Walden Research Japan

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KAGA ELECTRONICS (8154)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2024		542,697	25,845	25,976	20,345	387.30	110.00	2,871.11
FY03/2025		547,779	23,601	22,593	17,083	325.08	110.00	3,162.68
FY03/2026CoE		574,000	24,000	23,800	24,200	488.45	120.00	-
FY03/2025	YoY	0.9%	(8.7%)	(13.0%)	(16.0%)	-	-	-
FY03/2026CoE	YoY	4.8%	1.7%	5.3%	41.7%	-	-	-
Consolidated Quarter (Million Yen)		**Sales**	**Operating Profit**	**Recurring Profit**	**Profit Attributable to Owners of Parent**	**EPS (Yen)**	**DPS (Yen)**	**BPS (Yen)**
Q1 FY03/2025		128,638	5,550	6,045	4,127	-	-	-
Q2 FY03/2025		130,426	5,951	5,232	3,814	-	-	-
Q3 FY03/2025		137,178	6,554	7,101	4,773	-	-	-
Q4 FY03/2025		151,536	5,545	4,214	4,368	-	-	-
Q1 FY03/2026		138,086	6,484	6,242	4,614	-	-	-
Q1 FY03/2026	YoY	7.3%	16.8%	3.3%	11.8%	-	-	-

Source: Company Data, WRJ Calculation (per share data: retroactively adjusted for one-for-two share split on 1 October 2024)

1.0 NEWS RELEASE (15 August 2025)

Risen, Revised and Repurchased

On 7 August 2025, KAGA ELECTRONICS, major electronic components trading company, announced its results for Q1 (April to June) FY03/2026. Simply according to the Company's statement, the highlight is that sales and earnings have risen for Q1 (April to June), while full-year Company forecasts have been revised up from a previous outlook of a decline in sales and earnings to one of an increase in both with an addon from Q2 (July to September) and onward as a result of having acquired Kyoei Sangyo (6973). The Company further states that it is noteworthy that it expects to see DOE of 4.2% for FY03/2026 with planned dividend revised up, as well as ROE of 14.6% and total shareholder return ratio of 83.3% with a largest-ever share repurchase and cancellation totaling ¥14,447m, demonstrating its commitment to improving capital efficiency and shareholder returns as advocated with the new midterm management plan. On 8 August 2025, through off-auction own share repurchase transactions (ToSTNeT-3) on the Tokyo Stock Exchange, the Company acquired 4,917,400 shares of common share. Furthermore, it plans to cancel all of the repurchased shares—equivalent to 9.4% of the total number of shares outstanding (excluding treasury shares)—on 18 August 2025. Notably, this will be the first share cancellation for those to be repurchased since the listing.

Key timely disclosures:

- Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2025 (7 August 2025)
- Notice Regarding Upward Revision (7 August 2025)
- Notice Concerning Results of Treasury Share Acquisition (8 August 2025)

IR Representatives: IRs & PRs Department: General Manager, Ichiro Shirai /
Section Manager, Yasuhiro Inagaki (81-(0)3-5657-0106／webmaster@taxan.co.jp)

2.0 Company Profile

Everything We Do Is for Our Customers

Company Name	KAGA ELECTRONICS CO.,LTD. Company Website IR Information Share price (Japanese)
Established	12 September 1968
Listing	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 8154) 1 September 1997: Tokyo Stock Exchange 1st section 23 December 1986: Tokyo Stock Exchange 2nd section
Capital	¥12,133m (as of the end of June 2025)
No. of Shares	57,404,236 shares, including 4,847,868 treasury shares (as of the end of June 2025)
Main Features	● Enlargement of added value with a long-term growth of EMS business ● Focus on industrial equipment, healthcare equipment, etc. on top of the mainstay in-vehicle equipment by domain ● Pursuit of scale for business and PMI with consistent M&A deals
Segments	Ⅰ. Electronic Components (sale of electronic components / EMS business) Ⅱ. Information Equipment (sale of PCs, PC peripherals, home appliances, lighting fixtures, etc.) Ⅲ. Software (production of CG video and software) Ⅳ. Other (sale of amusement equipment / repair, support, etc. for electronic equipment)
Representatives	Representative Director, Founder & CEO : Isao Tsukamoto Representative Director, President & COO: Ryoichi Kado
Shareholders	The Master Trust Bank of Japan, T. 11.63%, OKOZE Co. 7.00%, Custody Bank of Japan, T. 6.60%, ESOP 5.97%, MUFG Bank 4.33% (as of the end of March 2025, but for treasury shares)
Head Office	Chiyoda-ku, Tokyo, JAPAN
No. of Personnel	Consolidated: 8,560, Parent: 560 (as of the end of March 2025)

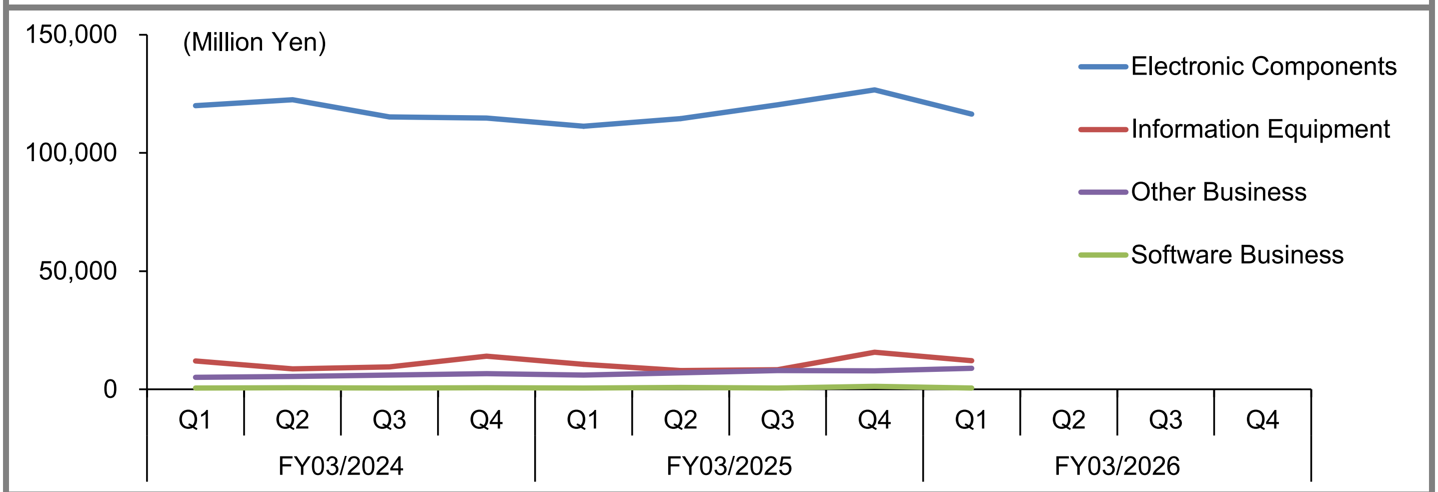
Source: Company Data

3.0 Recent Trading and Prospects

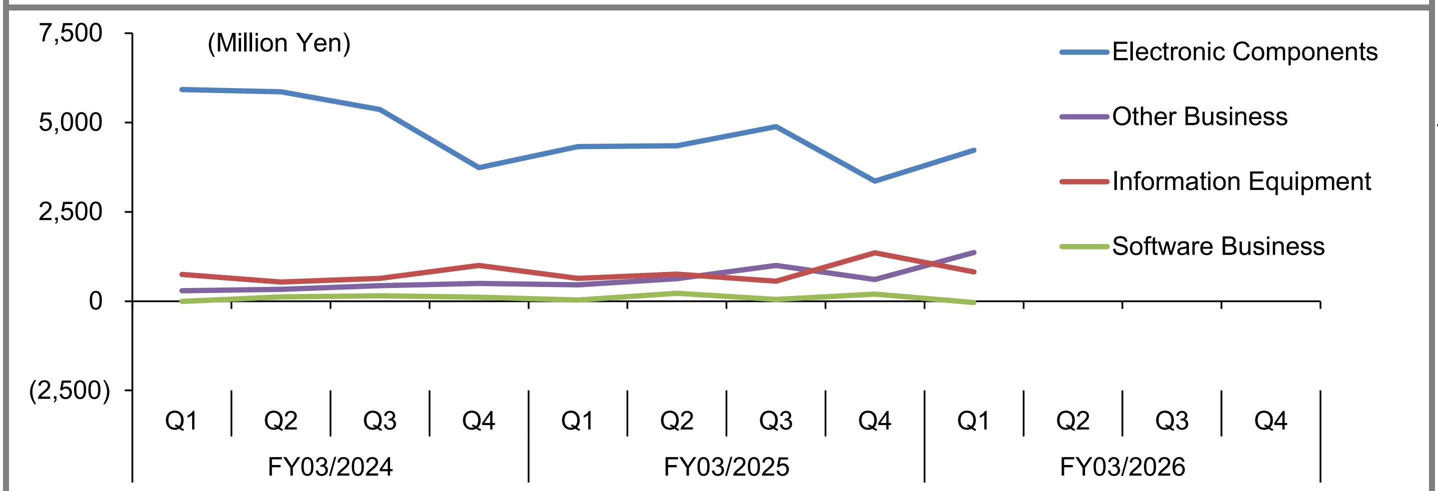
Q1 (April to June) FY03/2026

For Q1 (April to June) FY03/2026, sales came in at ¥138,086m (up 7.3% YoY), operating profit ¥6,484m (up 16.8%), recurring profit ¥6,242m (up 3.3%) and profit attributable to owners of parent ¥4,614m (up 11.8%), while operating profit margin 4.7% (up 0.4% points).

Sales by Segment



Segment Profit



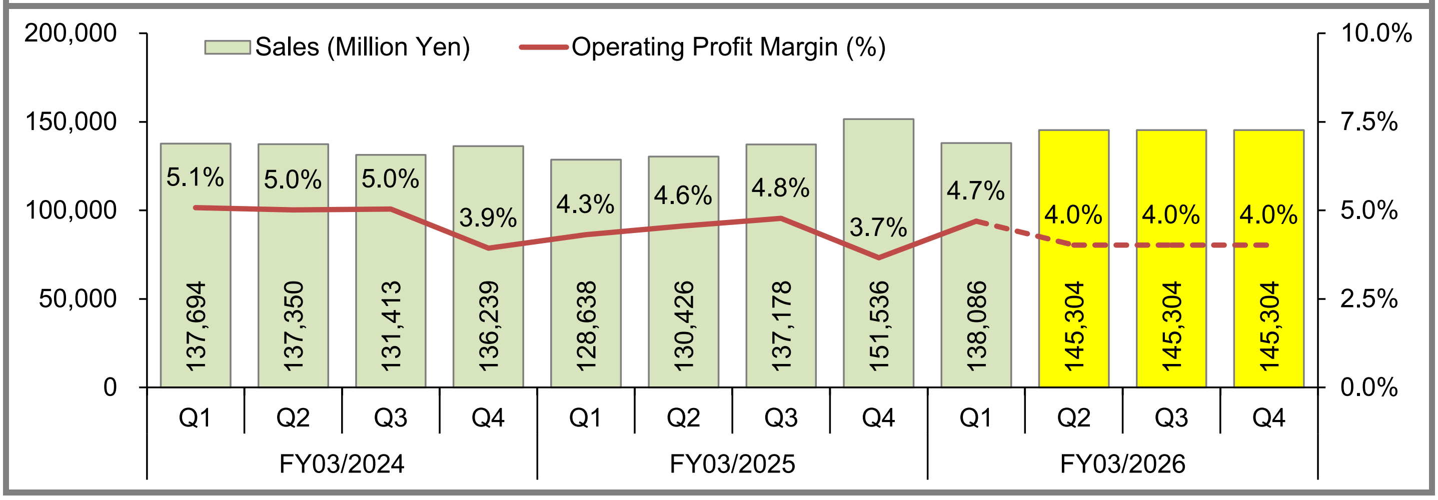
Source: Company Data, WRJ Calculation

On the mainstay Electronic Components side (sale of electronic components / EMS business), sales came in at ¥116,456m (up 4.6%), segment profit ¥4,227m (down 2.4%) and segment profit margin 3.6% (down 0.3% points). Although the Company has secured higher sales and earnings for EMS business, sales have remained roughly unchanged over the same period of the previous year for sale of electronic components due to prolonged inventory adjustments in certain parts of the supply chain, while having suffered from a decline in earnings, reflecting a deterioration in sales mix at one of the subsidiaries (KAGA FEI) and an increase in expenses such as litigation costs related to the said subsidiary. However, the Company has achieved significant growth in both sales and earnings on the Other side (sale of amusement equipment / repair, support, etc. for electronic equipment), having resulted in an increase in sales and earnings for the Company as a whole. The Company benefits a lot from surging sales of amusement equipment in Japan as well as in the United Sates.

FY03/2026 Company Forecasts

Alongside the announcement of Q1 (April to June) results on 7 August 2025, full-year Company forecasts have been revised upward. At present, FY03/2026 Company forecasts are going for prospective sales of ¥574,000m (up 4.8% YoY), operating profit of ¥24,000m (up 1.7%), recurring profit of ¥23,800m (up 5.3%), and profit attributable to owners of parent of ¥24,200m (up 41.7%), while operating profit margin 4.2% (down 0.1% point).

Sales and Operating Profit Margin



Source: Company Data, WRJ Calculation (Q2/Q3/Q4 FY03/2026: Company forecasts during the relevant period, pro rata)

Compared with initial Company forecasts, announced on 14 May 2025, sales have been revised up by ¥44,000m (up 8.3%), ¥1,000m (up 4.3%) in operating profit, ¥800m (up 3.5%) in recurring profit and ¥7,700m (up 46.7%) in profit attributable to owners of parent. The current Company forecasts newly assume a gain of ¥7,200m on negative goodwill as extraordinary income, stemming from the consolidation of Kyoei Sangyo (6973) as a subsidiary through share acquisition conducted on 11 July 2025.

The Company also revised up its planned annual dividend, currently going for ¥120.00 per share for FY03/2026, implying payout ratio of 24.6% and/or DOE of 4.2%, versus ¥110.00 at the beginning of the year, i.e., revised up by ¥10.0. Initially, the Company was going for normal dividend of ¥55.00 as of the end of Q2 and as of the end of the year, while currently going for additional special dividend of ¥5.00, respectively. Meanwhile, in line with the Corporate Governance Code's recommendation to reduce cross-shareholdings, the Company's main banking partners expressed their intentions to sell its holdings of the Company's shares, while the Company has implemented the share repurchase this time to cope with this issue.

Income Statement (Cumulative / Quarterly)

Income Statement (Million Yen)	Cons.Act Q1 03/2025	Cons.Act Q1 to Q2 03/2025	Cons.Act Q1 to Q3 03/2025	Cons.Act Q1 to Q4 03/2025	Cons.Act Q1 03/2026	Cons.Act Q1 to Q2 03/2026	Cons.Act Q1 to Q3 03/2026	Cons.Act Q1 to Q4 03/2026	YoY Net Chg.
Sales	**128,638**	**259,064**	**396,243**	**547,779**	**138,086**	**-**	**-**	**-**	**+9,448**
Cost of Sales	111,657	224,931	344,053	476,113	119,645	-	-	-	+7,988
Gross Profit	16,980	34,133	52,190	71,665	18,440	-	-	-	+1,460
SG&A Expenses	11,430	22,631	34,134	48,064	11,956	-	-	-	+526
Operating Profit	**5,550**	**11,501**	**18,056**	**23,601**	**6,484**	**-**	**-**	**-**	**+934**
Non Operating Balance	495	(223)	323	(1,008)	(242)	-	-	-	(737)
Recurring Profit	**6,045**	**11,278**	**18,379**	**22,593**	**6,242**	**-**	**-**	**-**	**+197**
Extraordinary Balance	0	(34)	83	1,116	170	-	-	-	+170
Profit before Income Taxes	6,045	11,244	18,462	23,709	6,412	-	-	-	+367
Total Income Taxes	2,006	3,495	6,037	6,988	1,835	-	-	-	(171)
NP Belonging to Non-Controlling SHs	(87)	(192)	(290)	(361)	(38)	-	-	-	+49
Profit Attributable to Owners of Parent	**4,127**	**7,941**	**12,714**	**17,083**	**4,614**	**-**	**-**	**-**	**+487**
Sales YoY	(6.6%)	(5.8%)	(2.5%)	+0.9%	+7.3%	-	-	-	-
Operating Profit YoY	(20.6%)	(17.1%)	(11.9%)	(8.7%)	+16.8%	-	-	-	-
Recurring Profit YoY	(12.5%)	(19.1%)	(9.5%)	(13.0%)	+3.3%	-	-	-	-
Profit Attributable to Owners of Parent YoY	(28.4%)	(30.4%)	(20.5%)	(16.0%)	+11.8%	-	-	-	-
Gross Profit Margin	13.2%	13.2%	13.2%	13.1%	13.4%	-	-	-	+0.2%
SG&A Ratio	8.9%	8.7%	8.6%	8.8%	8.7%	-	-	-	(0.2%)
Operating Profit Margin	4.3%	4.4%	4.6%	4.3%	4.7%	-	-	-	+0.4%
Recurring Profit Margin	4.7%	4.4%	4.6%	4.1%	4.5%	-	-	-	(0.2%)
Profit Attributable to Owners of Parent Margin	3.2%	3.1%	3.2%	3.1%	3.3%	-	-	-	+0.1%
Total Income Taxes / Profit before Income Taxes	33.2%	31.1%	32.7%	29.5%	28.6%	-	-	-	(4.6%)

Income Statement (Million Yen)	Cons.Act Q1 03/2025	Cons.Act Q2 03/2025	Cons.Act Q3 03/2025	Cons.Act Q4 03/2025	Cons.Act Q1 03/2026	Cons.Act Q2 03/2026	Cons.Act Q3 03/2026	Cons.Act Q4 03/2026	YoY Net Chg.
Sales	**128,638**	**130,426**	**137,178**	**151,536**	**138,086**	**-**	**-**	**-**	**+9,448**
Cost of Sales	111,657	113,274	119,122	132,060	119,645	-	-	-	+7,988
Gross Profit	16,980	17,152	18,056	19,475	18,440	-	-	-	+1,460
SG&A Expenses	11,430	11,200	11,502	13,930	11,956	-	-	-	+526
Operating Profit	**5,550**	**5,951**	**6,554**	**5,545**	**6,484**	**-**	**-**	**-**	**+934**
Non Operating Balance	495	(718)	546	(1,331)	(242)	-	-	-	(737)
Recurring Profit	**6,045**	**5,232**	**7,101**	**4,214**	**6,242**	**-**	**-**	**-**	**+197**
Extraordinary Balance	0	(34)	117	1,033	170	-	-	-	+170
Profit before Income Taxes	6,045	5,199	7,218	5,247	6,412	-	-	-	+367
Total Income Taxes	2,006	1,489	2,542	951	1,835	-	-	-	(171)
NP Belonging to Non-Controlling SHs	(87)	(105)	(98)	(71)	(38)	-	-	-	+49
Profit Attributable to Owners of Parent	**4,127**	**3,814**	**4,773**	**4,368**	**4,614**	**-**	**-**	**-**	**+487**
Sales YoY	(6.6%)	(5.0%)	+4.4%	+11.2%	+7.3%	-	-	-	-
Operating Profit YoY	(20.6%)	(13.5%)	(0.9%)	+3.6%	+16.8%	-	-	-	-
Recurring Profit YoY	(12.5%)	(25.6%)	+11.6%	(25.6%)	+3.3%	-	-	-	-
Profit Attributable to Owners of Parent YoY	(28.4%)	(32.3%)	+4.0%	+0.3%	+11.8%	-	-	-	-
Gross Profit Margin	13.2%	13.2%	13.2%	12.9%	13.4%	-	-	-	+0.2%
SG&A Ratio	8.9%	8.6%	8.4%	9.2%	8.7%	-	-	-	(0.2%)
Operating Profit Margin	4.3%	4.6%	4.8%	3.7%	4.7%	-	-	-	+0.4%
Recurring Profit Margin	4.7%	4.0%	5.2%	2.8%	4.5%	-	-	-	(0.2%)
Profit Attributable to Owners of Parent Margin	3.2%	2.9%	3.5%	2.9%	3.3%	-	-	-	+0.1%
Total Income Taxes / Profit before Income Taxes	33.2%	28.6%	35.2%	18.1%	28.6%	-	-	-	(4.6%)

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative / Quarterly)

Segmented Information (Million Yen)	Cons.Act Q1 03/2025	Cons.Act Q1 to Q2 03/2025	Cons.Act Q1 to Q3 03/2025	Cons.Act Q1 to Q4 03/2025	Cons.Act Q1 03/2026	Cons.Act Q1 to Q2 03/2026	Cons.Act Q1 to Q3 03/2026	Cons.Act Q1 to Q4 03/2026	YoY Net Chg.
Electronic Components	111,320	225,866	346,212	472,910	116,456	-	-	-	+5,136
Information Equipment	10,606	18,633	26,953	42,652	12,116	-	-	-	+1,510
Software	631	1,471	2,070	3,387	591	-	-	-	(40)
Other	6,079	13,093	21,006	28,829	8,921	-	-	-	+2,842
Sales	**128,638**	**259,064**	**396,243**	**547,779**	**138,086**	**-**	**-**	**-**	**+9,448**
Electronic Components	4,331	8,679	13,568	16,927	4,227	-	-	-	(104)
Information Equipment	639	1,392	1,953	3,307	821	-	-	-	+182
Software	35	256	308	509	(42)	-	-	-	(77)
Other	461	1,094	2,097	2,707	1,362	-	-	-	+901
Segment Profit	**5,467**	**11,422**	**17,927**	**23,451**	**6,368**	**-**	**-**	**-**	**+901**
Elimination	83	78	128	149	115	-	-	-	+32
Operating Profit	**5,550**	**11,501**	**18,056**	**23,601**	**6,484**	**-**	**-**	**-**	**+934**
Electronic Components	3.9%	3.8%	3.9%	3.6%	3.6%	-	-	-	(0.3%)
Information Equipment	6.0%	7.5%	7.2%	7.8%	6.8%	-	-	-	+0.8%
Software	5.5%	17.4%	14.9%	15.0%	(7.2%)	-	-	-	(12.7%)
Other	7.6%	8.4%	10.0%	9.4%	15.3%	-	-	-	+7.7%
Segment Profit Margin	**4.2%**	**4.4%**	**4.5%**	**4.3%**	4.6%	-	-	-	**+0.4%**
Elimination	0.1%	0.0%	0.0%	0.0%	0.1%	-	-	-	+0.0%
Operating Profit Margin	**4.3%**	**4.4%**	**4.6%**	**4.3%**	**4.7%**	**-**	**-**	**-**	**+0.4%**

Segmented Information (Million Yen)	Cons.Act Q1 03/2025	Cons.Act Q2 03/2025	Cons.Act Q3 03/2025	Cons.Act Q4 03/2025	Cons.Act Q1 03/2026	Cons.Act Q2 03/2026	Cons.Act Q3 03/2026	Cons.Act Q4 03/2026	YoY Net Chg.
Electronic Components	111,320	114,545	120,345	126,697	116,456	-	-	-	+5,136
Information Equipment	10,606	8,026	8,320	15,699	12,116	-	-	-	+1,510
Software	631	840	599	1,316	591	-	-	-	(40)
Other	6,079	7,013	7,913	7,822	8,921	-	-	-	+2,842
Sales	**128,638**	**130,426**	**137,179**	**151,536**	**138,086**	**-**	**-**	**-**	**+9,448**
Electronic Components	4,331	4,348	4,888	3,358	4,227	-	-	-	(104)
Information Equipment	639	753	561	1,353	821	-	-	-	+182
Software	35	221	52	201	(42)	-	-	-	(77)
Other	461	633	1,002	610	1,362	-	-	-	+901
Segment Profit	**5,467**	**5,955**	**6,505**	**5,524**	**6,368**	**-**	**-**	**-**	**+901**
Elimination	83	(5)	50	21	115	-	-	-	+32
Operating Profit	**5,550**	**5,951**	**6,555**	**5,545**	**6,484**	**-**	**-**	**-**	**+934**
Electronic Components	3.9%	3.8%	4.1%	2.7%	3.6%	-	-	-	(0.3%)
Information Equipment	6.0%	9.4%	6.7%	8.6%	6.8%	-	-	-	+0.8%
Software	5.5%	26.3%	8.7%	15.3%	(7.2%)	-	-	-	(12.7%)
Other	7.6%	9.0%	12.7%	7.8%	15.3%	-	-	-	+7.7%
Segment Profit Margin	**4.2%**	**4.6%**	**4.7%**	**3.6%**	**4.6%**	**-**	**-**	**-**	**+0.4%**
Elimination	0.1%	(0.0%)	0.0%	0.0%	0.1%	-	-	-	+0.0%
Operating Profit Margin	**4.3%**	**4.6%**	**4.8%**	**3.7%**	**4.7%**	**-**	**-**	**-**	**+0.4%**

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act Q1 03/2025	Cons.Act Q1 to Q2 03/2025	Cons.Act Q1 to Q3 03/2025	Cons.Act Q1 to Q4 03/2025	Cons.Act Q1 03/2026	Cons.Act Q1 to Q2 03/2026	Cons.Act Q1 to Q3 03/2026	Cons.Act Q1 to Q4 03/2026	YoY Net Chg.
Operating Cash Flow	-	14,929	-	25,047	-	-	-	-	-
Investing Cash Flow	-	(10,174)	-	(9,967)	-	-	-	-	-
Operating CF and Investing CF	**-**	**4,755**	**-**	**15,080**	**-**	**-**	**-**	**-**	**-**
Financing Cash Flow	-	(3,824)	-	(7,343)	-	-	-	-	-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act Q1 03/2025	Cons.Act Q2 03/2025	Cons.Act Q3 03/2025	Cons.Act Q4 03/2025	Cons.Act Q1 03/2026	Cons.Act Q2 03/2026	Cons.Act Q3 03/2026	Cons.Act Q4 03/2026	YoY Net Chg.
Cash & Deposit	71,972	74,817	72,493	80,188	75,312	-	-	-	+3,340
Accounts Receivables	106,235	99,857	111,734	114,138	101,747	-	-	-	(4,488)
Inventory	61,303	55,868	65,346	51,772	62,183	-	-	-	+880
Other	12,197	11,382	11,228	11,066	9,994	-	-	-	(2,203)
Current Assets	**251,707**	**241,924**	**260,801**	**257,164**	**249,236**	**-**	**-**	**-**	**(2,471)**
Tangible Assets	27,238	27,807	27,476	28,445	28,552	-	-	-	+1,314
Intangible Assets	1,993	1,899	1,791	1,738	1,636	-	-	-	(357)
Investments & Other Assets	15,969	17,490	17,828	18,323	19,831	-	-	-	+3,862
Fixed Assets	**45,202**	**47,198**	**47,096**	**48,507**	**50,019**	**-**	**-**	**-**	**+4,817**
Total Assets	**296,909**	**289,122**	**307,898**	**305,671**	**299,255**	**-**	**-**	**-**	**+2,346**
Accounts Payables	76,231	67,986	80,882	73,340	74,412	-	-	-	(1,819)
Short Term Debt	11,245	9,734	15,706	14,890	14,356	-	-	-	+3,111
Current Portion of Corporate Bond	5,000	5,000	5,000	5,000	-	-	-	-	(5,000)
Other	19,252	20,492	20,115	24,474	20,872	-	-	-	+1,620
Current Liabilities	**111,728**	**103,212**	**121,703**	**117,704**	**109,640**	**-**	**-**	**-**	**(2,088)**
Corporate Bond	5,000	5,000	5,000	5,000	5,000	-	-	-	-
Long Term Debt	10,500	10,500	5,500	5,500	5,500	-	-	-	(5,000)
Other	11,519	11,196	12,266	11,087	12,653	-	-	-	+1,134
Fixed Liabilities	**27,019**	**26,696**	**22,766**	**21,587**	**23,153**	**-**	**-**	**-**	**(3,866)**
Total Liabilities	**138,747**	**129,908**	**144,469**	**139,292**	**132,794**	**-**	**-**	**-**	**(5,953)**
Shareholders' Equity	**132,866**	**136,743**	**138,625**	**142,993**	**144,717**	**-**	**-**	**-**	**+11,851**
Other	25,296	22,471	24,803	23,386	21,744	-	-	-	(3,552)
Net Assets	**158,162**	**159,214**	**163,428**	**166,379**	**166,461**	**-**	**-**	**-**	**+8,299**
Total Liabilities & Net Assets	**296,909**	**289,122**	**307,898**	**305,671**	**299,255**	**-**	**-**	**-**	**+2,346**
Equity Capital	157,662	158,907	163,191	166,218	166,348	-	-	-	+8,686
Interest Bearing Debt	31,745	30,234	31,206	30,390	24,856	-	-	-	(6,889)
Net Debt	(40,227)	(44,583)	(41,287)	(49,798)	(50,456)	-	-	-	(10,229)
Equity Ratio	53.1%	55.0%	53.0%	54.4%	55.6%	-	-	-	-
Net Debt Equity Ratio	(25.5%)	(28.1%)	(25.3%)	(30.0%)	(30.3%)	-	-	-	-
ROE (12 months)	12.7%	11.2%	11.1%	10.8%	10.8%	-	-	-	-
ROA (12 months)	8.5%	8.0%	8.0%	7.6%	7.6%	-	-	-	-
Days for Inventory Turnover	50	45	50	36	47	-	-	-	-
Quick Ratio	160%	169%	151%	165%	161%	-	-	-	-
Current Ratio	225%	234%	214%	218%	227%	-	-	-	-

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of "IR Information" of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. "IR Information" of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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