

FY2026/March H1 (April-September) Financial Results Briefing Material

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

November 27, 2025

 **JPX-NIKKEI 400**
2023 - 2025 **JPX-NIKKEI Mid Small**
2021 - 2025

Management Topics

**Representative Director,
President & COO**

Ryoichi Kado

I am Kado, President of KAGA ELECTRONICS.

Thank you very much for your continued support and cooperation in our IR activities.

I would like to present our management topics for the first half of the fiscal year ending March 2026.

Key Message for FY2026 H1 Results



■ Excluding Kyoei Sangyo ■ Kyoei Sangyo (million yen)

H1 Results (April – September)

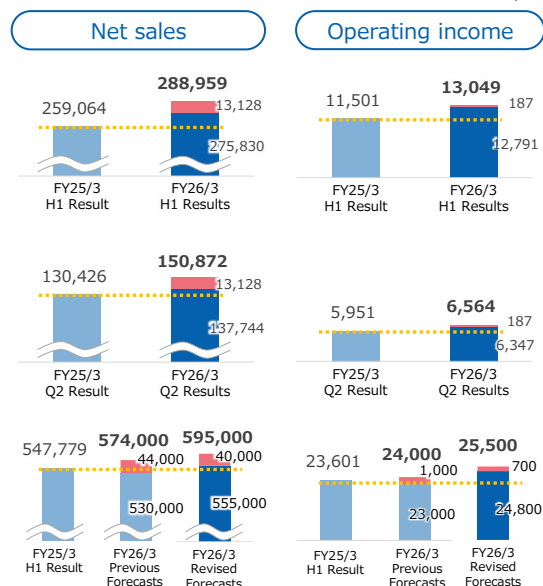
- Net sales and income increased year on year
- Net sales and income increased, even excluding the impact of the acquisition

Q2 Results (July – September)

- Net sales and income increased year on year
- Net sales and income increased, even excluding the impact of the acquisition

Earnings Forecasts

- Second upward revision of forecast this fiscal year
- Net sales and income increased, even excluding the impact of the acquisition



Note: The figures for operating income are before consolidation adjustments among Group companies.

First, regarding the results for the first half of the fiscal year ending March 31, announced on November 6, while Ishihara has already provided a detailed explanation, I would like to summarize two key points.

The first point is that the financial results showed a year-on-year increase in net sales and income.

Kyoei Sangyo became a consolidated subsidiary from July, and there was a year-on-year increase in net sales and income even excluding the impact of this change.

The second point is that we made an upward revision for the second time in this fiscal year.

The previous revision in August factored in Kyoei Sangyo becoming a consolidated subsidiary, while the current revision mainly reflects the overperformance of Kaga Electronics in the first half of the year.

In this revision, both net sales and income are expected to increase year on year, regardless of the impact of the acquisition.

In this manner, we have achieved favorable financial results, reaching the halfway point of FY2026/3, the first year of the New Medium-Term Management Plan, with an increase in net sales and income and higher than planned results.

Aims of the New Factory Construction

- Establish a highly efficient production system through the introduction production equipment developed in-house featuring thorough automation and labor-saving capabilities
- Meet the demands of customers through the newly constructed assembly line for finished products for the U.S. and other markets
- Achieve a total of 50 billion yen in sales in five years at the three factories in Thailand

<Amatanakorn Factory I>



<Amatanakorn Factory II>



Amatanakorn Factory III



	Amatanakorn Factory I	Amatanakorn Factory II	Amatanakorn Factory III
Location	Amatanakorn Industrial Estate, Chonburi, Thailand	Same as on the left	Same as on the left
Total floor area	5,250m ²	5,300m ²	4,400m ²
Items produced	Mounting and assembly of substrates for air-conditioning and automotive equipment	Mounting of substrates for office equipment	Mounting and assembly of substrates for air-conditioning and automotive equipment / Assembly of finished products and unit products for the US market
Start of operation	April 2012	December 2019	By the end of 2025
Investment amount	Approx. 4.6 billion (Total)	Approx. 2.0 billion (Total)	Approx. 1.3 billion yen (initial investment)

The next report will be on the EMS business.

Some of you may have read the November 4 Nikkei newspaper article.

We are currently preparing our third factory in Thailand, which is expected to be operational by the end of this year.

This is a measure to respond to the shift of many manufacturing customers who used to produce in China toward ASEAN countries, including Thailand, as part of a trend of decoupling from China.

We are thoroughly committed to automation and labor saving at this new factory by introducing internally developed production equipment.

A new assembly line for finished products as well as circuit board mounting will also be installed.

We are aiming to achieve a total of 50 billion yen in sales in five years at the three factories in Thailand, including the new factory.



Through a joint venture with a major Chinese equipment manufacturer, we develop, design, and manufacture production equipment, and achieve overwhelming cost competitiveness alongside a total solution for high-quality, highly reliable circuit board mounting

Modular soldering baths



Product lineup

- ①1-head unit ISF-300
- ②2-head unit ISF-450-II
- ③4-head unit ISF-450D
- ④4-head unit ISF-450-4H
- Modular high-speed soldering bath
- ⑤Modular flux applicator

Surface Mounting Equipment



Product lineup

- ①CPM H2:
Chip component mounting
- ②CPM F2:
Non-standard component mounting
- ③CPM/FH:
Miniature chip component mounting

Testing Equipment



Product lineup

- ①3D SPI: Cream solder testing
- ②Post-SMT AOI equipment:
Visual inspection of mounted components
- ③Pre-soldering bath S-AOI:
Inspection of hand-inserted components
- ④Post-soldering bath AOI:
Solder-lifting inspection Component float inspection

Vertical High-temperature Furnaces



Product lineup

- ①Coating hardening furnace
After coating final hardening
- ②Potting hardening furnace
After potting final hardening
- ③High temperature deterioration testing furnace
Product deterioration testing

In relation to this, I would like to briefly explain our production equipment developed in-house.

In 2019, we established a joint venture with a Chinese equipment and machinery manufacturer to develop our own production equipment, such as soldering baths, surface mounting equipment, and various inspection equipment that match our circuit board mounting production lines.

In particular, because our EMS business specializes in high-mix, low-volume production, items that were over-specified in ready-made large production facilities can now benefit from production equipment developed in-house, allowing for investments in equipment that fit our size and provide good value for money.

It is a powerful tool that demonstrates our competitive advantage in terms of both quality and cost.

The word HATTEN is shown at the top of the slide.

This is the product brand name we have given to our internally developed equipment. HATTEN means “development” in Japanese, and we intend to further develop our EMS business using this equipment. We also sell these products externally.

Acquisition
scheme

- (1) Tender offer: Acquired 45.16% of Kyoei Sangyo's common stock through a tender offer on July 18, 2025. **Combined with shares already held, ownership reached 54.48%, making it a consolidated subsidiary.**
- (2) Share consolidation: Approved at the extraordinary general meeting of shareholders held on September 29, 2025. **Delisted from the Tokyo Stock Exchange on October 16, 2025**
- (3) Becoming a wholly-owned subsidiary: Acquired all shares held by Mitsubishi Electric (558,958 shares) on November 17, 2025, **making it a wholly-owned subsidiary**
- Acquisition price: 10.7 billion yen in total, including (1) through (3)

Description of
business

Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development

Objectives of the
acquisition

- 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

Next, I would like to report on the progress of consolidation of Kyoei Sangyo following the tender offer in July 2025.

The acquisition scheme this time consisted of three steps: first, making it a consolidated subsidiary through a tender offer in July; next, share consolidation and delisting; and, finally, acquiring all shares held by Mitsubishi Electric as of November 7.

As planned, it has become a wholly owned consolidated subsidiary.

The aims of the acquisition are as follows.

(1) In semiconductor devices, we will expand our components sales business through complementary product lineups and connect Kyoei Sangyo's customer base to our EMS business.

(2) In industrial equipment systems, we will expand overseas sales by leveraging our global sales network.

(3) In systems development, we will also work with our assets such as hardware, software, and our customer base to increase sales.

Kyoei Sangyo's Strengths and Uniqueness

Industrial equipment systems business

Sales of factory automation (equipment, processing machines, robots), automation systems, air conditioning and refrigeration equipment, and 3D printers

Machine tool and robot solutions



Wire electrical discharge machines



Fiber laser processing machines



Industrial robots

Conveyor robot solutions



Geek's Moving System



Automated guided vehicle, Thouzer



FEXA's Autonomous Mobile Transport Robot

System development business

System development, system integration, and contract development specializing in the construction, taxi, and distribution industries

High-performance, high-quality package software that promotes construction DX



Quotation creation system, KYOEI COMPASS 2.0



RC Quantity estimation system, FKS RC 2.0

Tailor-made software proposed by engineers who deeply understand the industry

Development example



Taisei SETSUBI Co., Ltd.

Administrative document creation support tool

Implementation examples



SHINNIHON CORPORATION

Estimating and cost estimating software that combines high-precision, speed, and versatility



DAISUE CONSTRUCTION CO., LTD.

Construction site cost management. Establishment of an integrated system

This slide introduces two new business areas added to the Kaga Electronics Group as a result of Kyoei Sangyo becoming a subsidiary.

The first is the industrial equipment systems business.

We offer a wide range of machine tools such as cutting machines and laser welding machines, as well as robots that are indispensable for production sites. We also handle various conveyor robots that support automation and efficiency at manufacturing and logistics sites. In particular, we plan to expand sales in overseas markets by utilizing Kaga Electronics' sales network.

The second is the system development business.

We conduct system development, system integration, and contracted development of embedded systems specialized for the construction, taxi, and distribution industries. Having nearly 400 in-house engineers to perform this work is considered a major strength.

Shareholder Returns



Policy on Shareholder Returns in the New Medium-Term Management Plan
(Announced: 2024/11/6)

- 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 **extraordinary dividends** and **acquisition of treasury shares** in line with profit levels and capital efficiency

Repurchase and cancellation of treasury shares

Repurchase : 2025/8/8
Cancellation : 2025/8/18

- **Repurchased all of the Company's shares held by our four primary banks** which had indicated their intention to sell such shares from the point of view of reducing strategic shareholdings pursuant to the requirements of the corporate governance code, through the Tokyo Stock Exchange Trading Network Off Auction Own Share Repurchase Trading System (ToSTNET-3) for a **total value of 14.4 billion yen**.
- **All 4,920,000 repurchased shares (9.4% of the total number of issued shares) have been cancelled.**

		Initial Forecast	Previous Forecast	Revised Forecast
(Announcement)		May 7, 2025	August 7, 2025	November 6, 2025
Dividend forecast Maintaining previous forecast:2025/8/7	Profit attributable to owners of parent (million yen)	16,500	24,200	26,000
	EPS (yen)	313.95	488.45	524.78
	Dividend per share(Full year, yen)	110.00	120.00	120.00
	of which, Extraordinary dividend	—	10.00	10.00
	Consolidated dividend payout ratio	35.0%	24.6%	22.9%
	※Consolidated dividend payout ratio excluding 7.2 billion yen in gain on bargain purchase	—	35.0%	31.6%
	DOE	3.9%	4.2%	3.9%
	※DOE excluding 7.2 billion yen in gain on bargain purchase	3.9%	4.3%	4.0%

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Finally, I would like to report on shareholder returns.

First of all, we have three main principles for our policy on shareholder returns, which were formulated in the Medium-Term Management Plan 2027, announced in November last year.

The first is a consolidated dividend payout ratio of 30% to 40% as a guideline for dividend growth linked to business performance.

The second is a DOE of 4% as the guideline for stable dividends.

Lastly, extraordinary dividends and acquisition of treasury shares are flexible measures to return profits to shareholders.

Regarding the acquisition of treasury shares, in August, we acquired all shares held by four primary banks for 14.4 billion yen, and cancelled all the shares thus acquired. This represents 9.4% of issued shares.

We also announced an extraordinary dividend of 10 yen per share in August in conjunction with the upward revision of our earnings forecast.

While we have recently revised our earnings forecast upward for the second time this fiscal year, we have left our dividend forecast unchanged.

The net income forecast includes 7.2 billion yen of gain on bargain purchase that does not involve cash inflow.

Although the apparent dividend payout ratio and DOE fall short of our policy on shareholder returns, when calculated excluding the gain on bargain purchase, both meet the guidelines.

We intend to take appropriate measures to return profits to shareholders depending on the progress of our future business performance.

“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.

This concludes my presentation.

Thank you very much.