

# The Timeline of Our Growth Driven by the Kaga Spirit

## The Kaga Spirit

(The Words of Isao Tsukamoto)

### Personal connections are intangible assets

The Kaga Electronics Group is capable of responding quickly and accurately to changes in the business environment and customer needs to drive continuous growth. This ability stems from the personal connections, or business network, we have built up over the years based on relationships of trust with customers and suppliers. These relationships form a vital part of our management foundations in conducting business as a trading company. The idea that "personal connections are intangible assets" has been passed down over the years as one of the pillars of what we call KAGA-ism, the essence of who we are.

### Never say "no"

Based on the motto "Never say 'no'," the Kaga Electronics Group has been expanding its business domain from parts procurement to kit-parts sales and even contract production, planning and development, and maintenance services, while enhancing the lineup of products to meet customer needs. The origins of our global "one-stop service system," an enduring strength of the Company, lies in this customer-first approach.

### An organization driven by communication

In order to ensure our ability to quickly seize opportunities amid a changing business environment full of future uncertainty, it is important to have a corporate culture that makes maximum use of the individual capabilities of our personnel. Based on this philosophy, the Kaga Electronics Group is working to build an open workplace that encourages different ways of communication to achieve common goals.

### Inventory is a liability

In our earliest days, a lack of ample working capital forced us to place each order for products after receiving an order from a customer. This gave birth to the idea that "inventory is a liability," which has evolved into a currently held principle for how we receive and place orders, a critical feature of the Company. Responding as quickly as possible to order information has enabled us to build win-win relationships with customers and suppliers.

### People are a finite asset; companies are perpetual entities

The Kaga Electronics Group continues to tackle new challenges with a view that there is no end goal to corporate activities based on the philosophy that "people are a finite asset; companies are perpetual entities." Pursuing aggressive M&A activities and developing new products and services that resolve social issues are some of the initiatives we are undertaking to drive sustainable growth. We will remain committed to pushing the envelope as a Group as we head toward a century in business.

## Achieving Business Expansion by Swiftly Adapting to Changes

Having started out as a handyman business based in Akihabara, Tokyo, with an office space of less than 7 m<sup>2</sup>, we achieved business expansion thanks to surging electronics parts demand in the wake of rapidly growing popularity of CB transceivers and the arcade game "Space Invaders" in the 1970s. In 1980, our net sales exceeded ¥10 billion. Moreover, in 1983, we became a supplier of mask ROMs for use in the Famicom, a mega-hit gaming console, thus making an entry into the field of game software for household gaming devices.

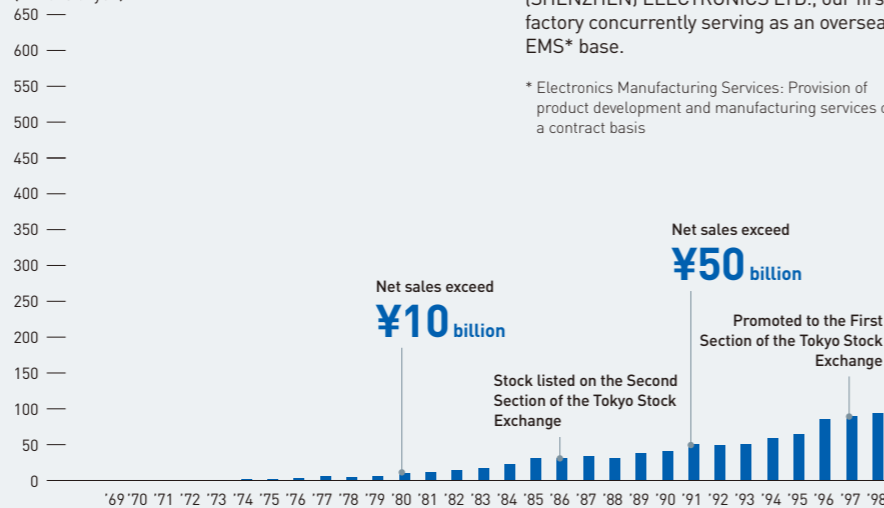
## Pursuing Proactive Global Expansion since the 1980s

In 1981, our TAXAN brand monitors, developed in-house for use with Apple computers, achieved considerable sales at home and abroad. Building on this success, we launched our first overseas base in the United States and, in 1985, established another in the United Kingdom, significantly accelerating the pace of our overseas expansion. In 1986, KAGA ELECTRONICS stock was listed on the Second Section of the Tokyo Stock Exchange. In the 1990s, we began proactively penetrating Asian markets outside Japan, securing our first regional foothold in Hong Kong in 1992. In 1995, we entered the Taiwanese market, which, in turn, contributed to a major sales increase. In 1997, our listing on the Tokyo Stock Exchange was promoted to the First Section. In 1999, we launched KAGA (SHENZHEN) ELECTRONICS LTD., our first factory concurrently serving as an overseas EMS\* base.

\* Electronics Manufacturing Services: Provision of product development and manufacturing services on a contract basis

### Net sales

(Billions of yen)

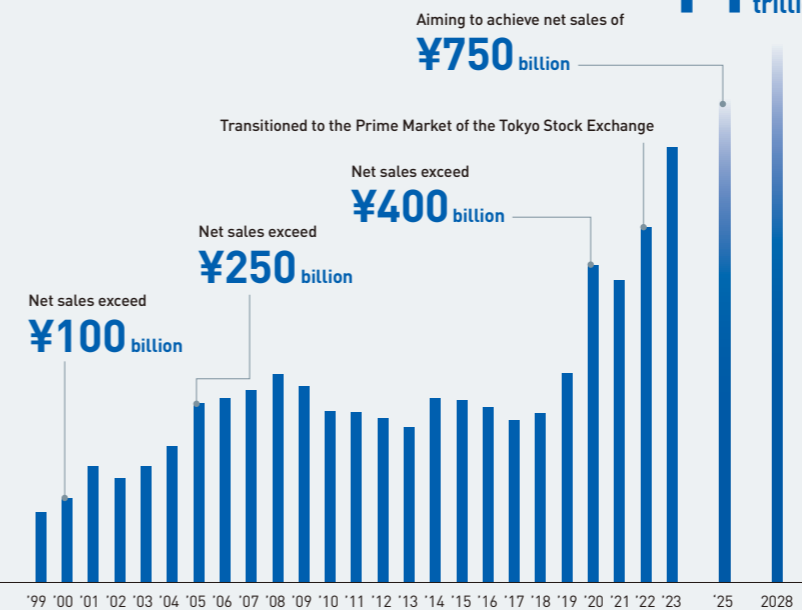


## Proactively Securing Overseas EMS Production Bases and Executing M&A from the 2000s onward

Entering the 2000s, we expanded our overseas network of EMS production bases, which had previously been centered in China, by establishing facilities in Malaysia, Thailand, the Czech Republic, Indonesia, Mexico, Vietnam, Turkey, and India. In Thailand, we eventually built two bases. At the same time, the number of our bases in China grew to four. During the course of these endeavors, our net sales exceeded ¥100 billion in 2001 and ¥250 billion in 2006. From 2019 onward, we executed a rapid series of M&As, with KAGA FEI CO., Ltd., KAGA EMS TOWADA CO., LTD., EXCEL CO., LTD. and Kyokuto Electric CO., Ltd. made into Group companies. In our pursuit of M&As over the past several years, we have now entered a second growth phase and are aiming for net sales of ¥750 billion in 2025 on the road to net sales of ¥1 trillion in 2028, the 60th anniversary of our founding.

Aiming to achieve target net sales of

**¥1 trillion**



### Since 1968

Sep. 1968	KAGA ELECTRONICS CO., LTD. founded at 3-8-3 Soto-Kanda, Chiyoda-ku, Tokyo, with paid-in capital of ¥1 million
Mar. 1980	Net sales exceeded ¥10 billion
Jul. 1981	TSK ELECTRONICS CORPORATION established in the United States (liquidated in Oct. 2004)
Dec. 1985	Stock registered on the Japan Securities Dealers Association as an over-the-counter company TAXAN (UK) LTD. established in the UK (liquidated in Aug. 2007)
Dec. 1986	Stock listed on the Second Section of the Tokyo Stock Exchange

### 1990–

Mar. 1991	Net sales exceeded ¥50 billion
Jun. 1992	KAGA (H.K.) ELECTRONICS LIMITED established in Hong Kong
Jul. 1994	KAGA (SINGAPORE) ELECTRONICS PTE. LTD. established in Singapore
Feb. 1995	KAGA (KOREA) ELECTRONICS CO., LTD. established in the Republic of Korea (Merged with KAGA FEI KOREA Ltd. in Sept. 2021)
Dec. 1995	KAGA (TAIWAN) ELECTRONICS CO., LTD. established in Taiwan
Sep. 1997	Promoted to the First Section of the Tokyo Stock Exchange
Jul. 1999	KAGA (SHENZHEN) ELECTRONICS LTD. established in China

### From 2000 onward

Jun. 2000	KAGA COMPONENTS (MALAYSIA) SDN. BHD. established in Malaysia
Aug. 2000	KAGA (SHANGHAI) ELECTRONICS CO., LTD. established in China
Mar. 2001	Net sales exceeded ¥100 billion
Apr. 2002	KAGA ELECTRONICS (THAILAND) COMPANY LIMITED established in Thailand
Dec. 2003	KAGA ELECTRONICS (USA) INC. established in the United States (Merged with KAGA FEI AMERICA, Inc. in Apr. 2022)
Aug. 2006	KAGA (DALIAN) ELECTRONICS CO., LTD. established in China
Apr. 2009	KD TEC s.r.o. established in the Czech Republic
Mar. 2014	Transferred to current Head Office building (company-owned building)
Jan. 2017	TAXAN MEXICO, S.A. DE C.V. established in Mexico
Jul. 2017	KAGA ELECTRONICS (VIETNAM) CO., LTD. established in Vietnam
Apr. 2018	KD TEC TURKEY ELEKTRONIK SANAYI VE TICARET LIMITED SIRKETI established in Turkey
Sep. 2018	KAGA ELECTRONICS (INDIA) PRIVATE LIMITED established in India
Jan. 2019	Fujitsu Electronics Inc. (currently KAGA FEI Co., Ltd.) made into a Group company
Oct. 2019	Towada Pioneer Corporation (currently KAGA EMS TOWADA CO., LTD.) made into a Group company
Apr. 2020	EXCEL CO., LTD. made into a Group company
Nov. 2020	Kyokuto Electric Co., Ltd. made into a Group company
Apr. 2022	Transitioned to the Prime Market of the Tokyo Stock Exchange

## The Kaga Electronics Group's Business Fields

### Electronic components business



Acts as a sales agency handling general electronic parts, semiconductors and other offerings for customers at home and abroad

### EMS business



Provides comprehensive solutions supporting the design, development and manufacture of products ranging from semi-finished to finished products

### Information equipment business



Supplies PCs and PC peripherals to domestic and overseas distribution channels while providing LED lighting installation services and accommodating product needs in the network solutions field

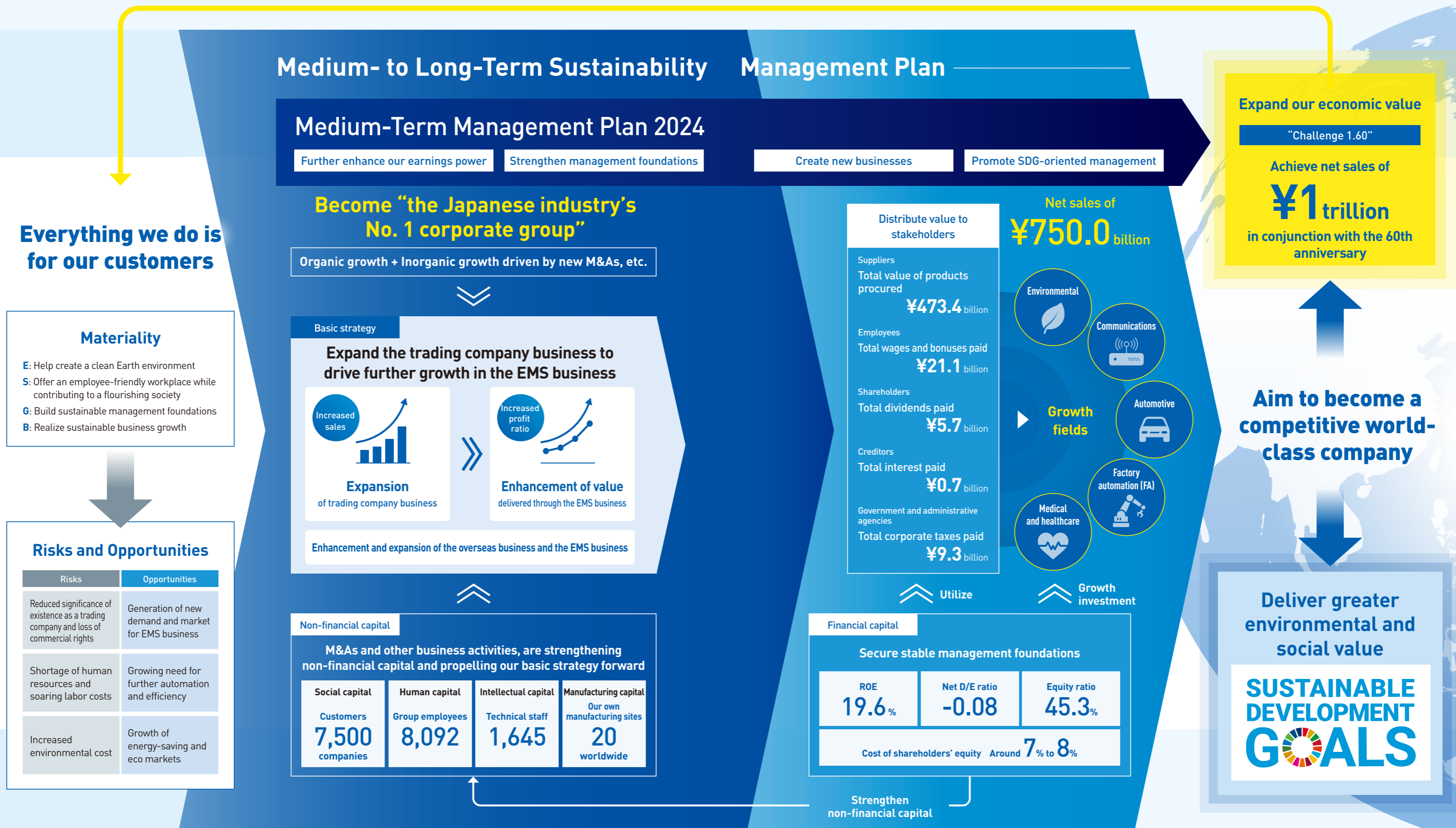
### Other business



Operates a PC recycling business in addition to handling the development, manufacture and marketing of amusement-related hardware and software as well as the sale of golf supplies and other operations

# Value Creation Process

Guided by its corporate philosophy of “Everything we do is for our customers,” the Kaga Electronics Group has achieved growth by exercising a venturesome spirit that leads it to seek opportunities emerging from changes in society. Under the Medium-Term Management Plan 2024, the Group is currently pursuing quantitative growth via the electronics trading company business while expanding its EMS business, which aims to contribute to qualitative growth in profit. Through these two endeavors, the Group strives to raise its net sales to ¥1 trillion and become a competitive world-class company. This is how we deliver greater environmental and social value via our business operations.



## Value Creation Model

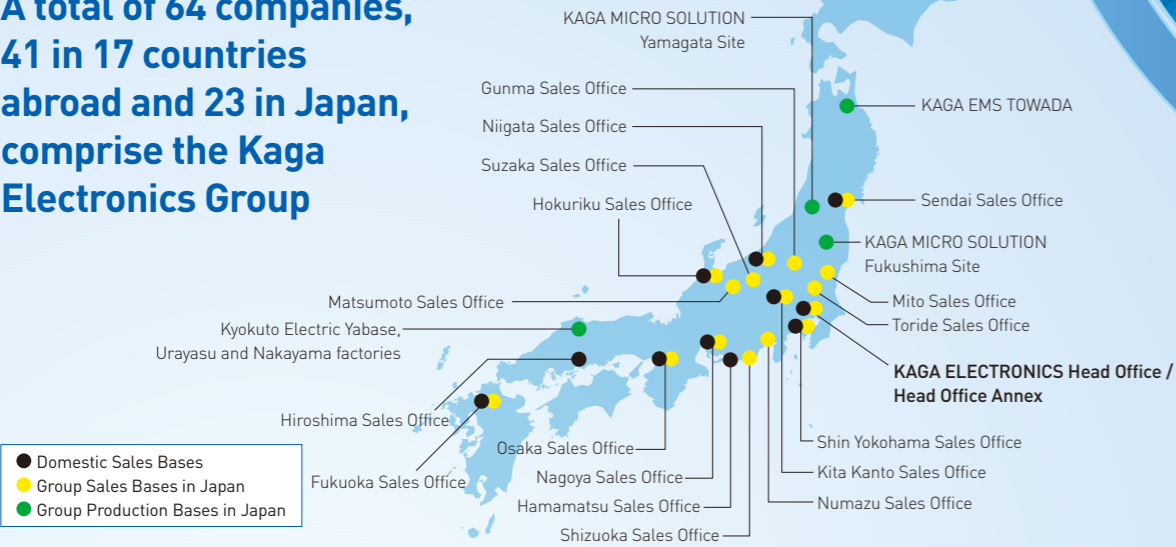
The Kaga Electronics Group’s trading company business and EMS business both employ a unique business model backed by a combination of its threefold strengths nurtured in the course of its operating as an independent general electronics trading company. This model is also guided by our corporate philosophy, “Everything we do is for our customers.”

Strength 2

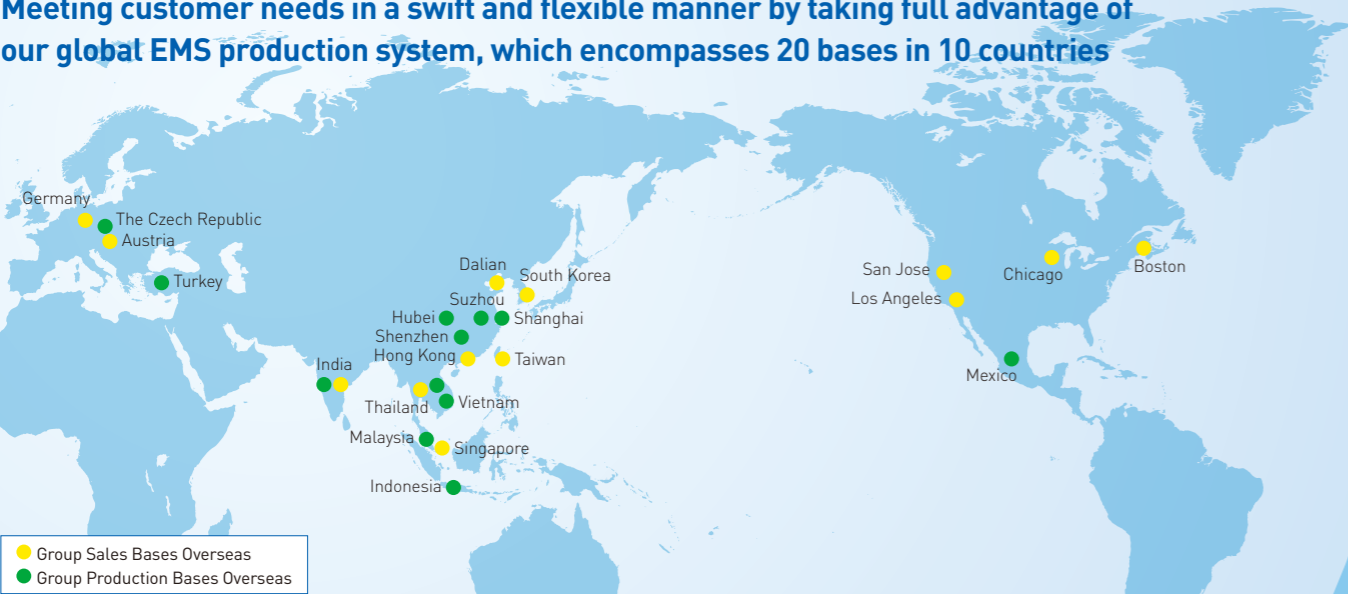
Global network capability

We provide peace of mind to customers and instill confidence through our sales and production network, which spans 17 countries and regions world-wide, as well as our global procurement and information-gathering competencies that we have built up over 50 years, which have been reinforced by the addition to the Group of KAGA FEI Co., Ltd. and EXCEL CO., LTD.

A total of 64 companies, 41 in 17 countries abroad and 23 in Japan, comprise the Kaga Electronics Group



Meeting customer needs in a swift and flexible manner by taking full advantage of our global EMS production system, which encompasses 20 bases in 10 countries



Strength 1

Comprehensive capability in the electronics field

Comprehensive capability in the electronics field

Connect vendors around the world with customers by fully leveraging our strengths as an independent trading company

The Kaga Electronics Group sells not only electronics-related components and materials but also accommodates for a range of needs in the manufacture of modules and finished products, covering everything from large-lot consumer goods to small-lot industrial devices. As for hardware, software and systems, our comprehensive capability similarly enables us to accurately meet customer needs from upstream to downstream.

Strength 3

One-stop solution capability

One-stop solution capability

In addition to contract production, the Kaga Electronics Group boasts the capability to provide one-stop services covering sales through after-sales support

The Kaga Electronics Group has a structure for delivering products to its customers in the regions where they are needed through its network of suppliers and production plants spanning North America, Europe and Asia. In order to respond to customer requests more quickly and flexibly, KAGA ELECTRONICS supports its customers’ business development through a one-stop support structure offering everything from planning consultation to engineering development, the contracting of high-mix, low-volume production for both semi-finished and finished products, and from sales to after-sales services, leveraging the specializations of each Group company while collaborating together.

Planning, development and design	Parts procurement and kitting	EMS and contract production	Sales and distribution	Support and after-sales services
		KAGA ELECTRONICS Co., Ltd.		KAGA TECHNO SERVICE CO., LTD.
	KAGA DEVICES CO., LTD.		KAGA MICRO SOLUTION CO., LTD.	
		KAGA SOLUTION NETWORK CO., LTD.		SANKOH ENGINEERING CO., LTD.
KAGA AMUSEMENT CO., LTD.	AD DEVICE CO., LTD.	KAGA AMUSEMENT CO., LTD.		
DIGITAL MEDIA LAB., INC.	KAGA TECH CO., LTD.		KAGA SPORTS CO., LTD.	
	EXCEL CO., LTD.		EXCEL CO., LTD.	
	KAGA EMS TOWADA CO., LTD. / Kyokuto Electric Co., Ltd.		KAGA AEROSYSTEMS CO., LTD.	
		KAGA FEI Co., Ltd.		
	KAGA ELECTRONICS (USA) INC.			
	KAGA (DALIAN) ELECTRONICS CO., LTD.	TAXAN MEXICO, S.A. DE C.V.		
	KAGA (TAIWAN) ELECTRONICS CO., LTD.	KAGA COMPONENTS (MALAYSIA) SDN.BHD		
	KAGA (SHANGHAI) ELECTRONICS CO., LTD. / KAGA (H.K.) ELECTRONICS LIMITED			
	KAGA ELECTRONICS (THAILAND) COMPANY LIMITED / KAGA ELECTRONICS (VIETNAM) CO., LTD.			
	KAGA (SINGAPORE) ELECTRONICS PTE. LTD.	KAGA ELECTRONICS INDIA PRIVATE LIMITED		
	KD TEC (Czech Republic) s.r.o. / KD TEC TURKEY ELEKTRONIK			