

FY2026/March Q1 (April-June) Earnings Presentation

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

August 7, 2025



JPX-NIKKEI 400

2023 - 2024



JPX-NIKKEI Mid Small

2021 - 2024

Summary of Financial Results for FY2026/3 Q1

Results for FY2026/3 Q1

(billion yen)	Net Sales	Operating income	Net income
Q1 Results	138.0	6.4	4.6
YoY	+9.4	+0.9	+0.4

- The first year of the new Medium-Term Management Plan got off to a good start with **a year-on-year increase in net sales and in all types of income.**
- Net sales: electronic components (EMS business), information equipment (PC sales) and others (sales of amusement equipment) businesses all enjoyed strong performance and drove net sales growth.
- Operating income/net income: increase in gross profit resulting from higher net sales and improved income margin, combined with control of SG&A expenses, led to an income increase.

FY2026/3 earnings forecast

(billion yen)	Net Sales	Operating income	Net income
Revised forecasts	574.0	24.0	24.2
vs. previous forecasts	+44.0	+1.0	+7.7

- As the result of Kyoei Sangyo becoming a consolidated subsidiary through a tender offer, **the full-year earnings forecast has been revised upward from the previous forecast (announced on May 14)**, to include the said company's outlook for Q2 and beyond. Reversing the previous forecast, increases are now projected for both net sales and income.
- Net income incorporates 7.2 billion yen in gain on bargain purchase associated with the acquisition.
- **Acquisition and cancellation of treasury shares for up to 15 billion yen** in total acquisition value or **4.92 million shares** (9.4% of the total number of issued shares) (announced on Aug 7)
- In light of the earnings revision, the annual dividend has been **revised upward by 10 yen to 120 yen per share** (up 10 yen from the previous fiscal year) (announced on Aug 7)
- *A two-for-one stock split was executed in October 2024. Up 10 yen from the previous fiscal year is calculated after adjustment for the stock split.

Shareholder Return

Financial Highlights for FY2026/3 Q1

(million yen)	FY2025/3	Composition Ratio	Q1Results (April-June)		YoY	Forecasts (Announced on May 14, 2025)		
			FY2026/3	Composition Ratio		FY2026/3	Composition Ratio	Progress rate
Net Sales	128,638	100.0%	138,086	100.0%	7.3%	530,000	100.0%	26.1%
Gross Profit	16,980	13.2%	18,440	13.4%	8.6%	—	—	—
SG&A	11,430	8.9%	11,956	8.7%	4.6%	—	—	—
Operating income	5,550	4.3%	6,484	4.7%	16.8%	23,000	4.3%	28.2%
Ordinary income	6,045	4.7%	6,242	4.5%	3.3%	23,000	4.3%	27.1%
Profit attributable to owners of parent	4,127	3.2%	4,614	3.3%	11.8%	16,500	3.1%	28.0%
EPS (yen)	78.56	—	87.80	—	—	313.95	—	—
Exchange rate	yen / US\$	155.88	144.59	—	—	140.00	—	—

- Note: 1. The effect of exchange rates on the conversion into yen is approximately -3,126 million yen on net sales and -66 million yen on operating income.
2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. EPS for the previous fiscal year is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

Results by Business Segment for FY2026/3 Q1

(million yen)		Q1Results (April-June)		YoY	Forecasts (Announced on May 14, 2025)		
		FY2025/3	profit margin		FY2026/3	profit margin	Progress rate
Electronic Component	Net sales	111,320		4.6%	457,000		25.5%
	Segment income	4,331	3.9%	-2.4%	16,500	3.6%	25.6%
Information Equipment	Net sales	10,606		14.2%	45,000		26.9%
	Segment income	639	6.0%	28.5%	3,500	7.8%	23.5%
Software	Net sales	631		-6.3%	3,000		19.7%
	Segment income	35	5.6%	—	500	16.7%	—
Others	Net sales	6,079		46.8%	25,000		35.7%
	Segment income	461	7.6%	195.3%	2,500	10.0%	54.5%
Total	Net sales	128,638		7.3%	530,000		26.1%
	Segment income	5,550	4.3%	16.8%	23,000	4.3%	28.2%

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

Results by Company for FY2026/3 Q1

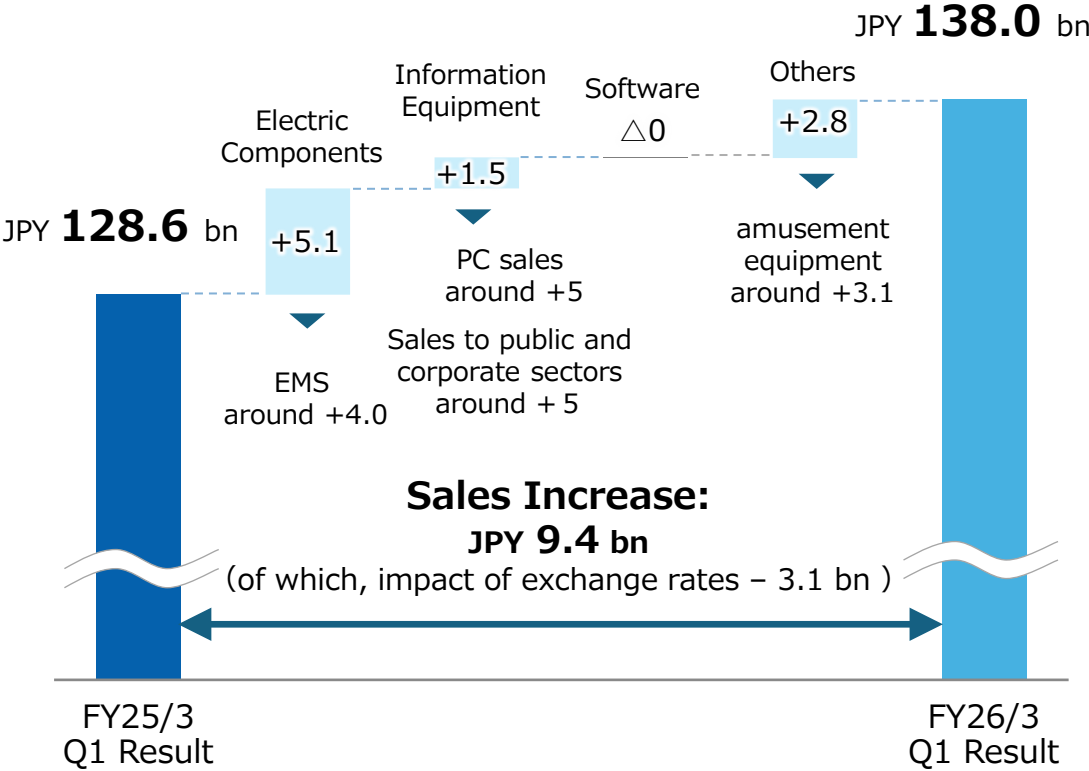
(million yen)		FY2025/3		Q1Results (April-June)		YoY
			Composition Ratio	FY2026/3	Composition Ratio	
Kaga Electronics	Net sales	73,621	100.0%	82,631	100.0%	12.2%
	Gross Profit	11,595	15.8%	13,294	16.1%	14.7%
	Operating income	4,423	6.0%	5,799	7.0%	31.1%
Kaga FEI	Net sales	48,663	100.0%	48,835	100.0%	0.4%
	Gross Profit	4,616	9.5%	4,327	8.9%	-6.3%
	Operating income	831	1.7%	366	0.8%	-55.9%
Excel	Net sales	6,352	100.0%	6,620	100.0%	4.2%
	Gross Profit	785	12.4%	813	12.3%	3.6%
	Operating income	268	4.2%	278	4.2%	3.5%
Total	Net sales	128,638	100.0%	138,086	100.0%	7.3%
	Gross Profit	16,980	13.2%	18,440	13.4%	8.6%
	Operating income	5,550	4.3%	6,484	4.7%	16.8%

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

Analysis of Changes in Net Sales and Operating Income

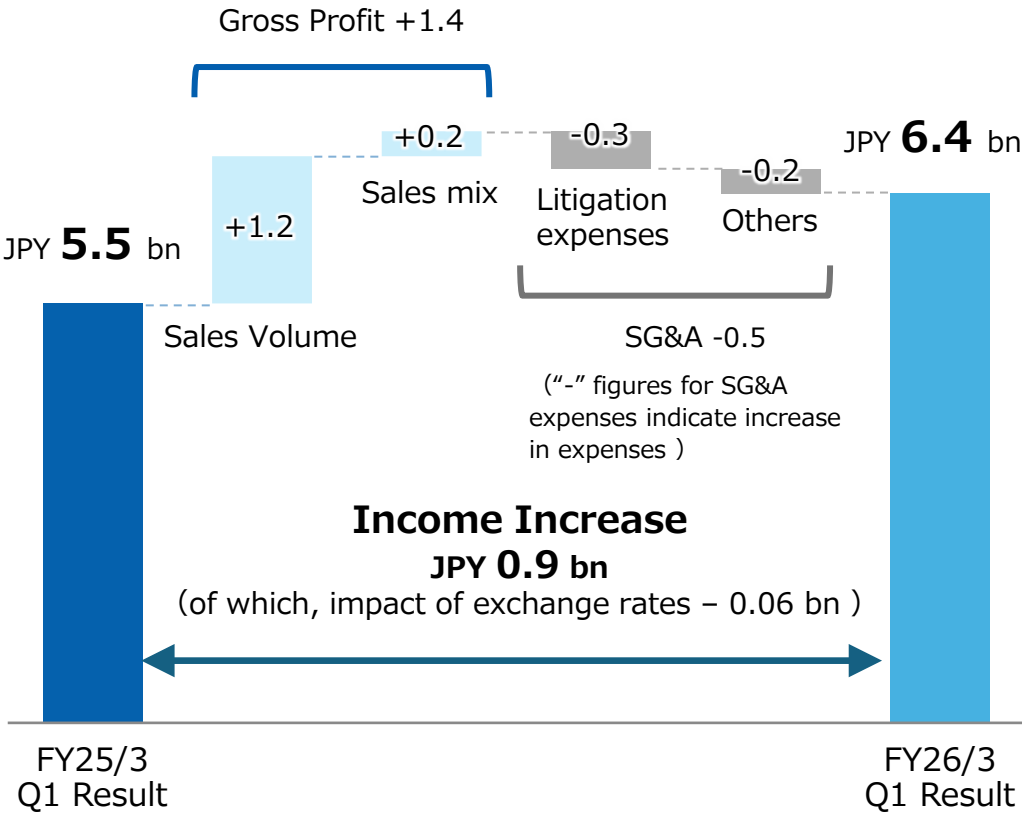
Net sales

(billion yen)



Operating income

(billion yen)

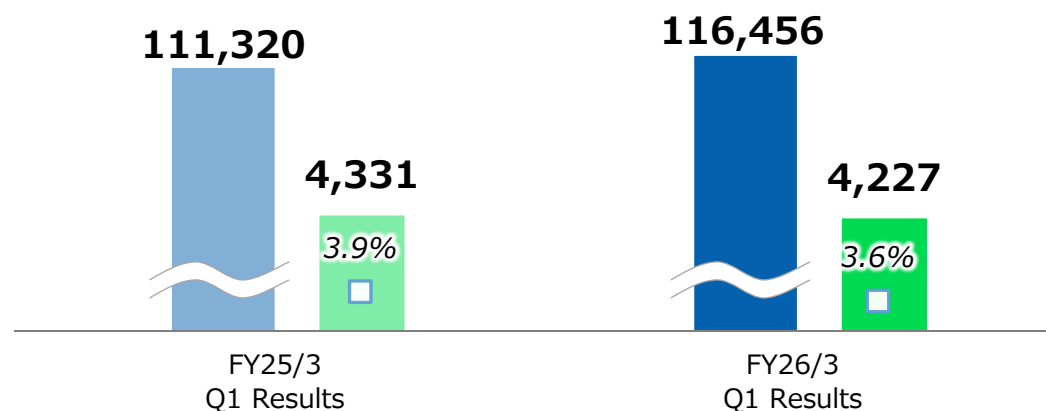


FY2026/3 Q1: Electronic Component Segment

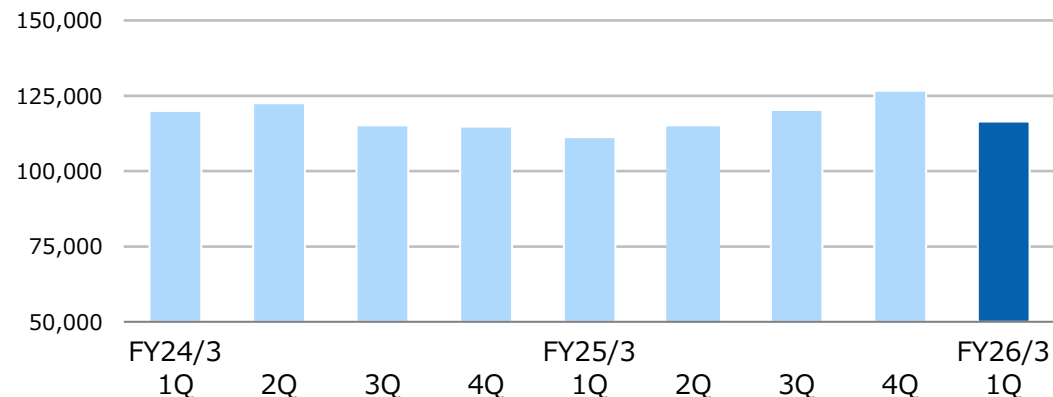
Net sales/Segment income

(million yen)

■ Net Sales ■ Segment income
■ Profit margin



Quarterly Net Sales Trends (3months)



Q1Results
(April-June)

(million yen)	FY2025/3	FY2026/3	YoY	
Net Sales	111,320	116,456	+5,135	4.6%
Segment income	4,331	4,227	-103	-2.4%
Profit margin	3.9%	3.6%	-0.3pt	

Main factors behind increase/decrease

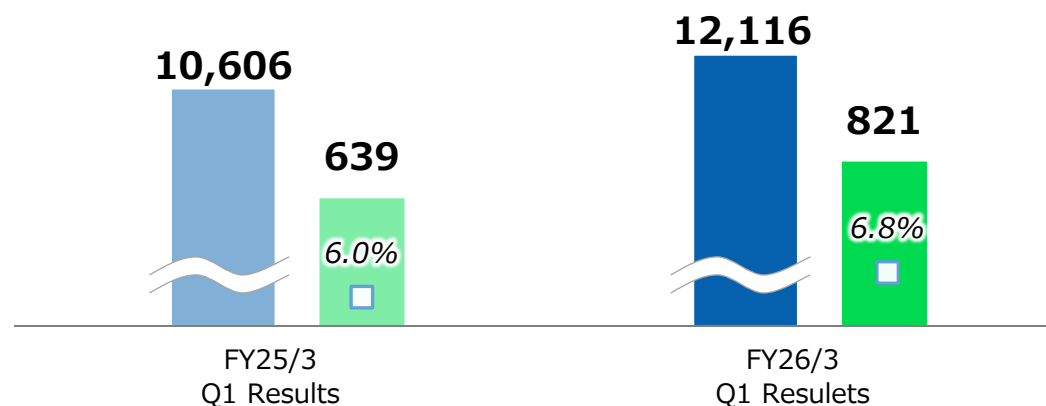
Components sales business	(-) Prolonged inventory adjustment at some customers
	(-) Impact of decline in demand from a certain overseas customer
	(+) Expand sales of new products
As a result, net sales increased but income decreased year-on-year	
EMS Business	(+) Robust sales to medical and industrial equipment sectors
	(+) Continued recovery trend in sales to air-conditioning equipment sector
	(-) Demand decrease at some customers of the automotive sector
As a result, net sales and income both increased year-on-year	

FY2026/3 Q1: Information Equipment Segment

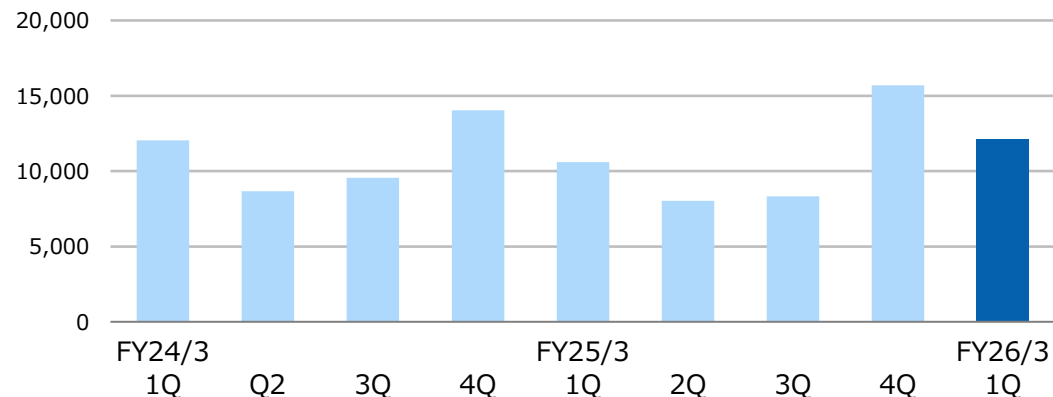
Net sales/Segment income

(million yen)

■ Net Sales ■ Segment income
■ Profit margin



Quarterly Net Sales Trends (3months)



Q1Results
(April-June)

(million yen)	FY2025/3	FY2026/3	YoY	
Net Sales	10,606	12,116	+1,510	14.2%
Segment income	639	821	+181	28.5%
Profit margin	6.0%	6.8%	+0.8pt	

Main factors behind increase/decrease

PC sales business	(+) Strong sales of PCs for educational institutions amid the season of high demand for newly enrolled students
	(+) Recovery of sales of PCs for mass retailers due to expansion of product lines by a major PC supplier
	(+) Strong sales of the comparatively high-margin security software products
As a result, net sales and income both increased year-on-year	
Electrical and telecommunication equipment installation business	(+) Strong performance of LED installation work for convenience store chains
	(+) Increased orders received for electric facility (electricity substations, solar panels) work
	(-) Increase in SG&A expenses due to bolstering of construction personnel as an advance investment
As a result, net sales increased but income decreased year-on-year	

Kyoei Sangyo Becoming a Group Company

Outline of Kyoei Sangyo	<table><tr><td>Name</td><td>Kyoei Sangyo Co.,Ltd.</td></tr><tr><td>Representative's title and name</td><td>President JUN HIRASAWA</td></tr><tr><td>Address of Head Office</td><td>4-12-6 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan</td></tr><tr><td>Description of business</td><td>Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development</td></tr></table>	Name	Kyoei Sangyo Co.,Ltd.	Representative's title and name	President JUN HIRASAWA	Address of Head Office	4-12-6 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan	Description of business	Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development
Name	Kyoei Sangyo Co.,Ltd.								
Representative's title and name	President JUN HIRASAWA								
Address of Head Office	4-12-6 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan								
Description of business	Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development								
Objectives of the acquisition	<ul style="list-style-type: none">● Semiconductor devices: complement each other in products that do not overlap and create added value leveraging the Company's EMS network● Industrial equipment systems: expand sales in India and other overseas markets using the Company's global adaptability● Systems development: expand solution proposals by combining the assets (both hardware and software) that Kaga Electronics possesses with those of Kyoei Sangyo								
Acquisition scheme	<p>(1) July 18, 2025: executed the tender offer and acquired 45.16% of Kyoei Sangyo's common stock. Combined with the shares held by the Company, Kyoei Sangyo was made a consolidated subsidiary with 54.48% shareholding ratio</p> <p>(2) Mid-October 2025 (scheduled): purchase shares held by general shareholders who have not assented to the tender offer (27.16%) through share consolidation</p> <p>(3) Early November 2025 (scheduled): acquire all the shares held by Mitsubishi Electric (18.35%) and make Kyoei Sangyo a wholly-owned subsidiary</p>								
Acquisition price	Total value of (1) to (3) combined is estimated at approximately 10.7 billion yen								

Impact on Forecasts Resulting from TOB of Kyoei Sangyo

Incorporated Kyoei Sangyo's outlook for Q2 and beyond into Kaga Electronics' previous forecast, as well as a gain on bargain purchase associated with the corporate acquisition



Previous Forecasts
(Announced on May 14, 2025)

Revised Forecasts
(Announced on August 7, 2025)

(million yen)

	FY2026/3	Profit margin	FY2026/3 Q2-Q4	Profit margin	FY2026/3	Profit margin
Net Sales	530,000		44,000		574,000	
Operating income	23,000	4.3%	1,000	2.3%	24,000	4.2%
Ordinary income	23,000	4.3%	800	1.8%	23,800	4.1%
Gain on bargain purchase	—		—		7,200	
Profit attributable to owners of parent	16,500	3.1%	500	1.1%	24,200	4.2%

Policy on Shareholder Returns in the New Medium-Term Management Plan

(Announced on November 6, 2024)

- Medium- to long-term dividend growth guideline: increased **the consolidated dividend payout ratio to 30% - 40%** (from 25% - 35% in the past)
- Guideline for stable dividends: introduced “**DOE (consolidated dividend on equity ratio) of 4%**” as a new guideline
- Flexible return policies: flexibly implement **special dividends** and **acquisition of treasury shares** in line with profit levels and capital efficiency

Acquisition of treasury shares

(Announced on August 7, 2025)

- **Four financial institutions with transactional relationship** have indicated their intention to **sell the Company shares in their holding** from the point of view of reducing cross-shareholdings pursuant to the requirements of the Corporate Governance Code.
- Having considered **the impact on the Company's share price** if more than a certain number of shares were to be **sold intermittently within a certain time frame**, we have **determined that it would be appropriate to acquire all such shares** through the Tokyo Stock Exchange Trading Network Off Auction Own Share Repurchase Trading System (ToSTNET-3)
- Using the **46.6 billion yen in net cash accumulated** as a result of having refrained from carrying out large-scale M&As during the period of the previous Medium-Term Management Plan, **acquired treasury shares totaling 492 million shares (9.4% of issued shares) or with a total value of 15.0 billion yen**, and **cancelled all the shares thus acquired**.
- As part of **capital policy aimed at improving capital efficiency and proactively returning profits to shareholders** (increasing EPS), as set out in the new Medium-Term Management Plan.

Dividend revision

(Announced on August 7, 2025)

- Of the revisions made to the earnings forecast as a result of Kyoei Sangyo becoming a Group subsidiary, the dividend forecast has been revised to reflect the revision to income in real terms, **excluding 7.2 billion yen of gain on bargain purchase that does not involve cash inflow**.
- The interim and year-end dividends increased to **60 yen per share** from the previous forecast of 55 yen of ordinary dividend, by **adding 5 yen of special dividend**.
- The annual dividend will be **120 yen per share**, an **increase of 10 yen from** the dividend paid in **the previous fiscal year**. **DOE is expected to be 4.1%**

*A two-for-one stock split was executed in October 2024. an increase of 10 yen is after adjustment for the stock split.

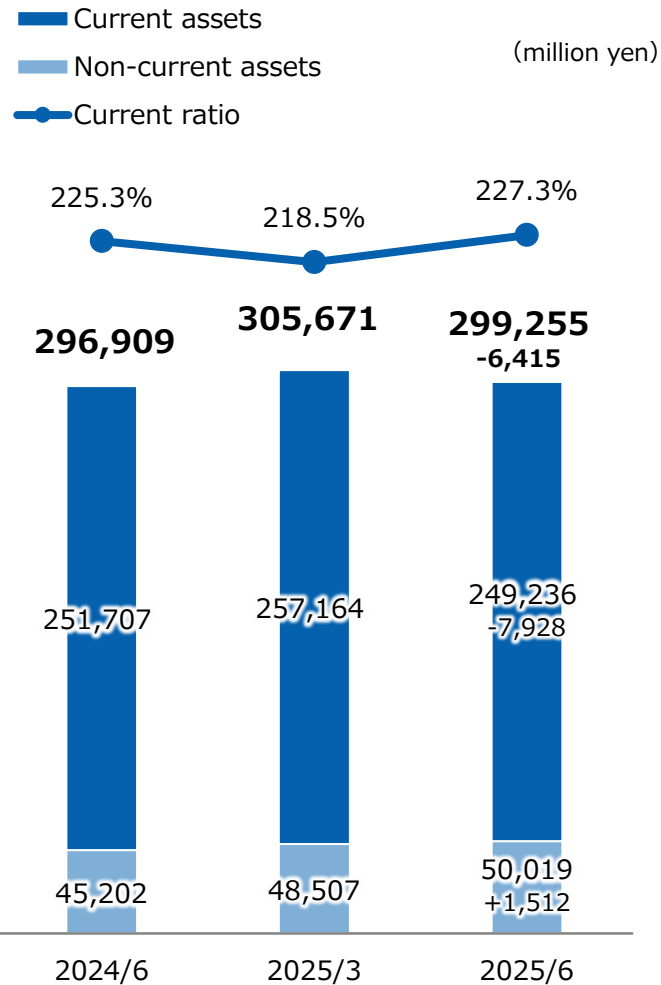
Summary of Balance Sheet

(Million yen)	2025/3	2025/6	Change from end of FY2025/3
ASSETS			
Current assets	257,164	249,236	-7,928
Cash and deposits	80,188	75,312	-4,876
Notes and accounts receivable -trade	114,139	101,747	-12,391
Inventories	51,774	62,184	-10,410
Other	11,061	9,990	-1,071
Non-current assets	48,507	50,019	+1,512
Property, plant and equipment	28,445	28,552	+106
Buildings and structures	9,839	10,042	+202
Machinery, equipment and vehicles	11,034	10,850	-184
Tools, furniture and fixtures	1,217	1,202	-15
Land	5,940	5,890	-50
Construction in progress	413	567	+154
Intangible assets	1,738	1,636	-102
Software	1,694	1,597	-96
Other	44	38	-5
Investments and other assets	18,323	19,831	+1,508
Total assets	305,671	299,255	-6,415

(Million yen)	2025/3	2025/6	Change from end of FY2025/3
LIABILITIES			
Current liabilities	117,704	109,640	-8,064
Notes and accounts payable -trade	73,340	74,412	+1,072
Short-term loans payable	14,890	14,356	-534
Current portion of bonds payable	5,000	0	-5,000
Other	24,473	20,871	-3,602
Non-current liabilities	21,587	23,153	+1,565
Long-term loans payable	5,500	5,500	-
Bonds payable	5,000	5,000	-
Other	11,087	12,653	+1,565
Total liabilities	139,292	132,794	-6,498
NET ASSETS			
Shareholders' equity	142,993	144,717	+1,138
Capital stock	12,133	12,133	-
Capital surplus	14,885	14,885	-
Retained earnings	121,553	123,277	+1,724
Treasury shares	△5,579	△5,579	-0
Total accumulated other comprehensive income	23,225	21,631	-1,594
Non-controlling interests	160	113	-47
Total net assets	166,379	166,461	+82
Total liabilities and net assets	305,671	299,255	-6,415

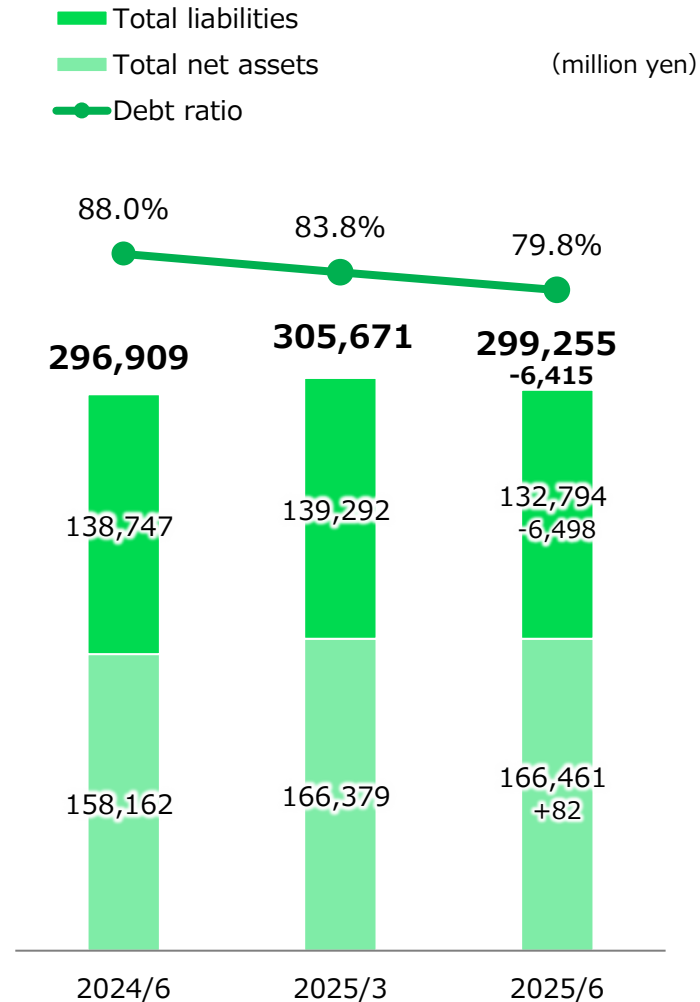
Balance Sheet Main Items

Total assets



Note: Current ratio = Current asset ÷ current liabilities

Total liabilities and net assets



Note: Debt ratio = Total liabilities ÷ Equity capital × 100

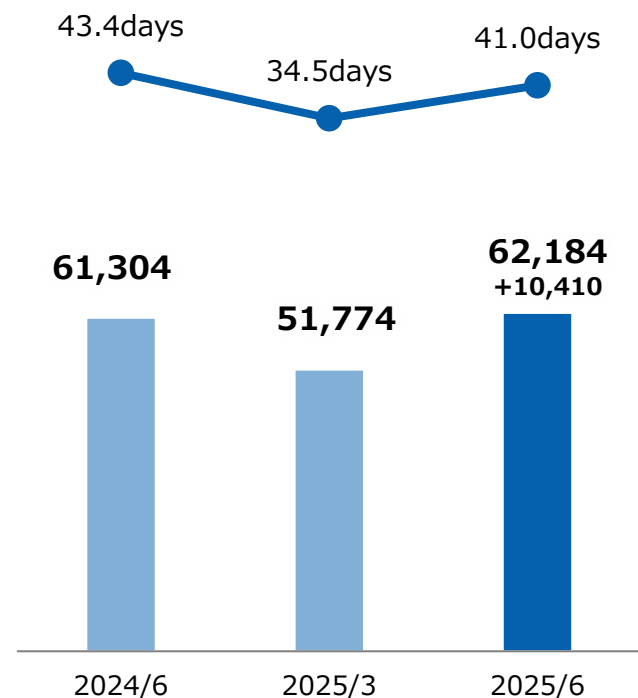
Main balance sheet changes

- Current assets
 - (-) 12,872 million yen decrease in accounts receivable – trade
 - (-) 4,876 million yen decrease in cash and deposits
 - (+) 8,597 million yen increase in merchandise and finished goods
- Non-current assets
 - (+) 1,664 million yen increase in Investment securities
- Liabilities
 - (-) 5,000 million yen decrease in current portion of bonds payable

Balance Sheet Main Items

Inventories

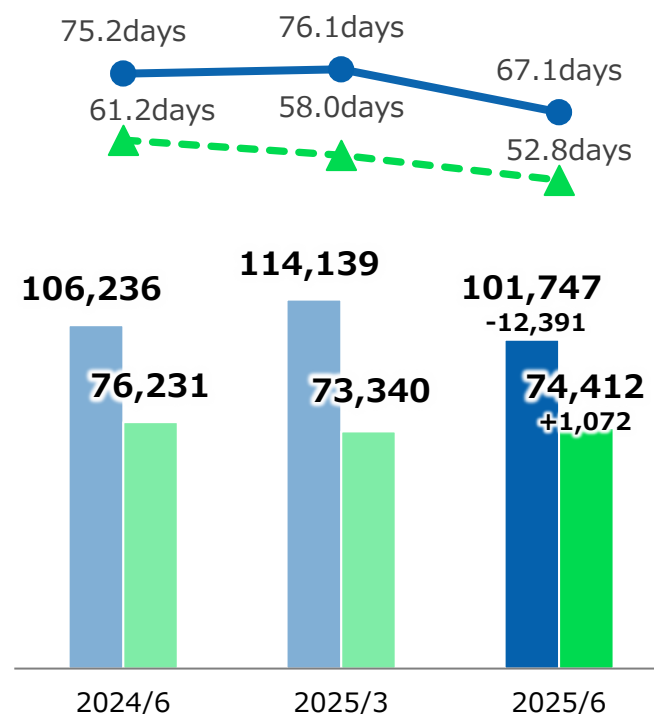
■ Inventories
● Inventory turnover (million Yen)



Note : Inventory turnover = Inventories ÷ Net Sales × 91

Accounts receivable/Accounts payable

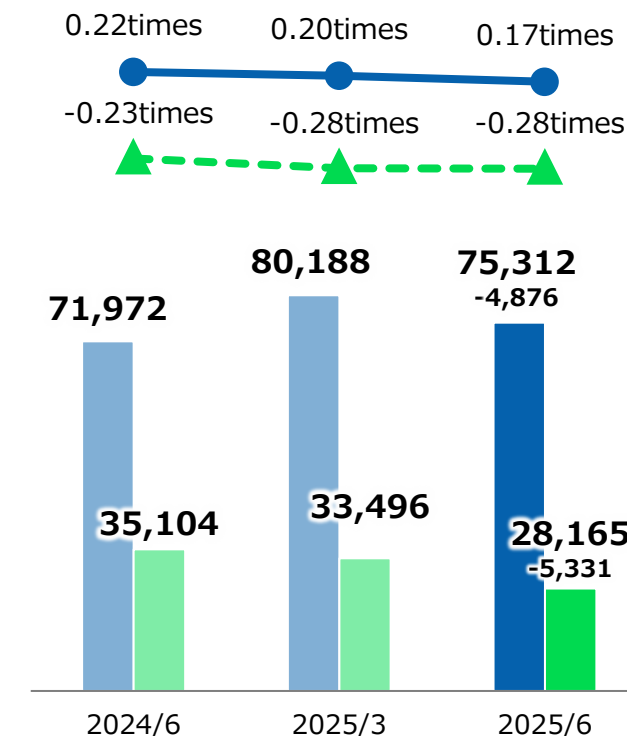
■ Notes and A/R
■ Notes and A/P
▲ A/P turnover
● A/R turnover (million Yen)



Notes: 1. A/R turnover = Notes and A/R ÷ Net sales × 91
2. A/P turnover = Notes and A/P ÷ Total purchase of goods × 91
3. Notes and A/R amounts including Electronically recorded monetary claims-operating
4. Notes and A/P amounts including Electronically recorded obligations -operating

Cash and Deposits/Interest Bearing Debt

■ Cash and deposits
■ Interest bearing debts
● D/E ratio
▲ Net D/E ratio (million yen)



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

Forecasts for FY2026/3

Forecasts for FY2026/3

(million yen)	FY2025/3		Previous Forecasts (Announced on May 14, 2025)	FY2026/3		vs. previous forecasts	YoY
	Results	Composition Ratio		Revised Forecasts	Composition Ratio		
Net Sales	547,779	100.0%	530,000	574,000	100.0%	8.3%	4.8%
Operating income	23,601	4.3%	23,000	24,000	4.2%	4.3%	1.7%
Ordinary income	22,593	4.1%	23,000	23,800	4.1%	3.5%	5.3%
Profit attributable to owners of parent	17,083	3.1%	16,500	24,200	4.2%	46.7%	41.7%
EPS (yen) (*)	325.08	—	313.95	488.45	—	—	—
ROE	10.8%	—	10.0%	14.6%	—	4.6pt	3.8pt
Annual dividend (*) (yen)	Total	110	110	120	—	10	10
	interim	55	55	60	—	5	5
	year-end	55	55	60	—	5	5
Exchange rate	yen / US\$	152.58	140.00	140.00	—	—	—

Note: While a two-for-one stock split of the Company's common stock is planned effective October 1, 2024,
The amounts indicated for EPS and annual dividend take account of the impact of the said stock split even prior to the split date.

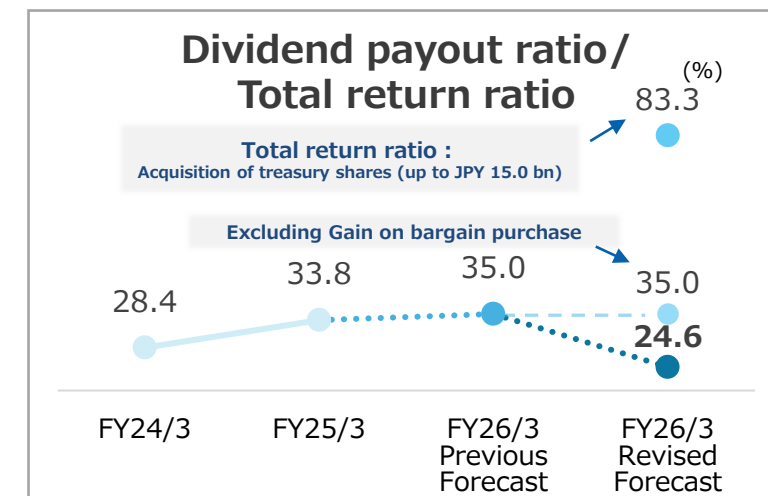
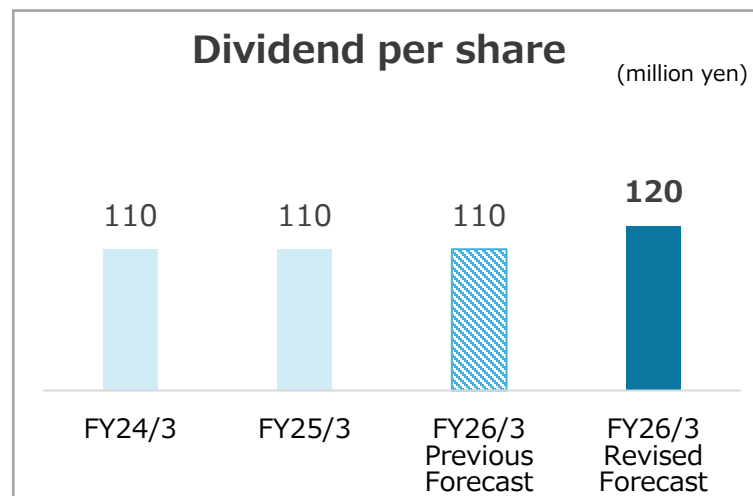
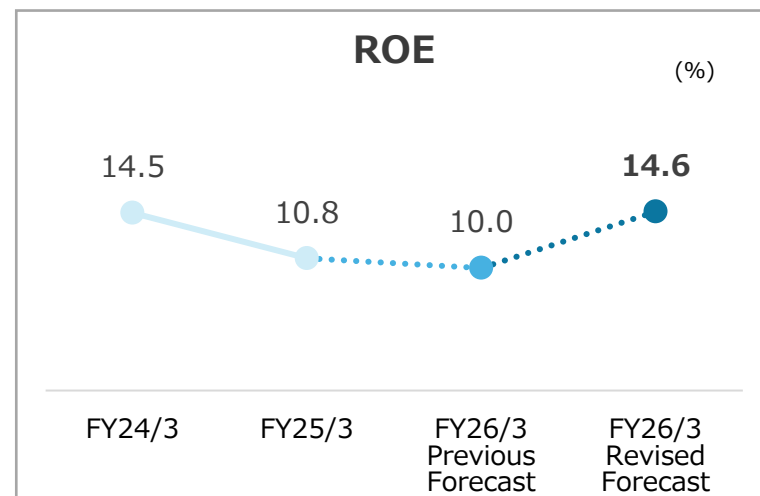
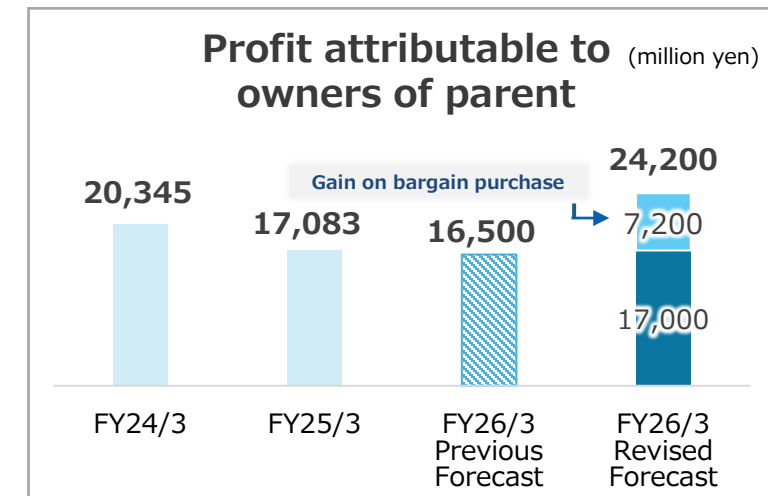
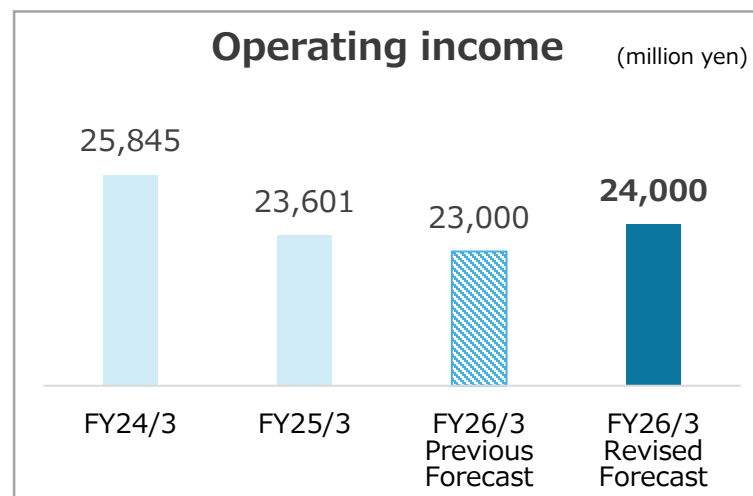
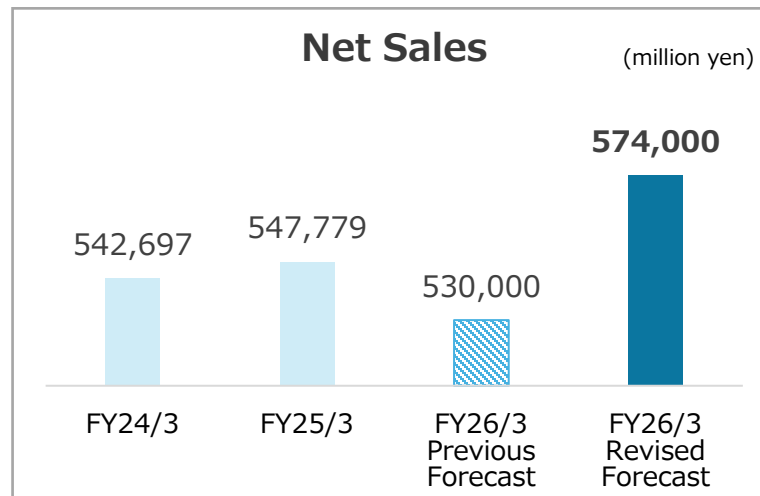
Forecasts by Business Segment for FY2026/3

(million yen)		FY2025/3		Previous Forecasts (Announced on may 14, 2025)	FY2026/3		vs. previous forecasts	YoY
		Results	Profit margin		Revised Forecasts	Profit margin		
Electronic Component	Net sales	472,910		457,000	501,000		9.6%	5.9%
	Segment income	16,927	3.6%	16,500	17,500	3.5%	6.1%	3.4%
Information Equipment	Net sales	42,652		45,000	45,000		—	5.5%
	Segment income	3,307	7.8%	3,500	3,500	7.8%	—	5.8%
Software	Net sales	3,387		3,000	3,000		—	-11.4%
	Segment income	509	15.1%	500	500	16.7%	—	-1.9%
Others	Net sales	28,829		25,000	25,000		—	-13.3%
	Segment income	2,707	9.4%	2,500	2,500	10.0%	—	-7.7%
Total	Net sales	547,779		530,000	574,000		8.3%	4.8%
	Segment income	23,601	4.3%	23,000	24,000	4.2%	4.3%	1.7%

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

Changes in Forecast and Financial Indicators for FY2026/3

Forecast turning positive as a result of the Kyoei Sangyo TOB, with increases projected for net sales and income.
We will seek to improve capital efficiency through capital policy, including acquisition of treasury shares.

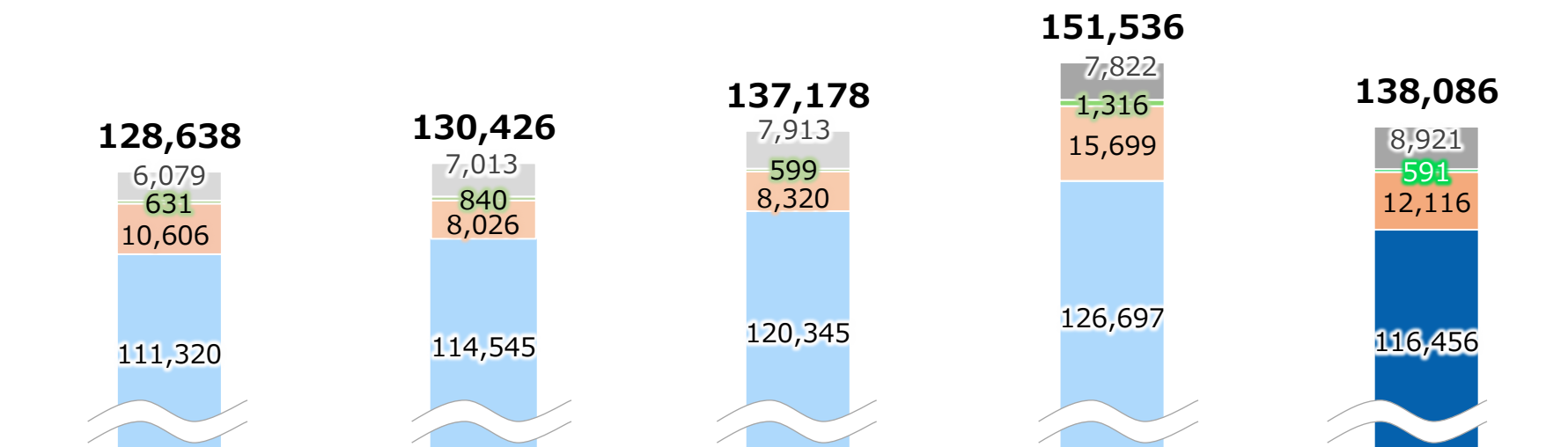


Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024.
The amounts indicated for dividend per share take account of the impact of the said stock split even prior to the split date.

Reference

Quarterly Net Sales Trends (3months)

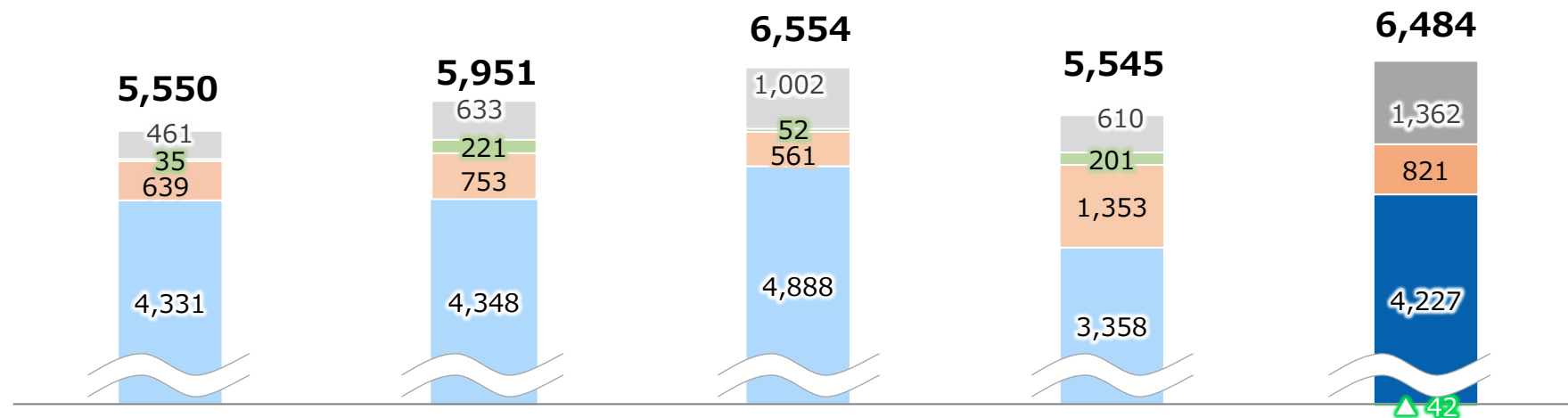
(million yen)



Composition Ratio	FY2025/3 Q1	FY2025/3 Q2	FY2025/3 Q3	FY2025/3 Q4	FY2026/3 Q1
Others	4.7%	5.4%	5.8%	5.2%	6.5%
Software	0.5%	0.6%	0.4%	0.9%	0.4%
Information Equipment	8.2%	6.2%	6.1%	10.4%	8.8%
Electric Component	86.5%	87.8%	87.7%	83.6%	84.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Quarterly Segment Income Trends (3months)

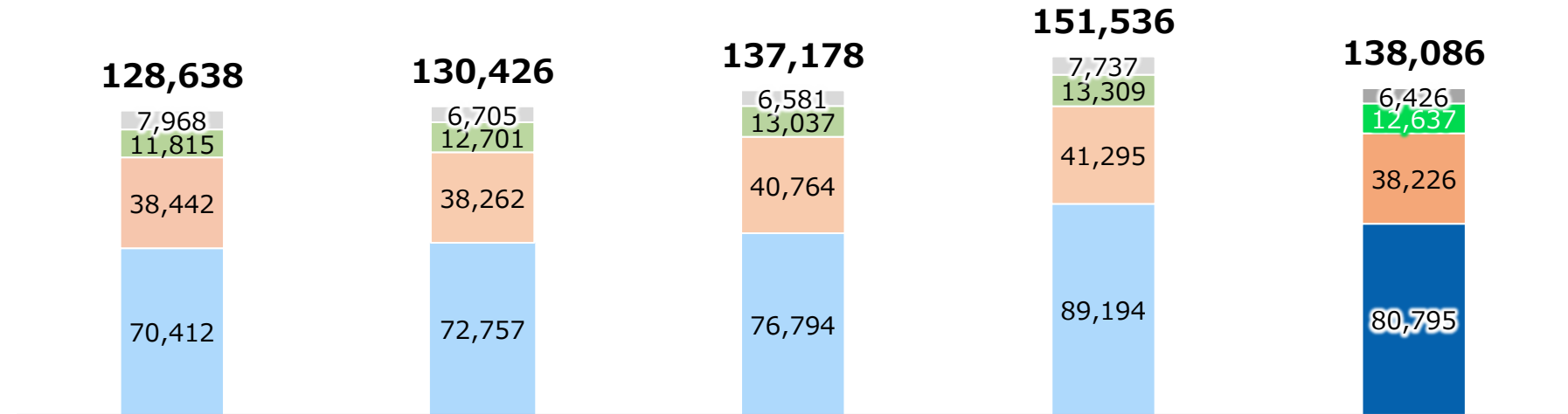
(million yen)



Composition Ratio	FY2025/3 Q1	FY2025/3 Q2	FY2025/3 Q3	FY2025/3 Q4	FY2026/3 Q1
Others	8.4%	10.6%	15.4%	11.0%	21.4%
Software	0.6%	3.7%	0.8%	3.6%	-0.7%
Information Equipment	11.7%	12.6%	8.6%	24.5%	12.9%
Electric Component	79.2%	73.0%	75.2%	60.8%	66.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Net Sales by Region (3months)

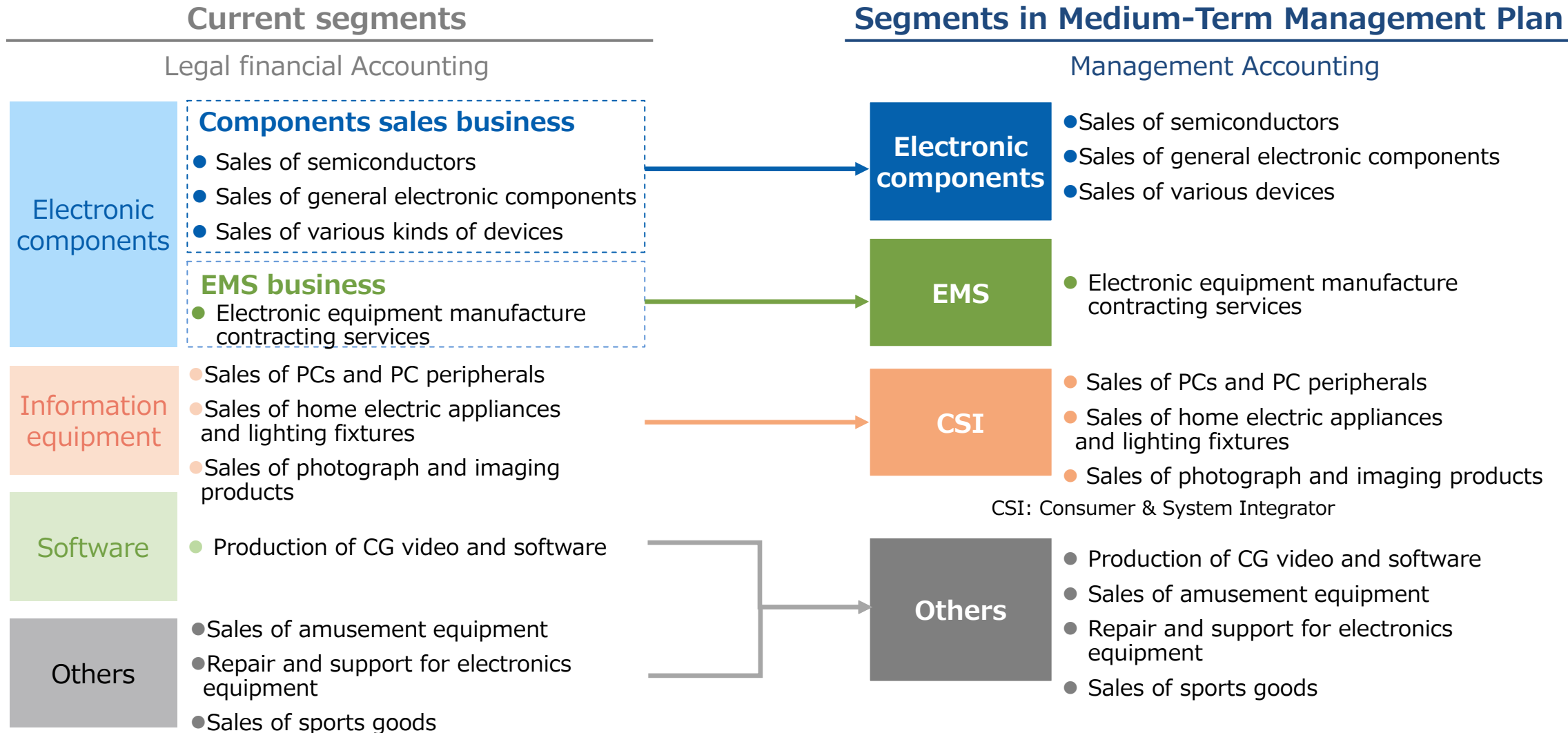
(million yen)



Composition Ratio	FY2025/3 Q1	FY2025/3 Q2	FY2025/3 Q3	FY2025/3 Q4	FY2026/3 Q1
Europe	6.2%	5.1%	4.8%	5.1%	4.7%
North America	9.2%	9.7%	9.5%	8.8%	9.2%
Asia	29.9%	29.3%	29.7%	27.3%	27.7%
Japan	54.7%	55.8%	56.0%	58.9%	58.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Segment disclosure in the Medium-Term Management Plan

Continuous disclosure based on current segmentation according to legal financial accounting, along with voluntary disclosure based on segmentation in line with the Medium-Term Management Plan.



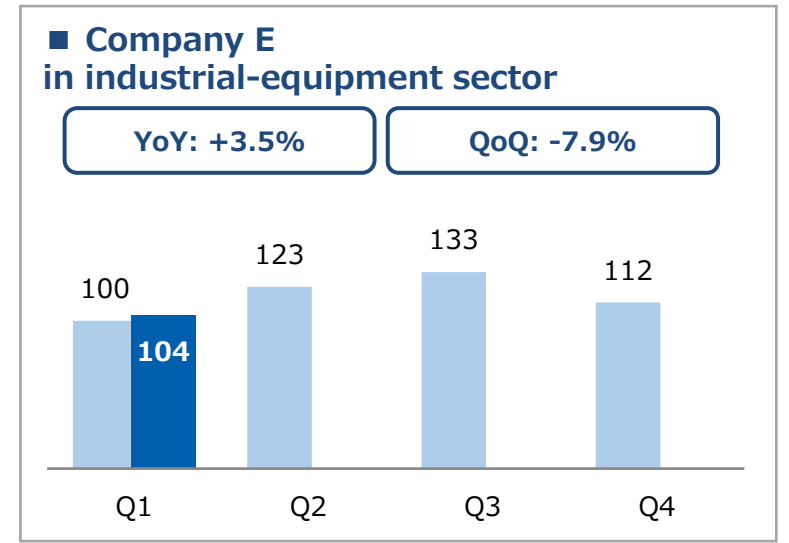
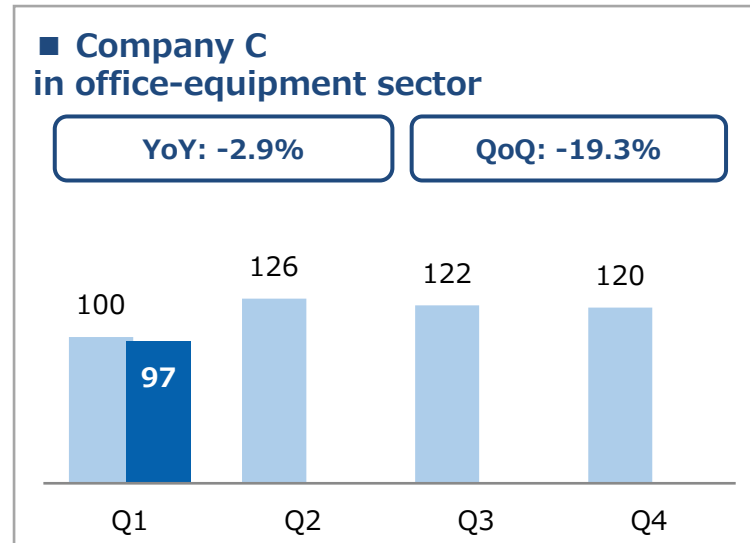
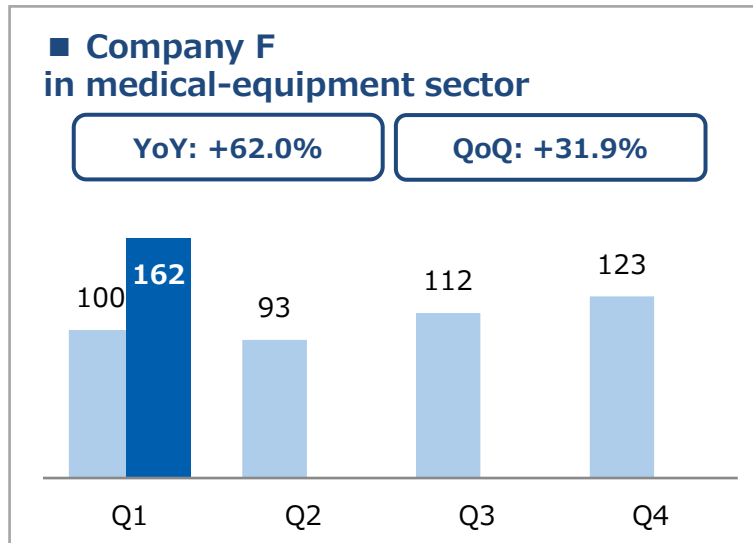
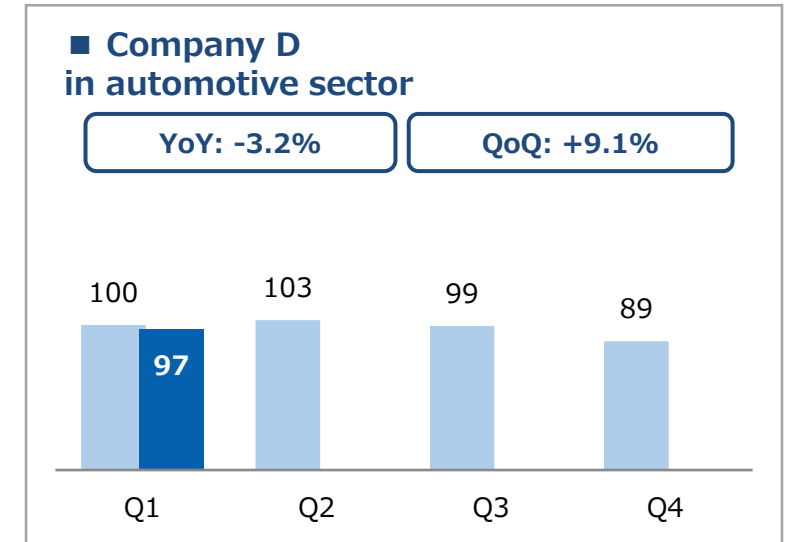
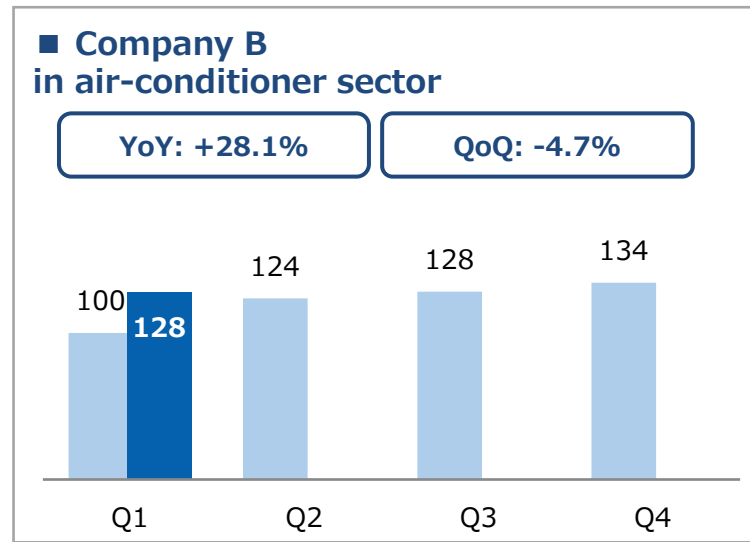
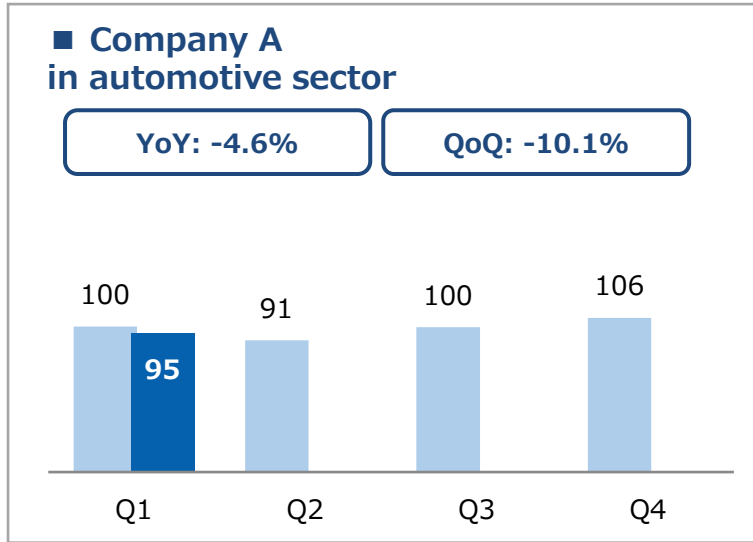
Results by Business Segment for FY2026/3 Q1

(million yen)		FY2025/3		Q1Results (April-June)		FY2026/3		YoY	
				Profit margin				Profit margin	
Electronic Component	Net sales	80,696				81,847			1.4%
	Segment income	2,497	3.1%			2,267	2.8%		-9.2%
EMS	Net sales	32,930				37,198			13.0%
	Segment income	2,069	6.3%			2,235	6.0%		8.0%
CSI	Net sales	10,606				12,116			14.2%
	Segment income	639	6.0%			821	6.8%		28.5%
Others	Net sales	4,404				6,923			57.2%
	Segment income	260	5.9%			1,132	16.4%		334.7%
Total	Net sales	128,638				138,086			7.3%
	Segment income	5,550	4.3%			6,484	4.7%		16.8%

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

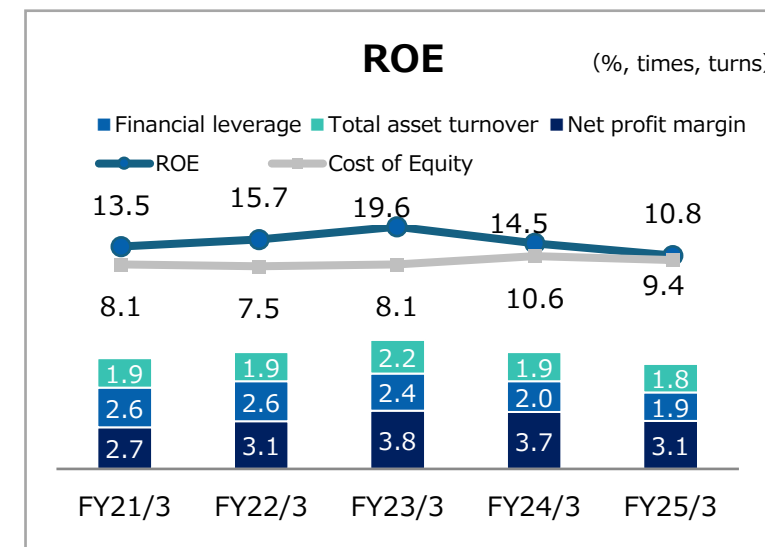
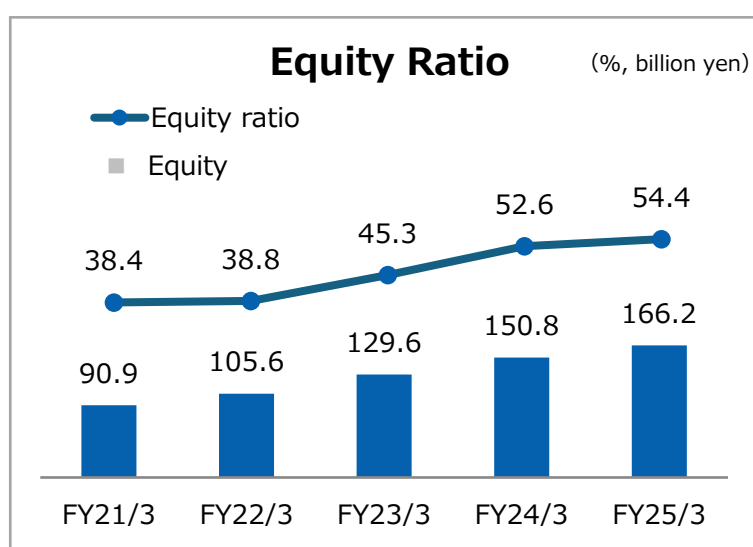
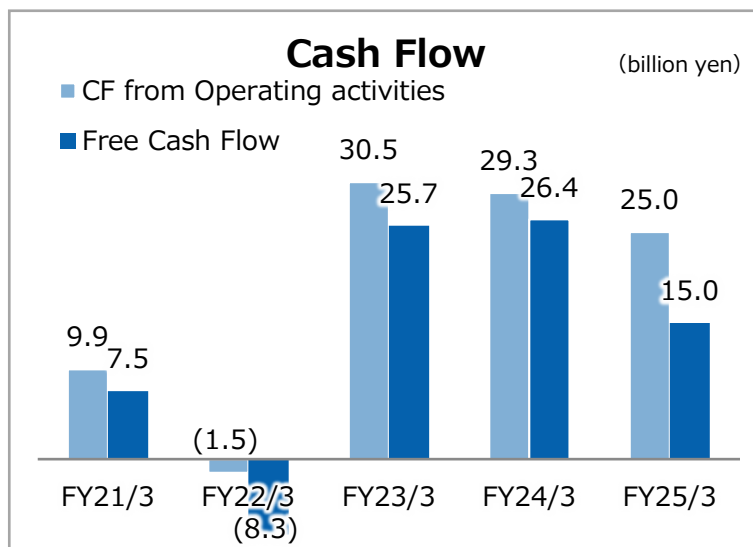
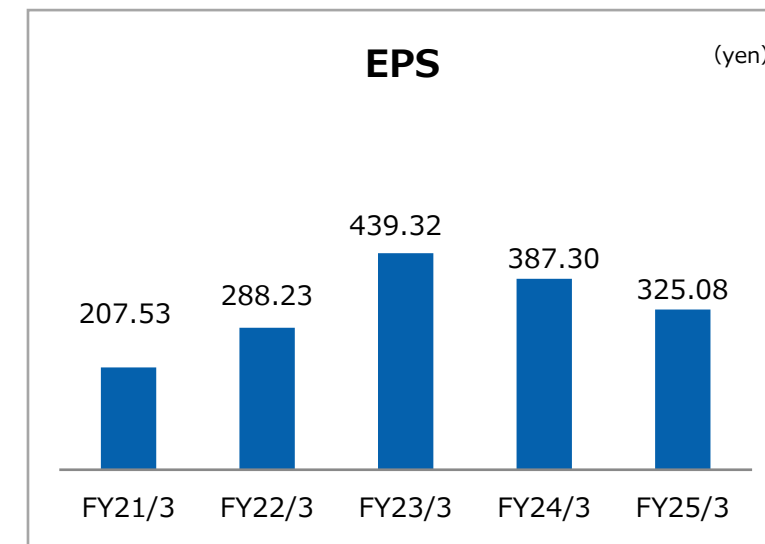
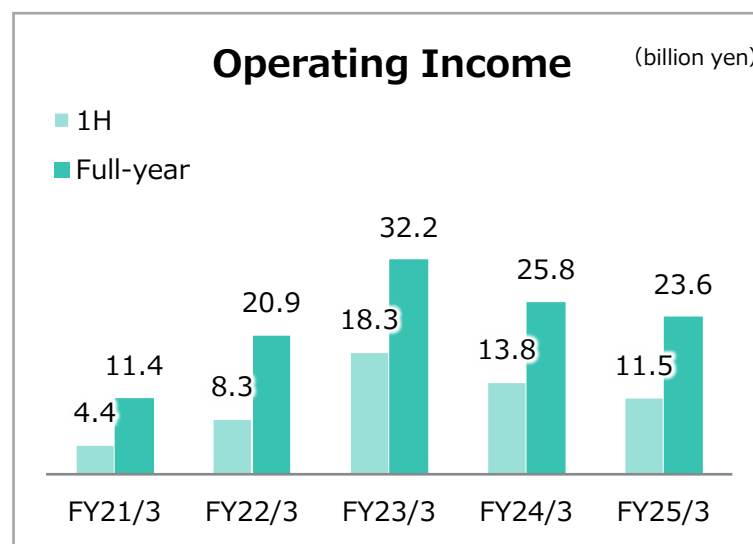
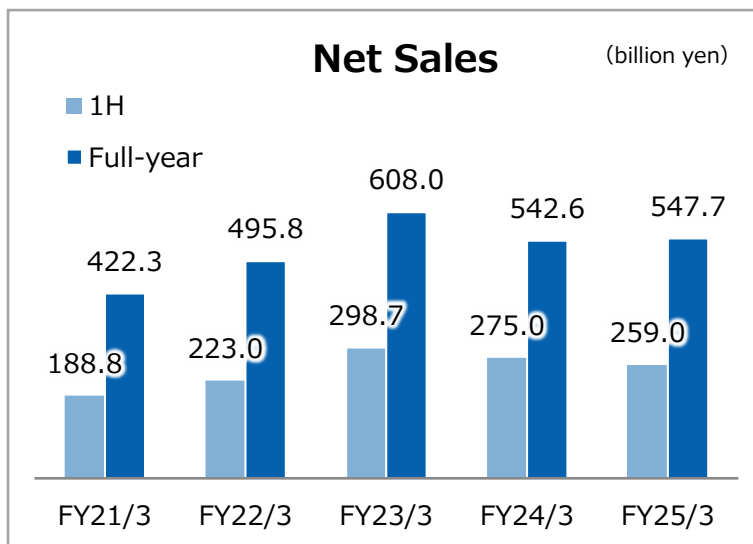
Trends in Sales to Key Customers

■ FY2025/3 ■ FY2026/3



Note : Net sales in FY2025/3 1Q indexed to 100

Latest 5 years Financial Trends



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

Exchange Rate / FOREX Sensitivity

	Q1 Results		(Reference) Effect of 1% change		Forex Assumption for 2026/3 (yen)
	FY2025/3	FY2026/3 (yen)	Net sales	Operating income (million yen)	
USD	155.88	144.59	520	11	140.00
RMB	20.63	20.95	22	3	20.00
THB	4.25	4.36	104	6	4.50
HKD	19.94	18.52	56	1	19.00
EUR	167.88	163.80	41	0	160.00

“Everything we do is for our customers



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- Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.
- Display method in this material
Number : Truncated less than the display unit.
Ratio : After calculation in yen units, Round down one digit of Display unit.