

## **New KAGA ELECTRONICS Factory Under Construction in Mexico Selected for METI's Indo-Pacific and Central-South America Regional Supply Chain Involvement Support Project**

KAGA ELECTRONICS CO., LTD. (Head Office: Chiyoda-ku, Tokyo; Representative Director, President & COO: Ryoichi Kado; hereinafter "the Company") hereby announces that its new factory construction project in Mexico, aimed at strengthening and expanding its EMS\* production base, has been selected for the Indo-Pacific and Central-South America Regional Supply Chain Involvement Support Project promoted by the Ministry of Economy, Trade and Industry (METI), and that the maximum subsidy of 100 million yen has been approved.

(\*): Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis

The Indo-Pacific and Central-South America Regional Supply Chain Involvement Support Project is a subsidy scheme implemented by METI to encourage business initiatives that contribute to increasing the resilience of supply chains between Japan and the Indo-Pacific and Central-South America regions.

As announced on August 16, 2023, the Company, through its wholly owned subsidiary TAXAN MEXICO S.A. DE C.V. (Head Office: San Luis Potosí, Mexico; Representative Director and President: Takayuki Tsurumi; hereinafter, "TAXAN MEXICO"), is strengthening and expanding its production base to meet the increasing demand for EMS in Mexico.

Since its establishment in 2017, TAXAN MEXICO's EMS business has been focused on the assembly of lighting units used in four-wheeled vehicles intended for the U.S. market. In addition to meeting an increase in orders from existing customers, the construction of this new factory is designed to use the acquisition of new customers requiring the assembly of circuit boards used in air-conditioning equipment for the U.S. market as an opportunity to install the latest energy-saving equipment, promoting manufacturing that is both highly efficient and environmentally friendly. In the future, the Company plans to expand its integrated production capability encompassing component molding, sheet metal processing, and finished product assembly functions, in addition to current unit assembly and circuit board assembly. Through the introduction of a system enabling the visualization of internal factory data and data linkage between the Company's global network of EMS bases in 10 countries, including Japan, the Company plans to meet production demand for the North American and Central-South American markets, where continued growth is anticipated.

By promoting local and localized production, beginning with this new factory in Mexico, the Company will reduce transportation times and control logistics costs, as well as contribute to the construction of resilient supply chains for the stable provision of products to the market in collaboration with its customers and suppliers.

(Reference)

- BCG Decides the Indo-Pacific and Central-South America Regional Supply Chain Resilience Support Companies (3rd Round)

<https://www.bcg.com/ja-jp/press/10october2023-bcg-sc-recruitment-second-announcement-of-the-results>

- Strengthening and Expanding the EMS Production Base in Mexico

[https://www.taxan.co.jp/news-information/wp-content/uploads/2023/08/E\\_release\\_20230816.pdf](https://www.taxan.co.jp/news-information/wp-content/uploads/2023/08/E_release_20230816.pdf)

- Inquiries concerning this matter

KAGA ELECTRONICS CO., LTD. (URL : <https://www.taxan.co.jp/en/>)

Ichiro Shirai, General Manager

Investor Relations & Public Relations Department

TEL: +81-3-5657-0106 / FAX: +81-3-3254-7133