Kaga Electronics Co., Ltd.
Financial Results Discussion
for the First Quarter of the Fiscal Year ending March 2027
Main Questions and Answers

Date of earnings announcement: Thursday, August 13, 2026

<Points to note>
Kaga Electronics does not hold a financial results briefing for the first quarter, but we have summarized questions and answers from IR interviews with analysts and investors after financial results were announced, in the form of "Main Questions and Answers." Please be aware that it is not a transcription of all matters discussed, but rather a brief summary created at Kaga Electronics' discretion.
Please also note that the statements contained in this document that relate to the future, such as results forecasts, are based on information currently available to Kaga Electronics and certain assumptions that have been judged to be reasonable. Actual performance, etc. may differ substantially due to a range of factors.

Results for the first quarter

Q : Can you provide us with an overview of 1Q financial results?

A : In the first quarter of the fiscal year ending March 31, 2027, we achieved double-digit year-on-year growth in both net sales and all levels of profit down to the bottom line. Furthermore, net sales reached a record high for the first quarter, making a solid start to the fiscal year.
In the electronic components business, amid a recovery in demand for semiconductor products, increased sales volumes and rising prices of memory and other device products, along with spot sales, contributed to performance. In addition, Kyoei Sangyo, which became a consolidated subsidiary in the second quarter of the previous fiscal year, contributed to results from the beginning of the first quarter of the current fiscal year. In the information equipment business, PC sales remained strong.

Q : Please provide details on spot sales and the outlook going forward.

A : Our spot sales refer to transactions in which we receive new orders from existing or new customers for products that we have not previously handled, driven by tight supply-demand conditions or other factors.
We recorded sales of 41.1 billion yen in the fourth quarter of the fiscal year ended March 31, 2026, and 4.0 billion yen in the first quarter of the fiscal year ending March 31, 2027, both primarily from transactions involving memory products.
Customer demand for spot sales remains strong, with no change in momentum. However, we have not factored these spot sales into our earnings forecasts as sales depend on procurement conditions in the market. Going forward, we will continue to monitor market trends and respond appropriately.

Q : What factors contributed to improved performance of Kaga FEI and Kyoei Sangyo?

A : Kaga FEI recorded growth in net sales and income, driven by increased sales volume and rising prices of memory and other semiconductor products. Kyoei Sangyo also recorded strong sales of memory products primarily for office equipment.
Going forward, we will continue our efforts to further enhance profitability by leveraging the customer bases, technologies, expertise, and human resources of our Group companies to promote cross-selling and make proposals to customers from their product development stage.

Q : What are the factors behind the decline in net sales and income in the others business?

A : Despite the strong performance of the PC product and PC peripheral recycling business, the others business recorded year-on-year decreases in net sales and income in the first quarter ended June 30, 2026, reflecting a decline in sales of amusement equipment following front-loaded shipments to the U.S. market in the first half of the previous fiscal year.

Earnings forecasts and other matters

Q : You revised your full-year earnings forecasts upward twice during the first half of the current fiscal year. Please provide the details.

A : First, at the time of the release of the first-quarter financial results (disclosed on August 13, 2026), we made upward revisions to our forecasts for net sales and all levels of profit, as business performance, particularly in the electronic components business, progressed at a faster pace than initially expected. At that point, however, we had not factored in the earnings impact of making Shinko Shoji a consolidated subsidiary or the gain on bargain purchase, as these were still under review.

Subsequently, on September 25, 2026, we revised our full-year earnings forecast upward for the second time, as we were then able to reasonably estimate the impact of Shinko Shoji on our consolidated financial results and the gain on bargain purchase. This revision reflected the earnings outlook from the second quarter onward as well as the gain on bargain purchase of approximately 6.0 billion yen arising from the acquisition.

As a result, the full-year consolidated earnings forecast for the fiscal year ending March 31, 2027, is as follows: net sales of 760.0 billion yen, operating income of 32.0 billion yen, ordinary income of 32.0 billion yen, and profit attributable to owners of parent of 29.0 billion yen.

Q : What potential risks do you foresee, if any, for your future business performance?

A : We need to closely monitor macroeconomic risks, including geopolitical risks such as the situation in the Middle East and foreign exchange fluctuations. However, at present, we have not identified any company-specific risks that could directly affect our business performance.