

August 7, 2025

Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2025 [Japan GAAP]

Name of Company:	KAGA ELECTRONICS CO., LTD.				
Stock Code:	8154	URL:	https://www.taxan.co.jp/		
Stock Exchange Listing:	Tokyo Stock Exchange, Prime Market				
Representative	Title: Representative Director, President & COO			Name: Ryoichi Kado	
Contact Person	Title: Director, Senior Executive Officer Head of Administration Headquarters			Name: Yasuhiro Ishihara	
Phone:	+81-(0)3-5657-0111				
Date of commencement of dividend payment (tentative):	–				
Earnings supplementary explanatory documents:	Yes				
Earnings presentation:	None				

(Yen in millions, rounded down)

1. Financial results for the first quarter of the fiscal year ending March 2026 (April 1, 2025 – June 30, 2025)

(1) Result of operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 2025	138,086	7.3	6,484	16.8	6,242	3.3	4,614	11.8
First quarter ended June 2024	128,638	(6.6)	5,550	(20.6)	6,045	(12.5)	4,127	(28.4)

Note: Comprehensive income: 1Q of FY2026/3: 2,979 million yen [(69.1%)] 1Q of FY2025/3: 9,635 million yen [(2.5%)]

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
First quarter ended June 2025	87.80	–
First quarter ended June 2024	78.56	–

Notes: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Earnings per share for the previous fiscal year is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year. Note that diluted earnings per share is indicated as “–” because there are no diluted shares.

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2025	299,255	166,461	55.6
As of March 31, 2025	305,671	166,379	54.4

Reference: Shareholders' equity : As of June 30, 2025: 166,348 million yen As of March 31, 2025: 166,218 million yen

2. Dividends

	Dividend per share					Dividend payout ratio (Consolidated)
	1Q	2Q	3Q	Year-end	Full year	
	Yen	Yen	Yen	Yen	Yen	%
Fiscal year ended March 2025	–	110.00	–	55.00	–	33.8
Fiscal year ending March	–					
Fiscal year ending March 2026 (Forecast)		60.00	–	60.00	120.00	24.6

Notes: 1. Change in the dividend forecast from the latest announcement: Yes

Breakdown of interim dividend for 2026/3(Forecast): Ordinary dividend: 55.00 yen; Extraordinary dividend: 5.00 yen
Breakdown of year-end dividend for 2026/3(Forecast): Ordinary dividend: 55.00 yen; Extraordinary dividend: 5.00 yen
With respect to the revision of dividend forecast, please refer to “Notice Regarding Upward Revision to Forecasts for Full-Year Earnings and Divisions (Dividend Increase) and Recording of Extraordinary Income (Gain on Bargain Purchase)” , announced today (August 7, 2025).

2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. The amount of the year-end dividend per share presented above for the fiscal year ended March 2025 takes into account the effect of the stock split, and the full-year dividend amount is indicated as “-”. Assuming that the stock split was conducted at the beginning of the previous fiscal year, the interim dividend would be 55.00 yen, and the full year dividend per share would be 110.00 yen.

3. Forecast for the fiscal year ending March 2026 (Consolidated, April 1, 2025 – March 31, 2026)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	574,000	4.8	24,000	1.7	23,800	5.3	24,200	41.7	488.45

Note: Change in the forecast from the latest announcement: Yes

With respect to the revision of consolidated performance forecast, please refer to “Notice Regarding Upward Revision to Forecasts for Full-Year Earnings and Divisions (Dividend Increase) and Recording of Extraordinary Income (Gain on Bargain Purchase)”, announced today (August 7, 2025).

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements : None

(3) Changes in accounting policies, estimates, and retrospective restatement

- (a) Changes due to revision of accounting standards : None
- (b) Changes other than (a) : None
- (c) Changes in accounting estimates : None
- (d) Retrospective restatement : None

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of June 30, 2025: 57,404,236 As of March 31, 2025 57,404,236

(b) Treasury shares

As of June 30, 2025: 4,847,868 As of March 31, 2025 4,847,842

(c) Average number of shares (quarterly consolidated during the period)

Period ended June 30, 2025: 52,556,388 Period ended June 30, 2024: 52,535,038

Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2025. The average number of shares quarterly consolidated during the period was calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or audit firm : None

* Cautionary statement regarding forecasts of operating results and special notes

(Caution regarding forward-looking statements)

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. For conditions as assumption for earnings forecast and cautionary statement regarding use of the forecast, please see “1. Results of Operations (3) Qualitative information on consolidated earnings forecast” on page 4.

(How to obtain supplementary materials on quarterly financial results)

Supplementary materials on financial results are disclosed through TDnet and posted on the Company’s website today (August 7, 2025).

Index for Supplementary Information

1. Results of Operations	2
(1) Overview of consolidated business performance.....	2
(2) Overview of financial condition.....	4
(3) Qualitative information on consolidated earnings forecast	4
2. Quarterly Consolidated Financial Statements and Major Notes.....	6
(1) Quarterly consolidated balance sheet.....	6
(2) Quarterly consolidated statements of income and comprehensive income	8
(3) Notes to the quarterly consolidated financial statements	10
(Notes to going concern assumptions).....	10
(Notes to significant change in shareholders' equity)	10
(Notes to the quarterly consolidated statement of cash flows)	10
(Notes to segment information)	11
(Subsequent events)	12



1. Results of Operations

(1) Overview of consolidated business performance

The following is an overview of consolidated business performance during the first quarter of the consolidated fiscal period under review.

	FY 2025/3 Q1 (April 1, 2024 – June 30, 2024)	FY 2026/3 Q1 (April 1, 2025 – June 30, 2025)	YoY	
	Million yen	Million yen	Million yen	
Net sales	128,638	138,086	9,448	7.3%
Gross profit	16,980	18,440	1,459	8.6%
(Margin)	13.2%	13.4%	0.2pt	–
SG&A	11,430	11,956	525	4.6%
Operating income	5,550	6,484	934	16.8%
Ordinary income	6,045	6,242	196	3.3%
Profit attributable to owners of parent	4,127	4,614	487	11.8%
Exchange Rate (Average rate during the year period) Yen / US\$	155.88	144.59	(11.29)	–

Net Sales

In the electronic components business, while sales in the components sales business remained at the same level as the previous year due to prolonged inventory adjustments in some supply chains, sales in the EMS* business increased, mainly in the medical sector and industrial equipment sector. In the information equipment business, the PC sales business performed well. In the others business, sales of amusement equipment were strong. As a result, net sales increased by 9,448 million yen year on year to 138,086 million yen.

Note: Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis.

Gross Profit

Gross profit increased by 1,459 million yen year on year to 18,440 million yen as a result of higher net sales and strong sales of highly profitable products.

Gross profit margin improved by 0.2 percentage points year on year to 13.4%.

Operating income

In addition to the increase in gross profit, efforts to manage selling, general and administrative expenses efficiently resulted in operating income increasing by 934 million yen year on year to 6,484 million yen.

The Operating income margin improved by 0.4 percentage points year on year to 4.7%.

Ordinary income

Ordinary income increased by 196 million yen year on year to 6,242 million yen despite the impact of factors such as foreign exchange losses resulting from the appreciation of the yen.

Profit attributable to owners of parent

Profit attributable to owners of parent increased by 487 million yen year on year to 4,614 million yen, mainly due to a gain on sales of investment securities.

Thus, the quarter under review got off to a good start, with increased sales and profit, as the first year of the Medium-Term Management Plan 2027.

Business segment performance was as follows.

The following is a summary of business results by segment for the first quarter of the consolidated fiscal period under review.

		FY 2025/3 Q1 (April 1, 2024 – June 30, 2024)	FY 2026/3 Q1 (April 1, 2025 – June 30, 2025)	YoY	
		Million yen	Million yen	Million yen	
Electronic components	Net sales	111,320	116,456	5,135	4.6%
	Segment income	4,331	4,227	(103)	(2.4%)
Information equipment	Net sales	10,606	12,116	1,510	14.2%
	Segment income	639	821	181	28.5%
Software	Net sales	631	591	(39)	(6.3%)
	Segment income	35	(42)	(77)	–
Others	Net sales	6,079	8,921	2,842	46.8%
	Segment income	461	1,362	901	195.3%
Total	Net sales	128,638	138,086	9,448	7.3%
	Segment income	5,550	6,484	934	16.8%

Note: "Segment income" shows unadjusted figures for each business segment and adjusted figures for the total.

(a) Electronic components

In the components sales business, sales remained roughly at the same level as the previous year due in part to prolonged inventory adjustments in some supply chains. Income decreased due to a deterioration in the sales mix at Kaga FEI and increased expenses such as litigation costs.

In the EMS business, although demand from some customers for automotive applications declined, sales for medical equipment and industrial equipment continued to be strong, which along with a recovery in sales in applications related to air-conditioning equipment, resulted in increased net sales and income.

As a result, net sales increased 4.6% year on year to 116,456 million yen and segment income decreased 2.4% year on year to 4,227 million yen.

(b) Information equipment

In the PC sales business, sales to educational institutions were strong during the period of seasonal demand for new students. Sales to mass retailers were also solid due to the expansion of product lines by major PC suppliers. In addition, sales of relatively profitable security software remained strong, which contributed to higher profits.

As a result, net sales increased 14.2% year on year to 12,116 million yen and segment income increased 28.5% year on year to 821 million yen.

(c) Software

Although we worked to increase orders for computer graphics production for games and amusement equipment, sales struggled due to the gap between new product releases.

As a result, net sales decreased 6.3% year on year to 591 million yen and segment loss was 42 million yen (segment income was 35 million yen in the same period of the previous year).

(d) Others

Sales of amusement equipment for the Japanese and U.S. markets remained strong. The PC product and PC peripheral recycling business also remained strong.

As a result, net sales increased 46.8% year on year to 8,921 million yen and segment income increased 195.3% year on year to 1,362 million yen.

(2) Overview of financial condition

Assets, liabilities and net assets

Total assets as of June 30, 2025 decreased by 6,415 million yen from March 31, 2025, to 299,255 million yen.

Current assets decreased by 7,928 million yen from March 31, 2025, to 249,236 million yen. This was primarily due to a 12,872 million yen decrease in accounts receivable – trade and a 4,876 million yen decrease in cash and deposits, along with a 8,597 million yen increase in merchandise and finished goods.

Non-current assets increased by 1,512 million yen from March 31, 2025, to 50,019 million yen. This is primarily due to a 1,664 million yen increase in Investment securities.

Liabilities decreased by 6,498 million yen from March 31, 2025, to 132,794 million yen. This is primarily due to a 5,000 million yen decrease in current portion of bonds payable.

Net assets increased by 82 million yen from March 31, 2025, to 166,461 million yen.

(3) Qualitative information on consolidated earnings forecast

As announced today in the “Notice Regarding Upward Revision to Forecasts for Full-Year Earnings and Divisions (Dividend Increase) and Recording of Extraordinary Income (Gain on Bargain Purchase)” , we have upwardly revised the consolidated earnings forecast and dividend forecast for the fiscal year ending March 31, 2026, as follows, due to the inclusion of Kyoei Sangyo Co., Ltd. as a consolidated subsidiary through a tender offer.

For details, please refer to this document.

(a) Revisions to consolidated earnings forecasts

Revisions to consolidated earnings forecasts for the fiscal year ended March 31, 2026

(from April 1, 2025 to March 31, 2026)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Previous forecast (A)	530,000	23,000	23,000	16,500	313.95
Revised forecast (B) *1	574,000	24,000	23,800	24,200	488.45
Difference (B-A)	44,000	1,000	800	7,700	174.50
Percent change (%)	8.3	4.3	3.5	46.7	55.6
(Reference)					
Results for the fiscal year ended March 31, 2025 *2	547,779	23,601	22,593	17,083	325.08

Notes: 1. On August 7, 2025, the Company announced the acquisition and cancellation of up to 4.92 million treasury shares (9.4% of the total number of shares issued) or 15 billion yen. The revised forecast of earnings per share is calculated based on the assumption that the share acquisition and cancellation will take place as planned.

2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Earnings per share for the previous fiscal year is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(b) Revision of dividend forecast

Revision of the dividend forecast for the fiscal year ending March 31, 2026
(from April 1, 2025 to May 31, 2026)

	Dividend per share		
	Q2	Year-end	Full year
	yen	yen	yen
Previous forecast	55.00	55.00	110.00
Revised forecast	60.00 (Ordinary dividend 55.00) (Extraordinary dividend 5.00)	60.00 (Ordinary dividend 55.00) (Extraordinary dividend 5.00)	120.00 (Ordinary dividend 110.00) (Extraordinary dividend 10.00)
Dividends for the previous fiscal year (Fiscal year ended March 31, 2025) *3	55.00	55.00	110.00

Notes: 3. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Although the actual interim dividend per share for the previous fiscal year was 110 yen, the above table is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

[Reference: Revision of other related indicators]

	Capital efficiency	Shareholder Returns		
	ROE	Consolidated dividend payout ratio	Total return ratio	DOE
Previous forecast	10.0%	35.0%	—	3.9%
Revised forecast	14.6%	24.6%	83.3%	4.2%
(Reference) Results for the fiscal year ended March 31, 2025	10.8%	33.8%	—	4.2%
"Medium-Term Management Plan 2027" Targets (Announced on November 6, 2024)	12.0% or higher	30%~40%	—	4.0%

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2025 (As of March 31, 2025)	First quarter ended June 2025 (As of June 30, 2025)
ASSETS		
Current assets		
Cash and deposits	80,188	75,312
Notes receivable – trade	892	840
Electronically recorded monetary claims - operating	7,155	7,688
Accounts receivable – trade	106,091	93,219
Securities	150	151
Merchandise and finished goods	35,906	44,504
Work in process	1,973	2,483
Raw materials and supplies	13,893	15,196
Other	11,148	10,020
Allowance for doubtful accounts	(236)	(181)
Total current assets	257,164	249,236
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,839	10,042
Machinery, equipment and vehicles, net	11,034	10,850
Tools, furniture and fixtures, net	1,217	1,202
Land	5,940	5,890
Construction in progress	413	567
Total property, plant and equipment	28,445	28,552
Intangible assets		
Software	1,694	1,597
Other	44	38
Total intangible assets	1,738	1,636
Investments and other assets		
Investment securities	12,556	14,220
Deferred tax assets	1,344	1,247
Distressed receivables	4,815	4,810
Other	4,481	4,421
Allowance for doubtful accounts	(4,873)	(4,868)
Total investments and other assets	18,323	19,831
Total non-current assets	48,507	50,019
Total assets	305,671	299,255

(Million yen)

	Fiscal year ended March 2025 (As of March 31, 2025)	First quarter ended June 2025 (As of June 30, 2025)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	73,340	74,412
Short-term loans payable	14,890	14,356
Current portion of bonds payable	5,000	—
Accrued expenses	8,145	6,606
Income taxes payable	4,018	1,183
Provision for directors' bonuses	428	48
Other	11,881	13,032
Total current liabilities	117,704	109,640
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	5,500	5,500
Deferred tax liabilities	4,115	5,620
Provision for directors' retirement benefits	99	99
Net defined benefit liability	2,572	2,607
Asset retirement obligations	698	695
Other	3,601	3,631
Total non-current liabilities	21,587	23,153
Total liabilities	139,292	132,794
NET ASSETS		
Shareholders' equity		
Capital stock	12,133	12,133
Capital surplus	14,885	14,885
Retained earnings	121,553	123,277
Treasury shares	(5,579)	(5,579)
Total shareholders' equity	142,993	144,717
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,263	4,402
Deferred gains or losses on hedges	(28)	(40)
Foreign currency translation adjustment	18,959	16,252
Remeasurements of defined benefit plans	1,031	1,017
Total accumulated other comprehensive income	23,225	21,631
Non-controlling interests	160	113
Total net assets	166,379	166,461
Total liabilities and net assets	305,671	299,255

(2) Quarterly consolidated statements of income and comprehensive income

(Million yen)

	First quarter ended June 2024 (April 1, 2024– June 30,2024)	First quarter ended June 2025 (April 1, 2025 – June 30, 2025)
Net sales	128,638	138,086
Cost of sales	111,657	119,645
Gross profit	16,980	18,440
Selling, general, and administrative expenses	11,430	11,956
Operating income	5,550	6,484
Non-operating income		
Interest income	322	241
Dividends income	127	222
Commission fee	35	27
Commission fee Share of profit of entities accounted for using equity method	22	5
Foreign exchange gain	35	–
Other	274	149
Total non-operating income	818	646
Non-operating expenses		
Interest expenses	199	161
Foreign exchange losses	–	598
loss on net monetary position	86	22
Other	37	105
Total non-operating expenses	323	888
Ordinary income	6,045	6,242
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	0	265
Total extraordinary income	1	266
Extraordinary loss		
Loss on retirement of non-current assets	1	0
Loss on valuation of investment securities	–	79
Other	1	16
Total extraordinary loss	2	96
Profit before income taxes	6,045	6,412
Income taxes - current	720	782
Income taxes - deferred	1,285	1,053
Total income taxes	2,006	1,835
Profit	4,039	4,576
Profit attributable to owners of parent	4,127	4,614
Loss attributable to non-controlling interests	(87)	(38)

(Million yen)

	First quarter ended June 2024 (April 1, 2024 – June 30, 2024)	First quarter ended June 2025 (April 1, 2025 – June 30, 2025)
Other comprehensive income		
Valuation difference on available-for-sale securities	472	1,141
Deferred gains or losses on hedges	(0)	(11)
Foreign currency translation adjustment	5,142	(2,647)
Remeasurements of defined benefit plans, net of tax	(7)	(14)
Share of other comprehensive income of entities accounted for using equity method	(11)	(64)
Total other comprehensive income	5,595	(1,596)
Comprehensive income	9,635	2,979
Comprehensive income attributable to owners of parent	9,718	3,020
Comprehensive income attributable to non-controlling interests	(83)	(40)

(3) Notes to the quarterly consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Notes to significant change in shareholders' equity)

Not applicable

(Notes to the quarterly consolidated statement of cash flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the first quarter under review. Note that depreciation (inclusive of amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter under review are as shown below.

	(Million yen)	
	First quarter ended June 2024 (April 1, 2024 – June 30, 2024)	First quarter ended June 2025 (April 1, 2025 – June 30, 2025)
Depreciation	1,043	1,192
Amortization of goodwill	8	–

(Notes to segment information)

I For the first quarter ended June 2024 (April 1, 2024 – June 30, 2024)

1. Information about net sales and income (loss) by reportable segments

(Million yen)

	Reportable segments					Adjustment (Note 1)	Consolidated (Note 2)
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	111,320	10,606	631	6,079	128,638	–	128,638
Inter-segment sales or transfers	995	2,084	218	1,391	4,689	(4,689)	–
Total	112,316	12,690	849	7,470	133,327	(4,689)	128,638
Segment income (loss)	4,331	639	35	461	5,467	83	5,550

Notes: 1. Adjustment in segment income of 83 million yen includes 83 million yen for elimination of inter-segment trade.
2. Segment income is adjusted for operating income on the quarterly consolidated statements of income and comprehensive income.

2. Information regarding impairment loss on non-current assets or on goodwill and other matters by reportable segment

(Material impairment loss pertaining to non-current assets)

Not applicable

(Material change in goodwill amount)

Not applicable

(Material gain on bargain purchase)

Not applicable

II For the first quarter ended June 2025 (April 1, 2025 – June 30, 2025)

1. Information about net sales and income (loss) by reportable segments

(Million yen)

	Reportable segments					Adjustment (Note 1)	Consolidated (Note 2)
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	116,456	12,116	591	8,921	138,086	–	138,086
Inter-segment sales or transfers	1,186	3,682	127	1,153	6,149	(6,149)	–
Total	117,642	15,799	718	10,075	144,235	(6,149)	138,086
Segment income	4,227	821	(42)	1,362	6,368	115	6,484

Notes: 1. Adjustment in segment income of 115 million yen includes 115 million yen for elimination of inter-segment trade.
2. Segment income is adjusted for operating income on the quarterly consolidated statements of income and comprehensive income.

2. Information regarding impairment loss on non-current assets or on goodwill and other matters by reportable segment

(Material impairment loss pertaining to non-current assets)

Not applicable

(Material change in goodwill amount)

Not applicable

(Material gain on bargain purchase)

Not applicable

(Subsequent events)

(Tender offer for common stock of Kyoei Sangyo Co., Ltd.)

The Company, at a meeting of the Board of Directors held on May 30, 2025, resolved to acquire the common shares (the “Target Company Shares”) of Kyoei Sangyo Co.,Ltd. (Securities Code: 6973, Standard Market of the Tokyo Stock Exchange, Inc. , hereinafter the “Target Company”) through a tender offer (the “Tender Offer”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”). The Tender Offer commenced on June 2, 2025, was completed on July 11, 2025.

1. Reasons Behind the Tender Offer

The Company has been expanding the scope of its operations by responding to a variety of customer needs under its corporate philosophy of “Everything we do is for our customers.” since its foundation. As an independent general trading company with a specialization in electronics, The Company is engaged in a wide variety of business activities and offers a variety of services to customer both in Japan and abroad, ranging from the Electronic Parts and Semiconductor business where it distributes electronic parts and semiconductors by leveraging its expertise in the segment, the EMS business (contracted manufacturing of electrical substrates) where it has a competitive advantage in high-mix low-volume production, to the Information Equipment business and New Business where it supports to customers in planning, development and design of their products, creation of software/ video images, provision of network solutions and other system support services.

However, the business environment surrounding the electronic parts and semiconductor trading companies, where many players are competing each other, has been changing more dramatically in recent years on the back of accelerated consolidation and integration of suppliers including semiconductor/device manufacturers. We believe that the competition within the industry will intensify further in the future as their policy changes concerning distribution agents, a growing trend that customers shift their assembly of finished products overseas, changes in demand and supply and in prices in both domestic and overseas markets, and shortening product lifecycles due to ongoing technological innovations.

Under these circumstances, the Company has formulated Medium-Term Management Plan 2027 (announced in November 2024), which positions increasing sales of electronic devices to major customers of electronic components business, a core business; the expansion of the EMS business focusing on overseas markets; and the generation of new business revenue through M&As as drivers of growth, under a basic policy of “enhancing corporate value through management focused on profitability and capital efficiency.” The Tender Offer for shares of Kyoei Sangyo is to be made as part of the growth strategy described in the medium-term management plan.

2. Outline of the Target Company

(1) Name	Kyoei Sangyo Co.,Ltd.	
(2) Address of Head Office	4-12-6 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan	
(3) Representative’s title and name	President JUN HIRASAWA	
(4) Description of business	Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development	
(5) Capital	3,161 million yen (as of March 31, 2025)	
(6) Date of establishment	October 6, 1947	
(7) Scale	Net assets	18,995 million yen
(Consolidated figures for the fiscal year ended March 31, 2025)	Total assets	37,864 million yen
	Net Sales	57,709 million yen
	Operating income	974 million yen
	Ordinary income	1,165 million yen
	Profit attributable to owners of parent	1,719 million yen

3. Result of the Tender Offer

Because the Company's objective is to make the Target Company a wholly owned subsidiary through the transaction, including the Tender Offer, no upper limit was set for the number of shares to be purchased in the Tender Offer.

In addition, a condition was set that if the total number of share certification, etc. tendered in response to the Tender Offer (the "Tendered Share Certificates, etc.") did not meet the minimum number of shares to be purchased (1,187,442 shares), we would not proceed with the purchase of all Tendered Share Certificates, etc. However, because the total number of the Tendered Share Certificates, etc. exceeded the minimum number of shares to be purchased, we have proceeded with the purchase of all Tendered Share Certificates, etc.

- (1) Number of share certificates, etc., purchased
1,375,287 shares
- (2) Ownership ratio of share certificates, etc., after the purchase, etc.
54.48%
- (3) Acquisition price
5,432 million yen
- (4) Financing
The Company financed the settlement of the acquisition price by borrowing funds from MUFG Bank, Ltd.
- (5) Future outlook
As a result of the Tender Offer, the Target Company became a consolidated subsidiary of the Company as of July 18, 2025 (the commencement date of settlement of the Tender Offer), and is now a specified subsidiary. The deemed acquisition date is July 1, 2025.

(Acquisition and cancellation of treasury shares)

At a meeting of the Board of Directors held on August 7, 2025, the Company resolved to acquire its treasury shares and to establish a specific method of acquiring treasury shares, pursuant to the Company's Articles of Incorporation complying with Article 459, Paragraph 1, of the Companies Act and to cancel its treasury shares pursuant to Article 178 of the Companies Act. Details are as follows.

1. Reason for acquisition and cancellation of treasury shares

The Company acquired its treasury shares to improve capital efficiency and further enhance shareholder returns, and canceled its treasury shares to eliminate concerns about future dilution of shares.

2. Details of acquisition of treasury shares

- | | |
|--|---|
| (1) Class of shares to be acquired: | Common shares of the Company |
| (2) Total number of shares to be acquired: | Up to 4.92 million shares |
| (3) Aggregate acquisition amount: | Up to 15.0 billion yen |
| (4) Scheduled date of acquisition: | August 8, 2025 |
| (5) Method of acquisition: | Purchase through the Tokyo Stock Exchange
Trading Network Off Auction Own Share
Repurchase Trading System (ToSTNeT-3) |

3. Details of cancellation of treasury shares

- | | |
|--|--|
| (1) Class of shares to be canceled: | Common shares of the Company |
| (2) Total number of shares to be canceled: | All treasury shares acquired in accordance
with 2 above |
| (3) Scheduled date of cancellation: | August 18, 2025 |