversity promotion and human resource management	• Securing diversity in core human resources (women, foreign nationals, and mid-career hires)	**Ratio of women among new graduates hired as career-track employees** 2023: 30% (5.8%) **Ratio of women among managers** 2024: 15% (13.3%)	**Ratio of women among new graduates hired as career-track employees** 2028: 40% **Ratio of women among managers** 2029: 17%	■ Implemented recruitment activities for women among new graduates hired as career-track employees in accordance with the Action Plan.	
					Of the 23 new graduates hired for career-track positions, five were women, an increase of 3.6 percentage points from the previous fiscal year to 21.7%.	Of the 22 new graduates hired for career-track positions, five were women, a 1.0 percentage point increase in the ratio from the previous fiscal year to 22.7%, but still fell short of the 30% target.
					■ Discussions were held within the Group to increase the ratio of women among managers, with each company setting its own target number for female managers.	
					Ratio of women among managers was 17.4%, up 0.9 percentage points from the previous year.	Ratio of women among managers was 17.3%, up 0.1 percentage point from the previous year.
		• Hiring elderly citizens and people with disabilities			Fully achieved statutory employment ratio for people with disabilities.	Fully achieved statutory employment ratio for people with disabilities.
	An optimal balance between work-life management and productivity improvement	• Enhancing the content of various programs supporting employees engaged in child rearing, nursing care, and remote working, etc.	2022: Expansion of various programs 2023: Recognized as an outstanding organization under the Certified Health & Productivity Management Organization Recognition Program (currently the KENKO Investment for Health Program)	2025: Obtain external certification 2024-onward: Maintain status as an outstanding organization	Considered a permanent remote work system as well as revised in-house rules and regulations. New rules came into effect from April 2023	Twelve employees utilized the parental leave system for male employees. The utilization rate for the parental leave system among male employees was 100%.
		• Aiming to be selected as an outstanding organization under the KENKO Investment for Health Program			Certified in March 2024 for the second consecutive year.	Certified in March 2025 for the third consecutive year. Health management policies and initiatives were published on the Company website.
G	Restructuring the governance structure in response to the revision of the CG Code and the reorganization of the Tokyo Stock Exchange	• Increasing the number of independent outside directors so that they account for one third or more of the Board membership • Establishing a Nomination and Compensation Committee	Done in June 2021	Set targets in conjunction with the next round of revisions to the CG Code	The number of directors was set at six (including three outside directors) at the June 2023 General Meeting of Shareholders.	A reduced number of outside directors was elected at the June 2024 General Meeting of Shareholders, retaining a structure of six directors (including three outside directors).
		• Diversifying the composition of the Board of Directors	Through June 2022: Determined policies		Appointed a female outside auditor at the June 2023 General Meeting of Shareholders; appointment of female Director at the June 2024 General Meeting of Shareholders was postponed.	Following the June 2025 General Meeting of Shareholders, the Company plans to appoint a female director in conjunction with the transition to a Company with an Audit and Supervisory Committee.
		• Thoroughly complying with the revised CG Code and other requirements accompanying the Company's listing on the Prime Market	Done in November 2021		No revision of the Corporate Governance Code	No revision of the Corporate Governance Code, but the Company revised its internal response
	Further strengthening the supervisory and oversight functions of top management over business execution	• Introducing a commissioned executive officer system	April 2022: Enforced		Decided to expand the membership of the Group Management Headquarters Council to include delegation-based executive officers. Operation started in April 2024.	Operation is ongoing
		• Transitioning to a "company with committees, etc.," system	Through March 2023: Determined policies		Continued to be a company with a corporate auditor system. Considered the need for speedy management and the appointment of women among directors, and continued to consider the transition to a Company with an Audit and Supervisory Committee.	The Board of Directors resolved to transition to a Company with an Audit and Supervisory Committee. Transition was made after the General Meeting of Shareholders in June 2025.

Note: Figures in parentheses are values at the time of the formulation of the plan (November 2021).

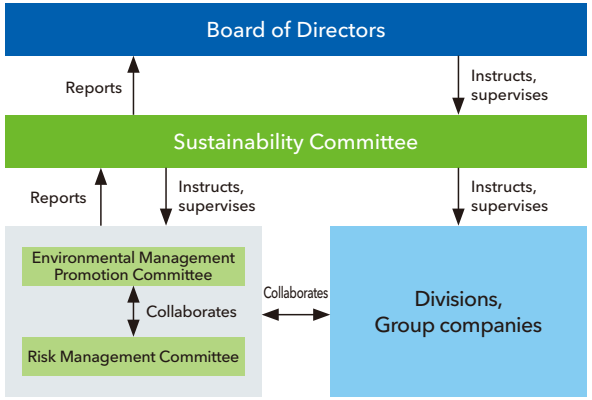
Disclosure based on TCFD or equivalent framework

The Kaga Electronics Group is currently advancing its contributions to the global environment by reducing CO_2 emissions, promoting waste reduction and reuse throughout its business activities, and providing environmentally friendly products and services. Furthermore, we have set "creating a clean global environment" as one of our material issues and are working to address climate change.

Basic framework

The Group established the Sustainability Committee through the integration and consolidation of the former CSR and SDGs committees in April 2024, enhancing the Group's overall corporate value by facilitating the implementation of cross-Group initiatives that address medium- to long-term management issues related to the environment, society, governance, and other areas. Under this committee, we have established six specialized subcommittees, including the Environmental Management Promotion Committee and the Risk Management Committee.

Climate change-related organizational chart



The roles of the committee include the deliberation of sustainability-related issues identified by such specialized subcommittees as the Environmental Management Promotion Committee, the formulation of strategies and targets and the implementation of measures for the Group's ESG issues, including those related to climate change, and the monitoring of their progress.

The Sustainability Committee considers a range of matters and reports on the outcomes of its deliberations to the Board of Directors after each meeting. The Board of Directors then consults with the committee on these matters, providing instruction and oversight on initiatives it has resolved to implement.

Analysis process

Taking a step by step approach, we examined the risks and opportunities posed by climate change regarding the Group's business operations as follows, with reference to the items identified as risks and opportunities in the TCFD recommendations.

Moreover, we conducted an analysis of the transition of policies and market trends (transition risks and opportunities) and an analysis of physical changes due to disasters and other factors (physical risks and opportunities), under two scenarios: a rise of 1.5°C and a rise of 4°C.

Identification and evaluation of risks and opportunities → Definition of each scenario → Evaluation of financial impact → Consideration of countermeasures

Climate change scenarios

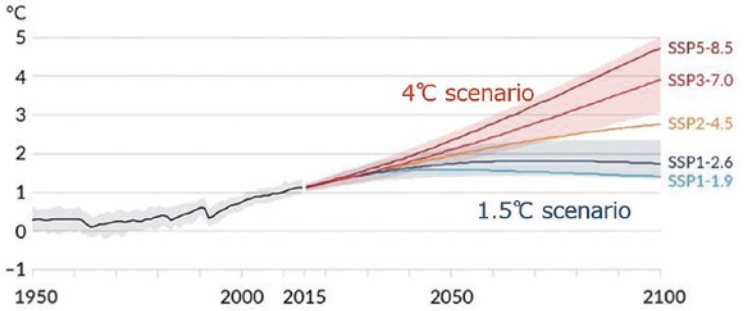
1.5°C scenario (decarbonization scenario)

In this scenario, the increase in global surface temperature is limited to less than 1.5°C compared to pre-industrial levels, thanks to the acceleration of initiatives aimed at achieving carbon neutrality to mitigate the impacts of climate change. In the 1.5°C scenario, it is assumed that the impact of policy and legal risks among transition risks will be greater, compared to the assumptions regarding those risks in the 2°C scenario.

4°C scenario (high emissions scenario)

In this scenario, measures against climate change do not progress from the current state, resulting in a global surface temperature rise of approximately 4°C by the end of this century compared to pre-industrial levels. It is assumed that the physical risks of intensifying extreme weather events and sea level rise will increase.

Global surface temperature change relative to 1850–1900



Source:
This figure is a reproduction of Figure SPM.8 from the Summary for Policymakers of the Working Group I (WGI) contribution to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (Ministry of Education, Culture, Sports, Science and Technology and Japan Meteorological Agency)

Disclosure based on TCFD or equivalent framework

Risks and opportunities

The major transition risks and physical risks and earnings opportunities relating to climate change are as follows.

Types of risks and earnings opportunities			Time horizon	Degree of impact	Response policies
Transition risks (Most anticipated to materialize in a 1.5-2°C scenario)	Legal and policy risks	Increase in costs due to taxation on CO_2 emissions from business activities if a carbon tax is introduced in the future	Medium- to Long-term	Large	• Electrify the company fleet and increase the use of renewable energy (These are being addressed as part of our Medium- to Long-Term Sustainability Management Plan)
		Concerns over potential increase in procurement costs due to the introduction of a carbon tax on suppliers in the future	Medium- to Long-term	Large	• Review packaging and transportation methods through engagement with suppliers • Pass on costs to sales prices to the extent possible
		Increase in credit prices due to rising demand for carbon offsets aimed at achieving emission reduction targets	Medium- to Long-term	Small	• Currently installing solar panels at our facilities (already installed at our Aomori (Towada), Fukushima, Vietnam, Mexico, Hubei China, and Malaysia factories). Also considering the introduction of off-site Power Purchase Agreements (PPAs) • Already purchased non-fossil certificates (Plans to promote the purchase have been formulated within the Medium- to Long-Term Sustainability Management Plan.
	Technical risks	Surge in power generation costs due to the increase in the share of renewable energy	Medium-term	Small	• Enhance the capacity of our self-generation facilities, such as solar panels (currently installing self-generation facilities at the Aomori (Towada) and Fukushima factories) • Consider the introduction of battery storage systems • Commence purchasing electricity through electricity auctions
	Market risks	Decline in sales due to the inability to meet customer needs for energy-saving and low-carbon products and components in the trading and EMS businesses	Medium- to Long-term	Small	• Enhance the lineup and offerings of environmentally superior products and components that meet customer demands
		Rise in procurement costs driven by the tightening demand for mineral resources (such as rare metals) resulting from the expansion of the renewable energy and electric vehicle markets	Medium- to Long-term	Small	• Consider the diversification of the supply chain • Develop alternative products • Pass costs on to sales prices
	Reputation risks	Decline in evaluations from customers who prioritize ESG, due to delays in greenhouse gas (GHG) reduction initiatives and insufficient information disclosure	Short- to Long-term	Medium	• Thoroughly disclose climate-related information, and actively work to improve external evaluations

Types of risks and earnings opportunities			Time horizon	Degree of impact	Response policies
Physical risks (Most anticipated to materialize in a 4°C scenario, etc.)	Acute risks	Decline in sales during the recovery period due to the cessation of business activities by customers and suppliers, as well as disruptions in the supply chain	Short- to Medium-term	Small	• Diversify the supply chain • Develop a Business Continuity Plan (BCP) Manual
		Potential recovery costs incurred due to damage at our company bases	Short- to Long-term	Small	• Install new disaster prevention equipment and strengthen disaster preparedness measures for existing equipment • Develop a Business Continuity Plan (BCP) Manual • Ensure that all of our domestic factories are equipped with hazard maps
	Chronic risks	Increase in costs associated with addressing heat-related illnesses, such as heat stroke, due to deteriorating labor conditions at our factories	Medium- to Long-term	Small	• Review the workplace environment, including the air-conditioning systems in our factories (Currently replacing the air-conditioning equipment with high-efficiency models every year)
Earnings opportunities	Resource efficiency	Reduction in operational costs through the implementation of energy-saving equipment at worksites	Short- to Medium-term	Small	• Implement energy efficiency monitoring and continuous improvement • Use AI-powered energy consumption management products
	Products and services	Increase in sales due to growing demand for energy-saving and low-carbon products	Medium- to Long-term	Large	• Focus on semiconductors and electronic components for electric vehicles • Expand the sales of electric buses
		Enhancement of subsidies for energy-saving and low-carbon products	Short- to Medium-term	Medium	• Implement measures to drive the expansion of the PC peripheral recycling business
	Market	Increase in demand for EMS processing due to the expansion of the market for air-conditioning associated with the rise in average temperatures	Medium- to Long-term	Medium	• Establish strategic partnerships with customers and service providers in the air-conditioning industry • Broaden the range of products offered • Promote stable supply in the supply chain
		Improvement in stakeholder evaluations if initiatives to reduce GHG emissions progress	Short- to Medium-term	Small	• Improve the Carbon Disclose Project (CDP) score and obtain Science Based Targets (SBT) certification

- Time horizon: Short-term: up to 3 years, Medium-term: 3 to 6 years (2030), Long-term: 6 to 26 years (2050)
- Degree of impact: Large: 10% or more of operating income, Medium: 3% to 10% of operating income, Small: Less than 3% of operating income

Disclosure based on TCFD or equivalent framework

Risk management

Process for classifying, evaluating, and managing climate-related risks

We have established the Environmental Management Promotion Committee as a specialized subcommittee directly under the Sustainability Committee. Each department and Group company identifies short-term and medium- to long-term risks associated with climate change. The Environmental Management Promotion Committee then classifies and evaluates these risks and reports the particularly significant ones to the Board of Directors through the Sustainability Committee every six months.

With regard to the classified and evaluated climate change-related risks, the Environmental Management Promotion Committee considers preventive measures and response policies. After deliberation and decision making by the Sustainability Committee, these measures and policies are implemented by each department and Group company. Furthermore, we comprehensively evaluate the importance and prioritization of risks from the perspectives of impact and urgency. The Sustainability Committee also reports on these matters to the Board of Directors in a timely and appropriate manner.

Integration process into Groupwide risk management

The Risk Management Committee, which oversees Groupwide risks, has been established as a specialized subcommittee directly under the Sustainability Committee. It designates a department to address each specific risk, and under the direction of the department's risk control officers and managers, a necessary and appropriate risk management framework is established. With regard to climate change-related risks, the Environmental Management Promotion Committee and the Risk Management Committee work in collaboration to ensure an integrated Groupwide risk management system.

Metrics and targets

The Group has calculated Scope 1, 2, and 3 emissions for the fiscal year ended March 31, 2024. As a result, we have set a reduction target of 42% for Scopes 1 and 2 and 25% for Scope 3 by 2030, based on the fiscal year ended March 31, 2024.

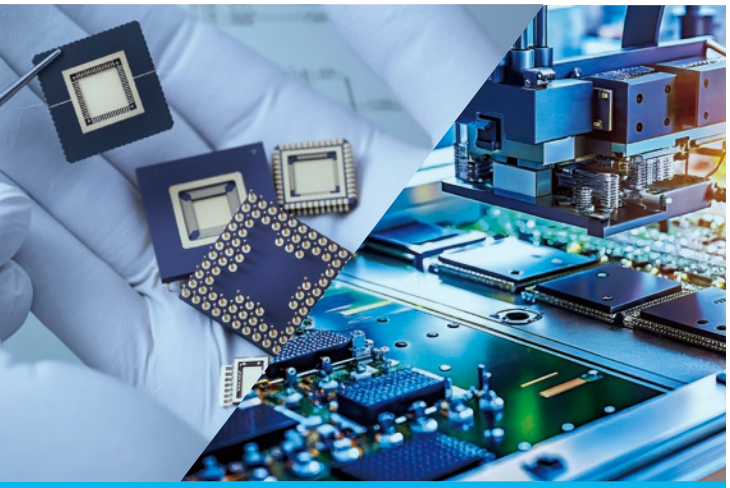
The Group is committed to understanding the current situation and working toward achieving its goals.

	Base-year emissions (FY2023)	Reduction targets (By FY2030)
Scope1	1,215 tCO_2e	42% reduction
Scope2	28,470 tCO_2e	
Scope3	1,742,660 tCO_2e	25% reduction



Overview by Segment

Electronic Components



Business description

Development, manufacture and sale of semiconductors, general electronic components and other products, EMS,*1 and other activities

Review of FY2025/3 performance

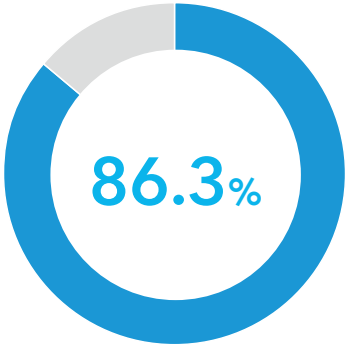
In the components sales business, which continued to face the impact of inventory adjustments at key customers, recorded a decline in net sales due partly to sluggish sales of SoC*2 products by KAGA FEI Co., Ltd. and the termination of transactions with a certain major customer of an overseas subsidiary of EXCEL CO., LTD.

EMS business recorded an increase in net sales due to strong sales in the automotive and medical sectors, a recovery in the industrial equipment sector, and a moderate recovery trend in the air-conditioning equipment sector, which had been in an inventory adjustment phase, that continued from the second quarter.

As a result, net sales increased 0.1% year on year to ¥472,910 million, and segment income decreased 19.0% year on year to ¥16,927 million.

*1 Electronics Manufacturing Service: A service that undertakes the development and production of products.
*2 System on a Chip: A design approach that integrates all the functions necessary for the operation of a device or system onto a single semiconductor chip.

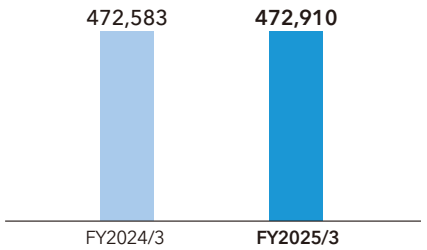
Proportion of consolidated net sales



Net sales

Up 0.1%

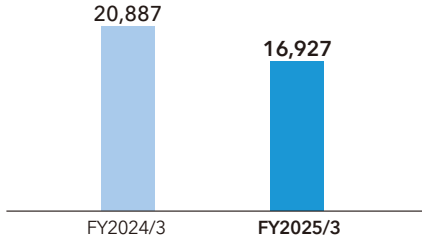
(millions of yen)



Segment income

Down 19.0%

(millions of yen)



Opportunities and risks

	Opportunities	Risks
Electronic component business	• Advance of automobile-related technologies in the areas of EVs (electric vehicles) and CASE* technologies • ICT-related technologies such as the 5G mobile communication system, IoT, and AI • Increased demand due to cloud lift and cloud shift * Stands for Connected, Autonomous, Shared & Services, and Electric	• Soaring resource and commodity prices due to the emergence and prolongation of geopolitical risks • Impact of customer inventory adjustments in the supply chain • Stagnation in demand due to deterioration in the economies of various major countries • Fluctuations in exchange rates • Loss of commercial rights due to a change in commercial distribution at a sales destination or supplier
EMS business	• Diversification of manufacturing bases in response to U.S. tariff policies, promotion of local production for local consumption • Growing need for further outsourcing, to improve production efficiency • Automation of factories and promotion of DX • Elimination of shortages and extended delivery times for semiconductors and electronic components as well as longer lead times	• Labor shortage and brain drain both in Japan and overseas • Changes in the competitive environment due to such factors as technological innovation • Natural disasters such as earthquakes, floods, and the spread of infectious diseases • Unpredictable changes in laws and regulations

TOPIC1

Construction of new EMS plant in Thailand:

Addressing growing demand for circuit board mounting and finished product manufacturing as a core ASEAN hub



In 2002, the Company established KAGA ELECTRONICS (THAILAND) CO., LTD. (hereinafter "KAGA Thailand") as its core EMS business base in the ASEAN region. Operating two factories within the Amatanakorn Industrial Estate, KAGA Thailand primarily manufactures circuit board mounting products for air conditioning equipment, office equipment, and automotive-related devices for both the domestic Thai market and export.

The new factory, currently under construction, will introduce automated assembly lines centered on production equipment developed in-house at our production base in China. When it comes online within 2025, the new factory is expected to facilitate a reduction in mass production cycle time and increase the flexibility of the Group's production system by facilitating quick response to fluctuations in production volume, thereby enabling it to meet increased orders for circuit board mounting from existing customers. In addition, by establishing a new finished product assembly line and tapping into demand for assembly in the U.S. market, KAGA Thailand's EMS business aims to achieve net sales of ¥50 billion within five years.

Once these automated facilities are fully operational at KAGA Thailand, they will be rolled out horizontally to our EMS bases in ASEAN countries like Malaysia and Vietnam as well as India. In the future, KAGA Thailand will serve as the Company's mother factory overseas.

Overview by Segment

Information Equipment



Business description

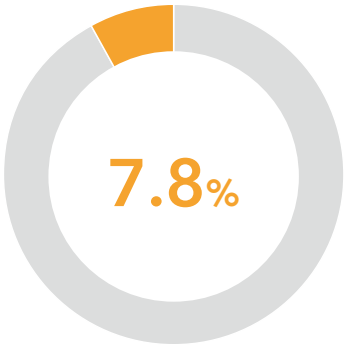
Sale of finished products such as PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products

Review of FY2025/3 performance

In this business, the PC sales business saw continued strong sales of PCs for educational institutions, in contrast to sluggish sales of PCs for mass retailers due to a reduction in product lines by a major PC supplier. In addition, the LED installation business faced a decline in net sales given completion of the large-scale project that the Group had been pushing forward on a full scale since the fiscal year ended March 2023. Income margin improved due to robust sales of security software with its comparatively high profit margin, and the business was able to secure an increase in income even in the face of slow net sales growth.

As a result, net sales decreased 3.7% year on year to ¥42,652 million and segment income increased 13.1% year on year to ¥3,307 million.

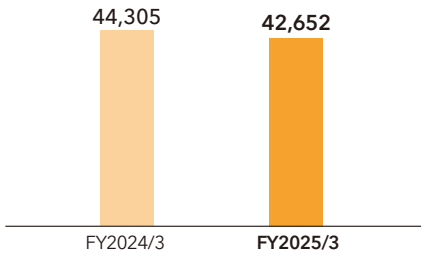
Proportion of consolidated net sales



Net sales

Down 3.7%

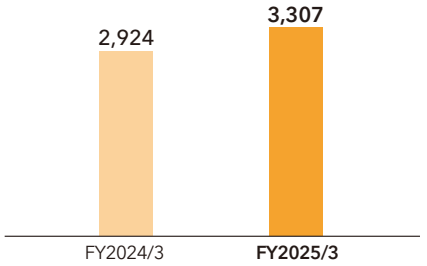
(millions of yen)



Segment income

Up 13.1%

(millions of yen)



Opportunities and risks

	Opportunities	Risks
Information Equipment	• Creation of new devices to accompany the widespread adoption of AI • Robust expansion of demand for information-related devices on the back of advances in ICT • Growing demand for increased PC adoption and security related solutions among higher education institutions • Development of new commercial products	• Loss of sales opportunities due to a reduction in product lines • Loss of commercial rights and product procurement routes due to changes in the distribution policies of buyers and suppliers • Intensifying competition due to lower prices and more new market entrants

TOPIC2

Full in-house production of small wireless modules:

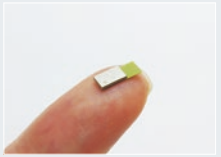
Full-scale mass production of CONTINECT products begins at Group factories in Thailand and TOWADA

In January 2022, KAGA FEI successfully acquired the business rights, development and manufacturing technologies, and intellectual property rights related to TAIYO YUDEN CO., LTD.'s Bluetooth®*1 and Wireless LAN modules. At the same time, KAGA FEI established the Takasaki Development Center to centralize design and development functions while entering the small wireless module business by launching CONTINECT as a proprietary brand.

In July 2024, we transferred some production functions to KAGA ELECTRONICS (THAILAND) CO., LTD., a KAGA ELECTRONICS Group EMS*2 company, progressively shifting production in-house. Starting April 2025, we also launched a mass production line at KAGA EMS TOWADA CO., LTD., establishing a framework that will enable us to provide a stable supply in terms of BCM*3 and achieving 100% in-house production of the small wireless module product CONTINECT.

With its own internal engineering department, KAGA FEI pursued the contract development and manufacturing of such large-scale integrated circuits as LSI. In the wireless field, KAGA FEI boasts an extensive development track record for both software and hardware, including specified low-power wireless modules that employ mesh networking technology. By building on its knowledge and experience through the addition of this technology for a new key device, a small wireless module, KAGA FEI aims to expand its IoT solutions business. The addition will augment its already broad proposal capabilities, which range from existing network/cloud and software development to EMS services.

The wireless module market is expected to grow as demand expands further, and KAGA FEI's CONTINECT in particular is a promising product for worldwide customers engaged in IoT-based product development in the telecommunication equipment, industrial equipment, and consumer electronics fields. By taking a one-stop approach to development, production, and sales, we will strengthen our business competitiveness and increase added value, with the aim of achieving sales of ¥10 billion in three years, including through related businesses.



Ultra-small module
CONTINECT ES4L15BA1

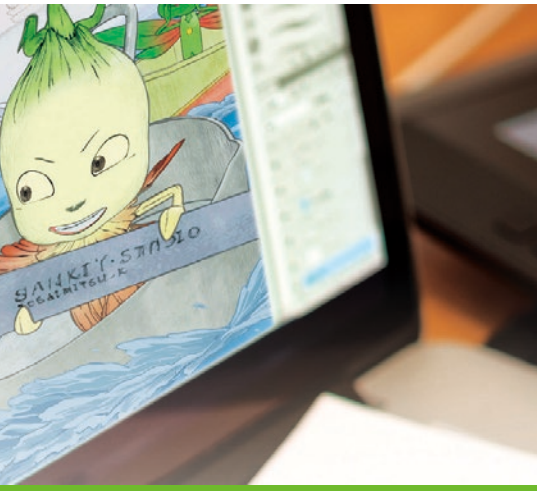


Mass production line
launched at EMS TOWADA

*1 The Bluetooth® wordmark and logos are owned by Bluetooth SIG, Inc. and the use of such marks by KAGA FEI Co., Ltd. is under license.
*2 Electronics Manufacturing Services: Provision of product development and manufacturing services on a contract basis
*3 BCM: an abbreviation of Business Continuity Management.

Overview by Segment

Software Business



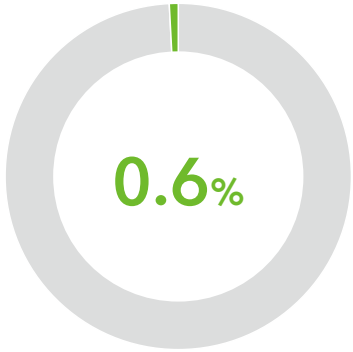
Business description

Production of computer graphics, planning and development of amusement products, and other activities

Review of FY2025/3 performance

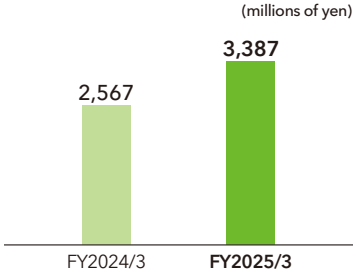
In this business, computer graphics production enjoyed a steady flow of orders. Net sales increased by 31.9% year on year to ¥3,387 million, and segment income increased by 37.8% year on year to ¥509 million.

Proportion of consolidated net sales



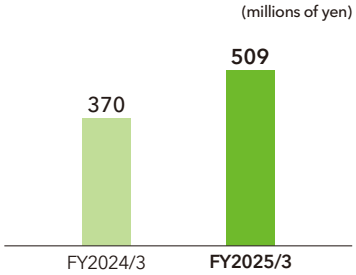
Net sales

Up 31.9%

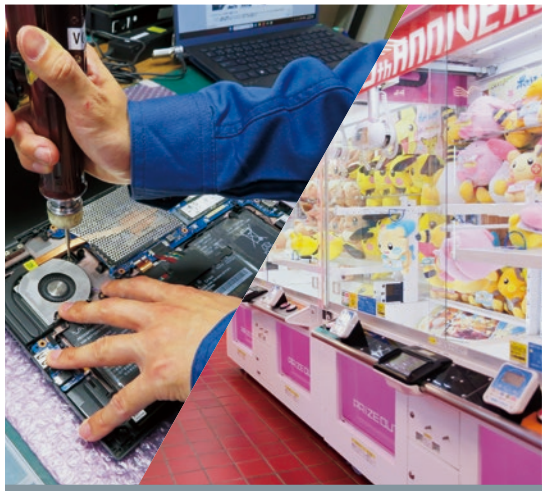


Segment income

Up 37.8%



Other Business



Business description

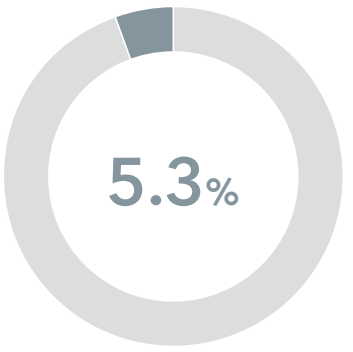
Repair and supports for electronics equipment, manufacture and sales of amusement equipment, and sales of sports goods, and other activities

Review of FY2025/3 performance

In this business, the PC product and PC peripheral recycling business remained strong. In the amusement equipment business, which provides equipment and services to large-scale amusement facilities, sales to the United States were robust.

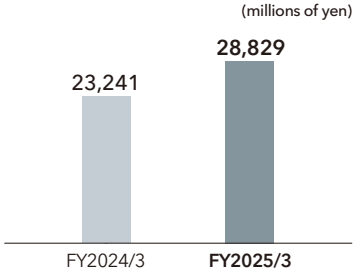
As a result, net sales increased 24.0% year on year to ¥28,829 million and segment income increased 74.0% year on year to ¥2,707 million.

Proportion of consolidated net sales



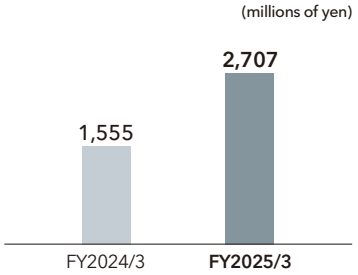
Net sales

Up 24.0%



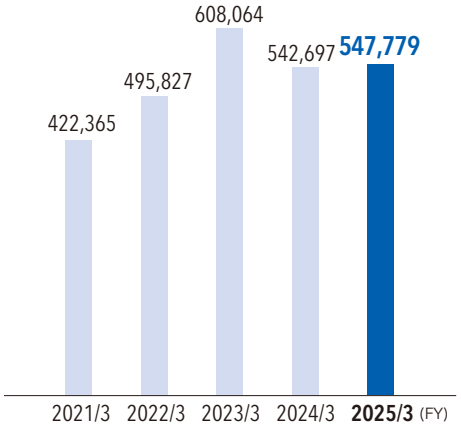
Segment income

Up 74.0%

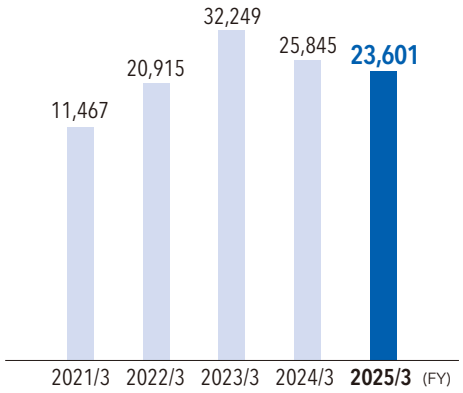


Financial Highlights

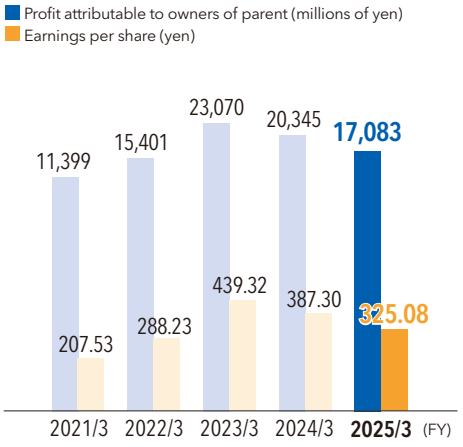
Net sales (millions of yen)



Operating income (millions of yen)

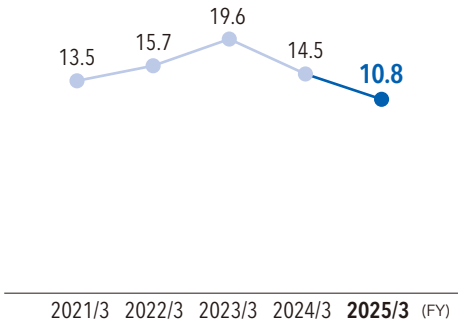


Profit attributable to owners of parent / Earnings per share

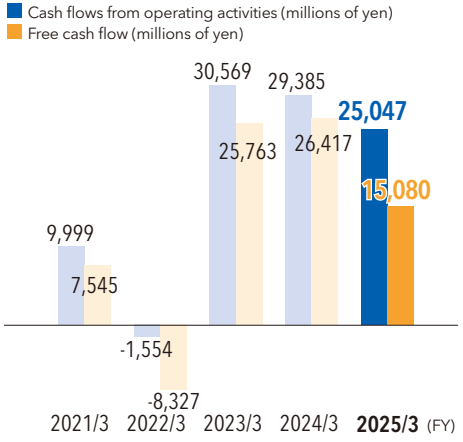


Note: On October 1, 2024, the Company conducted a two-for-one stock split of common stock. For presentation purposes, earnings per share for the period under review and periods prior to the split date have been restated to better illustrate the impact of the stock split.

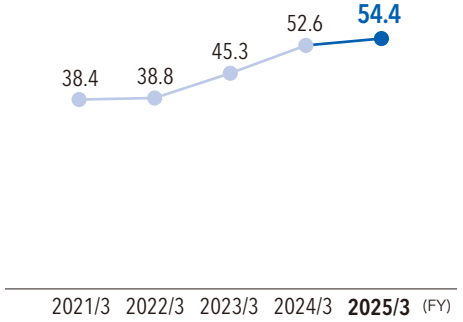
Return on equity (ROE) (%)



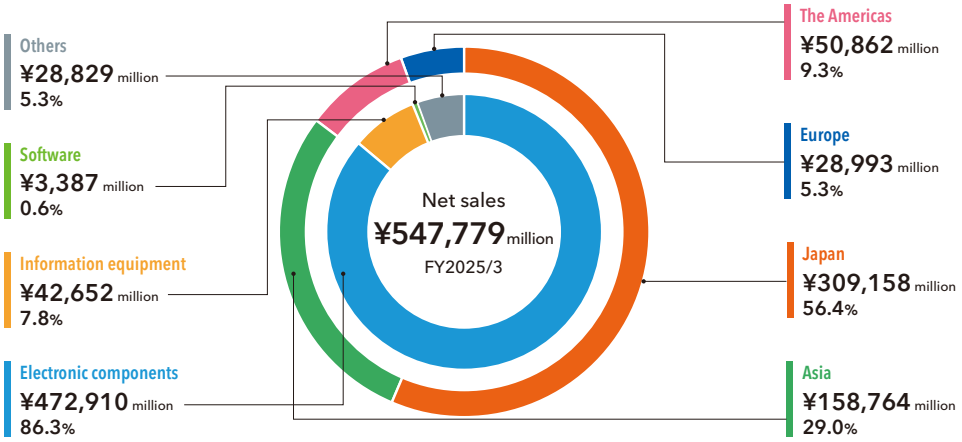
Cash flows from operating activities / Free cash flow



Equity ratio (%)



Net sales composition by segment and region (Inner: By segment, Outer: By region)



Overview of Financial Condition and Results of Operations Fiscal year ended March 31, 2025

Results of operations

Looking at the global economy during the consolidated fiscal year under review, the U.S. economy remained solid on the back notably of improvement in personal consumption, but overall, uncertainties continued to prevail given the economic slowdown in China, geopolitical risks in Europe and the Middle East, and other situations. Meanwhile, in Japan, despite an improvement in the employment and income environment, and positive corporate activities including capital investment, the economy recovered only moderately due to such factors as sluggish personal consumption that was attributable mainly to increases in energy, food, and other prices.

In the electronics industry to which the Group belongs, demand related to automotive applications remained robust against the backdrop of vehicle electrification. Inventory adjustment showed signs of moderation in applications related to industrial equipment and office equipment, but in some other areas including applications related to air-conditioning equipment, the inventory adjustment phase was prolonged.

Under such circumstances, during the consolidated fiscal year under review, although net sales in the electronic components business decreased as a result of prolonged inventory adjustment and termination of transactions with a certain major customer of an overseas subsidiary, and sales in the information equipment business were also sluggish due to completion of a certain large-scale project, a small increase in net sales was recorded, up 0.9% year on year to ¥547,779 million, reflecting robust performance of the software business and the others business.

Despite slow growth in net sales, gross profit recorded a small increase of 1.7% year on year to ¥71,665 million, with an increase in sales of relatively high-margin products as well as an improved sales mix resulting partly from termination of large-scale transactions that had been low-profit. Gross profit margin improved by 0.1 percentage points year on year.

Operating income decreased by 8.7% year on year to ¥23,601 million, reflecting an increase in selling, general and administrative expenses attributable in part to an increase in personnel expenses resulting from wage increases implemented during the fiscal year under review and rising logistics costs.

Ordinary income decreased by 13.0% year on year to ¥22,593 million, due partly to an increase in foreign exchange losses attributable to exchange rate fluctuations.

Profit attributable to owners of parent decreased by 16.0% year on year to ¥17,083 million, partly reflecting the absence of ¥1,420 million in gain on sale of investment securities and ¥481 million in gain on bargain purchase both recorded in the previous fiscal year.

Financial condition

Total assets as of March 31, 2025 increased by ¥18,879 million from the previous fiscal year-end and amounted to ¥305,671 million. The main items are as follows.

Current assets

Current assets increased ¥12,535 million to ¥257,164 million. This was primarily due to a ¥13,592 million increase in cash and deposits.

Non-current assets

Non-current assets increased ¥6,344 million to ¥48,507 million. This was primarily due to a ¥3,309 million increase in property, plant and equipment, and a ¥2,083 million increase in investment securities.

Total liabilities

Liabilities increased ¥3,731 million from March 31, 2024, to ¥139,292 million. This was primarily due to a ¥1,947 million increase in notes and accounts payable–trade, and a ¥1,780 million increase in income taxes payable.

Total net assets

Net assets increased ¥15,148 million from March 31, 2024, to ¥166,379 million. This was primarily thanks to an ¥11,302 million increase in retained earnings due mainly to ¥17,083 million in profit attributable to owners of parent, along with a ¥3,155 million increase in foreign currency translation adjustment.

Overview of Financial Condition and Results of Operations Fiscal year ended March 31, 2025

Cash flows

Cash and cash equivalents as of March 31, 2025 increased ¥10,263 million from March 31, 2024 to ¥72,681 million.

The status and factors thereof for each cash flow category in the fiscal year ended March 31, 2025 are as follows.

Cash flow from operating activities

Net cash and cash equivalents provided by operating activities totaled ¥25,047 million, compared with ¥29,385 million provided in the previous fiscal year. This was mainly due to the posting of profit before income taxes.

Cash flow from investing activities

Net cash and cash equivalents used in investing activities totaled ¥9,967 million, compared with ¥2,968 million used in the previous fiscal year. This was mainly due to purchases of property, plant and equipment, and of purchase investment securities.

Cash flow from financing activities

Net cash and cash equivalents used in financing activities totaled ¥7,343 million, compared with ¥16,973 million used in the previous fiscal year. This was mainly due to payment of cash dividends and repayments of loans payable.

Policy regarding capital resources and cash liquidity

As for the financing of necessary working capital and funds for capital expenditure, the Kaga Electronics Group utilizes such sources as shareholders' equity and borrowings. Looking ahead, the Group intends to procure the necessary working capital and funds for capital expenditure to support its future operations internally, with cash flows from operating activities positioned as its financial base.

Funding requirements

The main elements of the Group's working capital requirement are funds for the purchase of products to be marketed by the Group and for the purchase of raw materials and components to produce its own products. It also requires funds to cover manufacturing costs and selling, general and administrative expenses. The need for funding for investment purposes is largely connected to capital expenditures and costs associated with new business M&As and securing commercial rights.

Financial policy

With respect to the procurement of short-term working capital, the Group's basic stance is to secure optimal capital efficiency within the Group before resorting to borrowings from financial institutions.

With respect to the procurement of funds for M&As, capital expenditures and long-term working capital, the Group's basic stance is to conduct optimal procurement using the various methods available to it, including both direct and indirect financing, with due consideration given to financial conditions at the time of procurement as well as to the term and purpose of each funding requirement.

Consolidated Balance Sheet

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
As of March 31, 2024 and 2025

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
CURRENT ASSETS:			
Cash and deposits	¥ 66,596	**¥ 80,188**	**$ 536,308**
Notes receivable–trade, Accounts receivable–trade and Electronically recorded monetary claims–operating	112,574	**114,139**	**763,372**
Inventories	54,739	**51,774**	**346,269**
Others	10,941	**11,298**	**75,567**
Allowance for doubtful accounts	-223	**-236**	**-1,584**
Total CURRENT ASSETS	244,629	**257,164**	**1,719,932**
NON-CURRENT ASSETS:			
PROPERTY, PLANT AND EQUIPMENT			
Buildings and structures	7,266	**9,839**	**65,808**
Machinery, equipment and vehicles	7,647	**11,034**	**73,797**
Tools, furniture and fixtures	1,362	**1,217**	**8,144**
Land	6,036	**5,940**	**39,733**
Construction in progress	2,824	**413**	**2,763**
Total PROPERTY, PLANT AND EQUIPMENT	25,135	**28,445**	**190,246**
INTANGIBLE ASSETS			
Software	2,021	**1,694**	**11,332**
Others	70	**44**	**294**
Total INTANGIBLE ASSETS	2,092	**1,738**	**11,626**
INVESTMENTS AND OTHER ASSETS			
Investment securities	10,472	**12,556**	**83,979**
Deferred tax assets	1,179	**1,344**	**8,989**
Others	3,282	**4,422**	**29,580**
Total INVESTMENTS AND OTHER ASSETS	14,934	**18,323**	**122,548**
Total NON-CURRENT ASSETS	42,162	**48,507**	**324,421**
Total ASSETS	¥ 286,792	**¥ 305,671**	**$ 2,044,354**

LIABILITIES	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
CURRENT LIABILITIES:			
Notes and accounts payable–trade	¥ 71,392	**¥ 73,340**	**$ 490,503**
Short-term loans payable	10,604	**14,890**	**99,590**
Current portion of bonds payable	–	**5,000**	**33,440**
Income taxes payable	2,238	**4,018**	**26,878**
Others	20,566	**20,454**	**136,803**
Total CURRENT LIABILITIES	104,803	**117,704**	**787,217**
NON-CURRENT LIABILITIES:			
Bonds payable	10,000	**5,000**	**33,440**
Long-term loans payable	10,500	**5,500**	**36,784**
Deferred tax liabilities	3,241	**4,115**	**27,527**
Net defined benefit liability	2,342	**2,572**	**17,203**
Others	4,674	**4,399**	**29,424**
Total NON-CURRENT LIABILITIES	30,757	**21,587**	**144,381**
Total LIABILITIES	135,560	**139,292**	**931,598**
NET ASSETS			
SHAREHOLDERS' EQUITY:			
Capital stock	12,133	**12,133**	**81,149**
Capital surplus	14,849	**14,885**	**99,558**
Retained earnings	110,250	**121,553**	**812,957**
Treasury shares	-5,603	**-5,579**	**-37,318**
Total SHAREHOLDERS' EQUITY	131,629	**142,993**	**956,348**
Total ACCUMULATED OTHER COMPREHENSIVE INCOME	19,204	**23,225**	**155,334**
Non-controlling interests	396	**160**	**1,073**
Total NET ASSETS	151,231	**166,379**	**1,112,756**
Total LIABILITIES AND NET ASSETS	¥ 286,792	**¥ 305,671**	**$ 2,044,354**

Consolidated Statement of Income and Comprehensive Income

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
Net sales	¥ 542,697	**¥ 547,779**	**$ 3,663,588**
Cost of sales	472,244	**476,113**	**3,184,281**
Gross profit	70,452	**71,665**	**479,306**
Selling, general, and administrative expenses	44,607	**48,064**	**321,458**
Operating income	25,845	**23,601**	**157,847**
NON-OPERATING INCOME			
Total NON-OPERATING INCOME	2,409	**2,569**	**17,184**
NON-OPERATING EXPENSES			
Foreign exchange losses	741	**2,336**	**15,629**
Others	1,536	**1,239**	**8,293**
Total NON-OPERATING EXPENSES	2,278	**3,576**	**23,922**
Ordinary income	25,976	**22,593**	**151,109**
EXTRAORDINARY INCOME			
Gain on sales of investment securities	1,420	**754**	**5,049**
Gain on reversal of impairment loss	–	**642**	**4,293**
Others	987	**42**	**285**
Total EXTRAORDINARY INCOME	2,408	**1,439**	**9,630**
EXTRAORDINARY LOSS			
Loss on valuation of investment securities	238	**241**	**1,618**
Others	45	**82**	**552**
Total EXTRAORDINARY LOSS	284	**324**	**2,170**
Profit before income taxes	28,099	**23,709**	**158,569**
Total income taxes	7,776	**6,988**	**46,737**
Profit	20,323	**16,721**	**111,831**
(Breakdown)			
Profit attributable to owners of parent	20,345	**17,083**	**114,252**
Loss attributable to non-controlling interests	-21	**-361**	**-2,420**
Total OTHER COMPREHENSIVE INCOME	6,889	**4,023**	**26,908**
Comprehensive income	¥ 27,213	**¥ 20,744**	**$ 138,739**

Consolidated Statement of Cash Flows

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income taxes	¥ 28,099	**¥ 23,709**	**$ 158,569**
Depreciation	4,252	**4,464**	**29,857**
(Increase) Decrease in notes and accounts receivable–trade	21,260	**-1,036**	**-6,934**
(Increase) Decrease in inventories	4,545	**2,356**	**15,760**
(Increase) Decrease in notes and accounts payable–trade	-12,257	**2,040**	**13,645**
(Increase) Decrease in other current assets	-1,513	**-1,525**	**-10,199**
Increase (Decrease) in other current liabilities	-2,861	**-208**	**-1,397**
Others, net	-667	**-1,998**	**-13,369**
Subtotal	40,857	**27,800**	**185,932**
Income taxes paid	-11,736	**-3,523**	**-23,564**
Others, net	264	**770**	**5,153**
Net cash provided by (used in) operating activities	29,385	**25,047**	**167,522**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-5,417	**-5,245**	**-35,081**
Purchase of investment securities	-547	**-2,553**	**-17,079**
Other payments	-2,303	**-4,057**	**-27,139**
Other proceeds	5,299	**1,889**	**12,638**
Net cash provided by (used in) investing activities	-2,968	**-9,967**	**-66,663**
CASH FLOW FROM FINANCING ACTIVITIES			
Cash dividends paid	-6,033	**-5,773**	**-38,613**
Others, net	-10,940	**-1,570**	**-10,508**
Net cash provided by (used in) financing activities	-16,973	**-7,343**	**-49,116**
Effect of exchange rate change on cash and cash equivalents	2,667	**2,527**	**16,901**
Cash and cash equivalents at beginning of period	50,307	**62,417**	**417,454**
Cash and cash equivalents at end of period	¥ 62,417	**¥ 72,681**	**$ 486,098**

11-Year Financial Summary

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31 from 2015 to 2025

	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Per share data											
EPS (yen)*1	78.14	96.21	124.71	118.29	146.03	106.60	207.53	288.23	439.32	387.30	**325.08**
Annual dividend (yen)*1	20.00	27.50	30.00	35.00	40.00	35.00	40.00	60.00	110.00	110.00	**110.00**
Payout ratio (%)	25.6	28.6	24.1	29.6	27.4	32.8	19.3	20.8	25.0	28.4	**33.8**
BPS (yen)*1	1,054.02	1,092.97	1,200.50	1,285.90	1,395.49	1,425.50	1,655.62	2,013.11	2,467.68	2,871.11	**3,162.68**
Major indicators											
Gross profit margin (%)	12.8	13.7	13.7	13.8	12.1	10.6	11.3	12.2	12.9	13.0	**13.1**
Ratio of SG&A expenses to net sales (%)	10.3	10.5	10.7	10.3	9.6	8.3	8.6	8.0	7.6	8.2	**8.8**
Operating income margin (%)	2.5	3.2	3.0	3.4	2.6	2.3	2.7	4.2	5.3	4.8	**4.3**
Ordinary income margin (%)	3.0	3.2	3.2	3.7	2.7	2.3	2.7	4.3	5.4	4.8	**4.1**
Profit attributable to owners of parent margin (%)	1.7	2.2	3.1	2.8	2.7	1.3	2.7	3.1	3.8	3.7	**3.1**
ROE (%)*2	7.8	9.0	10.9	9.5	10.9	7.6	13.5	15.7	19.6	14.5	**10.8**
ROIC (%)*3	5.2	7.5	8.1	7.2	5.8	6.3	6.9	10.4	13.0	9.7	**8.2**
ROA (%)*4	3.5	4.3	5.6	5.1	4.7	2.8	5.1	6.1	8.3	7.1	**5.8**
Equity ratio (%)	46.6	49.7	52.4	54.8	35.8	37.7	38.4	38.8	45.3	52.6	**54.4**
Debt equity ratio (times)*5	0.24	0.21	0.15	0.13	0.43	0.37	0.42	0.48	0.32	0.23	**0.20**
CCC (days)*6	49.8	45.9	44.7	40.0	47.1	34.4	46.7	66.6	55.4	55.2	**52.6**
Receivables turnover period (days)*7	83.2	81.5	83.6	77.1	77.0	75.2	93.7	89.0	77.5	75.7	**76.1**
Inventory turnover period (days)*8	32.5	28.5	31.0	30.1	35.1	26.3	32.8	46.1	33.7	36.8	**34.5**
Payables turnover period (days)*9	65.9	64.2	69.9	67.3	65.0	67.0	79.8	68.6	55.8	57.4	**58.0**
Number of employees (persons)	5,092	5,243	5,216	5,427	6,627	6,731	7,826	7,959	8,092	8,021	**8,560**

*1 The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. For presentation purposes, per share data for earnings, annual dividends, and net assets have been restated to reflect the impact of the stock split, including for periods prior to the split date.
*2 ROE = Profit attributable to owners of the parent / Average equity × 100 (%)
*3 ROIC = Operating Income After Tax / (Shareholders' Equity + Interest-bearing Debt)
*4 ROA = Profit attributable to owners of the parent / Average total assets × 100 (%)
*5 Debt equity ratio = Interest-bearing debt / Equity (times)
*6 Cash conversion cycle (CCC) = Receivables turnover period (days) + Inventory turnover period (days) – Payables turnover period (days)
*7 Receivables turnover period (days) = Notes and accounts receivable–trade / Net sales × 365 (days)
*8 Inventory turnover period (days) = Inventories / Net Sales × 365 (days)
*9 Payables turnover period (days) = Notes and accounts payable–trade / Total purchase of goods × 365 (days)

11-Year Financial Summary

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31 from 2015 to 2025

	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Fiscal year											
Net sales (millions of yen)	255,143	245,387	227,209	235,921	292,779	443,615	422,365	495,827	608,064	542,697	**547,779**
Gross profit (millions of yen)	32,738	33,648	31,225	32,498	35,546	47,016	47,936	60,547	78,514	70,452	**71,665**
Selling, general, and administrative (SG&A) expenses (millions of yen)	26,376	25,859	24,346	24,379	27,976	37,001	36,469	39,632	46,265	44,607	**48,064**
Operating income (millions of yen)	6,362	7,788	6,879	8,119	7,570	10,014	11,467	20,915	32,249	25,845	**23,601**
Ordinary income (millions of yen)	7,664	7,908	7,343	8,740	7,859	10,137	11,241	21,456	32,739	25,976	**22,593**
Profit attributable to owners of parent (millions of yen)	4,416	5,437	6,975	6,490	8,014	5,852	11,399	15,401	23,070	20,345	**17,083**
Cash flows from operating activities (millions of yen)	9,127	9,546	10,746	10,077	-1,547	22,406	9,999	-1,554	30,569	29,385	**25,047**
Cash flows from investing activities (millions of yen)	-1,465	-1,263	-258	-4,173	-6,860	-3,651	-2,453	-6,772	-4,805	-2,968	**-9,967**
Free cash flow (millions of yen)	7,661	8,283	10,487	5,904	-8,408	18,754	7,545	-8,327	25,763	26,417	**15,080**
Cash flows from financing activities (millions of yen)	-4,431	-3,067	-6,118	-2,811	11,684	-7,544	-6,851	1,155	-15,549	-16,973	**-7,343**
Depreciation (millions of yen)	1,907	1,604	1,452	1,481	1,740	2,754	3,167	3,738	4,000	4,252	**4,464**
Capital expenditures / Investment and loans (millions of yen)*	2,660	2,166	1,464	4,520	6,712	6,133	2,906	5,739	4,910	5,736	**8,224**
Fiscal year-end											
Total assets (millions of yen)	127,948	124,281	125,751	128,755	213,761	207,638	237,004	272,139	286,217	286,792	**305,671**
Net assets (millions of yen)	59,603	61,808	65,932	70,631	84,259	86,250	95,062	105,800	129,737	151,231	**166,379**
Equity (millions of yen)	59,564	61,764	65,872	70,556	76,604	78,284	90,967	105,680	129,608	150,834	**166,218**
Interest bearing debt (millions of yen)	14,573	12,739	9,805	8,900	32,851	28,736	38,261	51,171	41,938	34,270	**33,496**
Cash and deposits (millions of yen)	18,130	22,516	26,423	30,803	35,003	43,384	45,636	41,051	52,600	66,596	**80,188**
Inventories (millions of yen)	22,703	19,175	19,325	19,455	40,026	31,908	37,948	62,607	56,205	54,739	**51,774**

* Including spending associated with the purchase of property, plant and equipment, intangible assets and investment securities as well as the purchase of shares of subsidiaries resulting in change in scope of consolidation.

ESG Data

E Environment

		2021/3	2022/3	2023/3	2024/3	2025/3
Greenhouse gas emissions and energy consumption						
CO_2 emissions at the Head Office building (kg-CO_2)		227,427	252,164	310,387	315,361	**279,107**
Energy consumption at Head Office building (kWh)		601,660	667,097	821,130	895,914	**877,696**
CO_2 emission amount (Scope 1) (t-CO_2)		–	–	–	1,215	**1,078**
CO_2 emission amount (Scope 2)*1,2 (t-CO_2)		227	252	310	28,470	**29,392**
CO_2 emission amount (Scope 1+2 combined) (t-CO_2)		–	–	–	29,685	**30,470**
CO_2 emission amount (Scope 3) (t-CO_2)		–	–	–	1,742,660	**1,763,121**
Unit requirement for CO_2 emissions (t-CO_2/million yen)*3		–	–	–	0.0546	**0.0556**
Energy consumption (Scope 1)	Gasoline (L)	–	–	–	213,444	**188,403**
	Kerosene (L)	–	–	–	119,787	**103,258**
	Diesel oil (L)	–	–	–	128,679	**110,555**
Energy consumption (Scope 2)*2	Electricity (kWh)	601,660	667,097	821,130	43,949,150	**46,912,439**
Renewable energy Solar power generation (kWh)		–	–	1,157,565	1,698,137	**2,439,372**
Energy consumption per unit*2,4 (kWh/million yen)		–	–	–	100.2	**106.1**
Resources						
Water consumption (kℓ) *5		–	–	23,117	26,968	**20,950**
Copy paper usage (sheets) *6		–	–	2,145,125	2,135,914	**2,014,798**
Amount waste generated from office-related activities *7						
Amount of waste generated (t)		–	–	36.2	38.8	**29.0**
Amount of waste recycled (t)		–	–	23.4	22.5	**16.5**
Recycling rate (%)		–	–	64.8	58.0	**57.0**
Others						
Environmental conservation costs (thousand yen)		–	—	–	132,600	**62,800**
Volatile organic compound (VOC) emissions (t)		–	–	0	0	**0**

*1 Market-based method
*2 Up to March 2023, Scope 2 emissions are calculated for the KAGA ELECTRONICS Head Office building only
*3 CO_2 emissions divided by consolidated net sales (in millions of yen)
*4 Electricity consumption divided by consolidated net sales (in millions of yen)
*5 KAGA ELECTRONICS Head Office building, Nagoya Business Office, Osaka Business Office, and three domestic manufacturing sites
*6 KAGA ELECTRONICS Head Office building, Hatchobori Plaza Building
*7 KAGA ELECTRONICS Head Office building

S Society

		2021/3	2022/3	2023/3	2024/3	2025/3
Employee data						
Number of non-consolidated employees*8	Total	556	555	546	549	**560**
	Male	374	374	364	360	**355**
	Female	182	181	182	189	**205**
Number of consolidated employees*8	Total	7,826	7,959	8,092	8,021	**8,560**
	Male	3,676	3,874	3,823	3,928	**4,235**
	Female	4,150	4,085	4,269	4,093	**4,325**
Average age of employees	Overall	42.8	42.9	43.3	43.3	**42.6**
	Male	44.9	44.9	45.4	45.3	**45.0**
	Female	38.3	38.3	39.1	39.3	**38.6**
Average years of employee service	Overall	15.4	14.8	14.5	14.5	**14.0**
	Male	16.4	15.3	14.6	14.6	**14.3**
	Female	13.3	13.9	14.2	14.3	**13.6**
Number of new graduates hired	Total	21	20	24	27	**32**
	Male	14	16	15	18	**18**
	Female	7	4	9	9	**14**
	Of whom, women hired as career-track employees	1	1	1	4	**5**
Number of mid-career hires	Total	2	3	11	6	**23**
	Male	2	3	10	5	**14**
	Female	0	0	1	1	**9**
	Of whom, women hired as career-track employees	0	0	0	1	**7**
Training hours		2,778.0	4,715.0	15,151.0	16,404.50	**17,079.50**
Number of trainees*9		216	756	843	1,513	**1,835**
Training cost (thousand yen)		6,989	10,258	12,862	12,334	**11,491**

*8 Excluding temporary employees
*9 Total number of employees who underwent training during the year

ESG Data

		2021/3	2022/3	2023/3	2024/3	2025/3
Employee Data						
Turnover ratio (%)	Overall	2.0	2.1	2.4	3.0	**3.1**
	Male	2.2	2.3	2.7	3.7	**3.7**
	Female	1.7	1.7	1.6	1.6	**2.1**
Management ratio (%)	Overall	17.0	17.8	17.9	18.9	**18.7**
	Male	95.8	96.0	93.9	94.3	**95.2**
	Female	4.2	4.0	6.1	5.7	**4.8**
Periodic health screening attendance rate (%)		93.9	96.5	96.5	100.0	**100.0**
Smoking rate (results of health screening survey) (%)		27.2	25.9	27.2	25.8	**25.6**
Percentage of persons engaged in habitual exercise (results of health screening survey) (%)		25.4	25.1	25.4	27.2	**27.2**
Percentage of persons of appropriate weight (results of health screening survey) (%)		58.9	51.4	58.9	60.0	**60.8**
Stress check examination rate (%)		99.0	98.8	98.1	99.3	**99.1**
Aggregate results of stress checks (percentage of high-stress individuals) (%)		7.9	8.0	8.0	8.7	**8.7**
Number of occupational accidents		2	2	2	2	**1**
Number of employees on leave due to injury or illness		3	3	6	4	**7**
Number of workdays lost due to work-related injuries		0	0	0	0	**0**
Work-life balance						
Number of days of annual paid leave granted*1		18.7	18.7	18.3	18.3	**17.7**
Utilization ratio of annual paid leave		53.2	54.3	56.2	70.1	**68.5**
Number of employees who took childcare leave	Total	17	22	19	12	**29**
	Male	1	2	0	0	**8**
	Female	16	20	19	12	**21**
Ratio of employees reinstated following childcare leave		100.0	100.0	100.0	93.8	**100.0**

*1 Average of all employees, excluding carry-over

		2021/3	2022/3	2023/3	2024/3	2025/3
Work-life balance						
Average monthly employee overtime (hours)		12.7	10.0	14.57	13.34	**12.3**
Total annual prescribed working hours		1,815.0	1,807.5	1,807.5	1,815.0	**1,822.50**
Total hours worked annually (per person)		–	1,984	1,991	1,974	**1,971**
Salary						
Average annual income (including bonuses) (thousand yen)		7,815	8,081	8,890	8,901	**8,523**
Wage difference between men and women (%) Female average / Male average	All employees	–	–	66.2	66.6	**68.7**
	Of whom, full-time employees	–	–	65.6	66.0	**67.2**
	Of whom, part-time or fixed-term employees	–	–	49.9	49.8	**61.7**

G Governance

		2021/3	2022/3	2023/3	2024/3	2025/3*2
Corporate governance						
Number of directors	Total	11	11	6	6	**6**
	Male	11	11	6	6	**6**
	Female	0	0	0	0	**0**
Number of outside directors		4	4	3	3	**3**
	(%)	36.4	36.4	50.0	50.0	**50.0**
Number of auditors	Total	4	4	4	4	**4**
	Male	4	4	3	3	**3**
	Female	0	0	1	1	**1**

*2 The Company transitioned to a Company with an Audit and Supervisory Committee pursuant to a resolution adopted at the 57th General Meeting of Shareholders held on June 26, 2025.
As a result, the Board of Directors now comprises 12 members: 11 men and 1 woman (Half of whom (6) are outside directors; the Audit and Supervisory Committee comprises 3 men and 1 woman).

Corporate Information As of March 31, 2025

Company overview

Name	**KAGA ELECTRONICS CO., LTD.**
Address	20 Kandamatsunagacho, Chiyoda-ku, Tokyo 101-8629, Japan TEL +81-3-5657-0111 FAX +81-3-3254-7131
Business description	Sale of electronic parts and semiconductors, provision of EMS,* and sale of finished products, such as PCs and PC peripherals, etc. * Electronics manufacturing services: Product development and manufacturing services furnished on a contract basis
Founded	September 12, 1968
Capital	¥12,133 million
Number of Group companies (Including KAGA ELECTRONICS CO., LTD.) (As of September 30, 2025)	73 (25 in Japan, 48 overseas)
Number of employees (consolidated)	8,560



KAGA ELECTRONICS Head Office

Major affiliates in Japan

KAGA TECH CO., LTD.

KAGA DEVICES CO., LTD.

KAGA SOLUTION NETWORK CO., LTD.

AD DEVICE CO., LTD.

KAGA MICRO SOLUTION CO., LTD.

DIGITAL MEDIA LAB., INC.

KAGA SPORTS CO., LTD.

KAGA AMUSEMENT CO., LTD.

KAGA TECHNO SERVICE CO., LTD.

KAGA FEI CO., LTD.

KAGA EMS TOWADA CO., LTD.

EXCEL CO., LTD.

KYOKUTO ELECTRIC CO., LTD.

KAGA AEROSYSTEMS CO., LTD.

KYOEI SANGYO CO., LTD.
(Became a consolidated subsidiary on July 18, 2025)

Major affiliates overseas

China:

KAGA (H.K.) ELECTRONICS LIMITED

KAGA (SHENZHEN) ELECTRONICS LTD.

KAGA (SHANGHAI) ELECTRONICS CO., LTD.

KAGA TAXAN (SUZHOU) ELECTRONICS CO., LTD.

KAGA FEI ELECTRONICS PACIFIC ASIA LIMITED

The ASEAN Region:

KAGA (SINGAPORE) ELECTRONICS PTE LTD

KAGA (TAIWAN) ELECTRONICS CO., LTD.

KAGA COMPONENTS (MALAYSIA) SDN. BHD.

KAGA ELECTRONICS (THAILAND) CO., LTD.

PT. KAGA ELECTRONICS INDONESIA

KAGA ELECTRONICS (VIETNAM) CO., LTD.

KAGA ELECTRONICS INDIA PRIVATE LIMITED

The Americas:

TAXAN MEXICO S.A. DE C.V.

KAGA FEI AMERICA, INC.

Europe:

KD TEC S.R.O.

KD TEC TURKEY ELEKTRONIK SANAYI VE TICARET LIMITED SIRKETI

KAGA FEI EUROPE GmbH

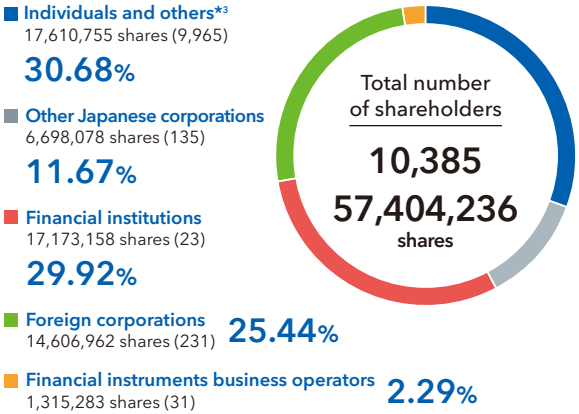
Corporate Information As of March 31, 2025

Stock information

Stock Listing	Tokyo Stock Exchange (Prime Market)
Securities code	8154
Fiscal year-end	March 31
Total number of shares authorized	160,000,000 shares
Total number of shares outstanding*1	57,404,236 shares
Number of shares constituting one unit	100 shares
Number of shareholders	10,385

*1 As a result of canceling 4,917,400 shares on August 18, 2025, the total number of shares outstanding is now 52,486,836 shares

Breakdown by shareholder category*2



*2 Figures in parentheses indicate the number of shareholders in each category
*3 Treasury stock of 4,843,430 shares is included in Individuals and others

Principal shareholders

Name	Number of shares held (thousand shares)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,112	11.63
OKOZE CO., LTD.	3,680	7.00
Custody Bank of Japan, Ltd. (Trust Account)	3,471	6.60
Kaga Electronics Employee Shareowners Association	3,140	5.97
MUFG Bank, Ltd.	2,275	4.33
Mizuho Bank, Ltd.	1,900	3.62
Isao Tsukamoto	1,451	2.76
The Bank of New York Mellon 140044	1,046	1.99
State Street Bank and Trust Company 505103	984	1.87
Nippon Life Insurance Company	918	1.75

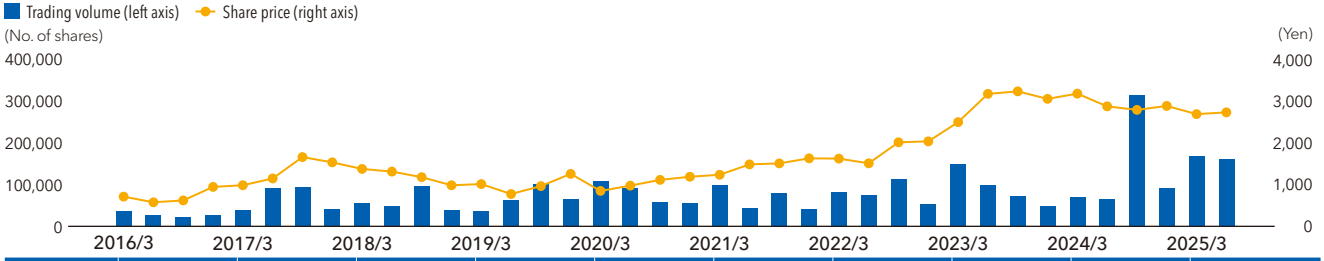
Note: In addition to the above, there are 4,843 thousand shares of treasury stock. Percentage of total shares issued is calculated after excluding treasury stock.

Total shareholder returns

(%)

	2021/3	2022/3	2023/3	2024/3	2025/3
KAGA ELECTRONICS CO., LTD.	150.4	203.0	319.0	412.5	367.6
[Reference] Nikkei Stock Average	154.2	147.1	148.2	213.4	188.3

Trends in share price and trading volume



	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Year-end share price (Yen)	714	988	1,379.5	1,016	851	1,240	1,627.5	2,505	3,129	2,698
Highest price (Yen)	981.5	1,068.5	1,890	1,515	1,357	1,385	1,740	2,640	3,560	3,125
Lowest price (Yen)	604.5	539.5	900	863	725	766	1,166	1,410	2,320	2,560
Annual trading volume (thousand shares)	10,346	10,916	17,206	16,920	19,469	18,836	17,757	27,252	25,802	24,188

Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Stock prices for periods prior to the stock split have been adjusted retroactively.

KAGA ELECTRONICS CO.,LTD.

Contact: Investor Relations & Public Relations Department

20 Kandamatsunagacho, Chiyoda-ku, Tokyo 101-8629, Japan
Tel: +81-3-5657-0106
Fax: +81-3-3254-7131
Email: webmaster@taxan.co.jp
Web: https://www.taxan.co.jp/en/