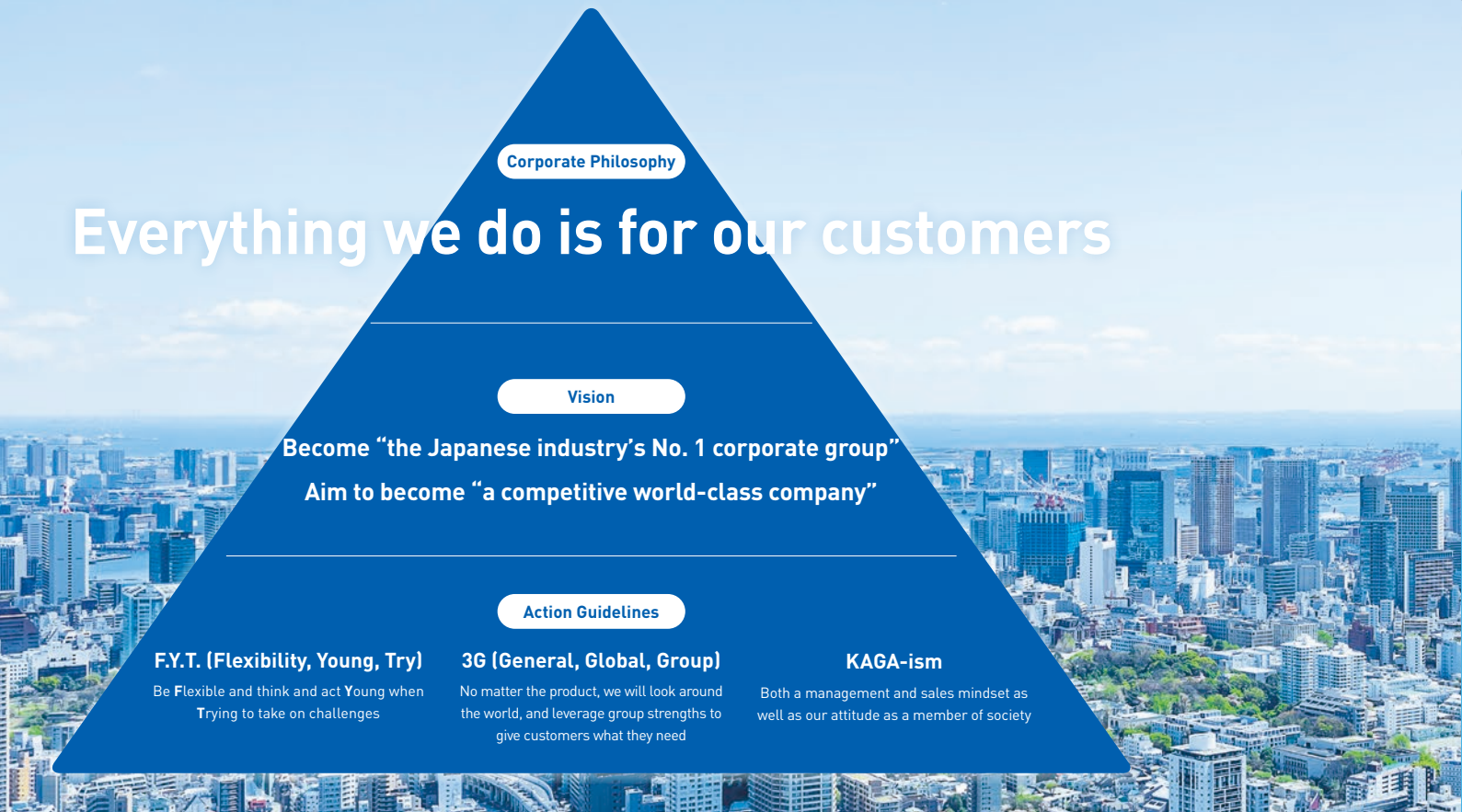


# The Kaga Electronics Group's Corporate Philosophy

Since its founding, the Kaga Electronics Group, under the Corporate Philosophy, “Everything we do is for our customers,” has engaged in rigorous dialogue with our customers and painstakingly implement their requests. This has expanded its business domain from the EMS business (which has expanded from kitting to the processing and manufacturing of electronic components and semiconductors) to the information equipment business (which sells finished products). We will boldly strive toward realizing the goals of becoming “the Japan industry’s No. 1 corporate group” and “a competitive world-class company.”



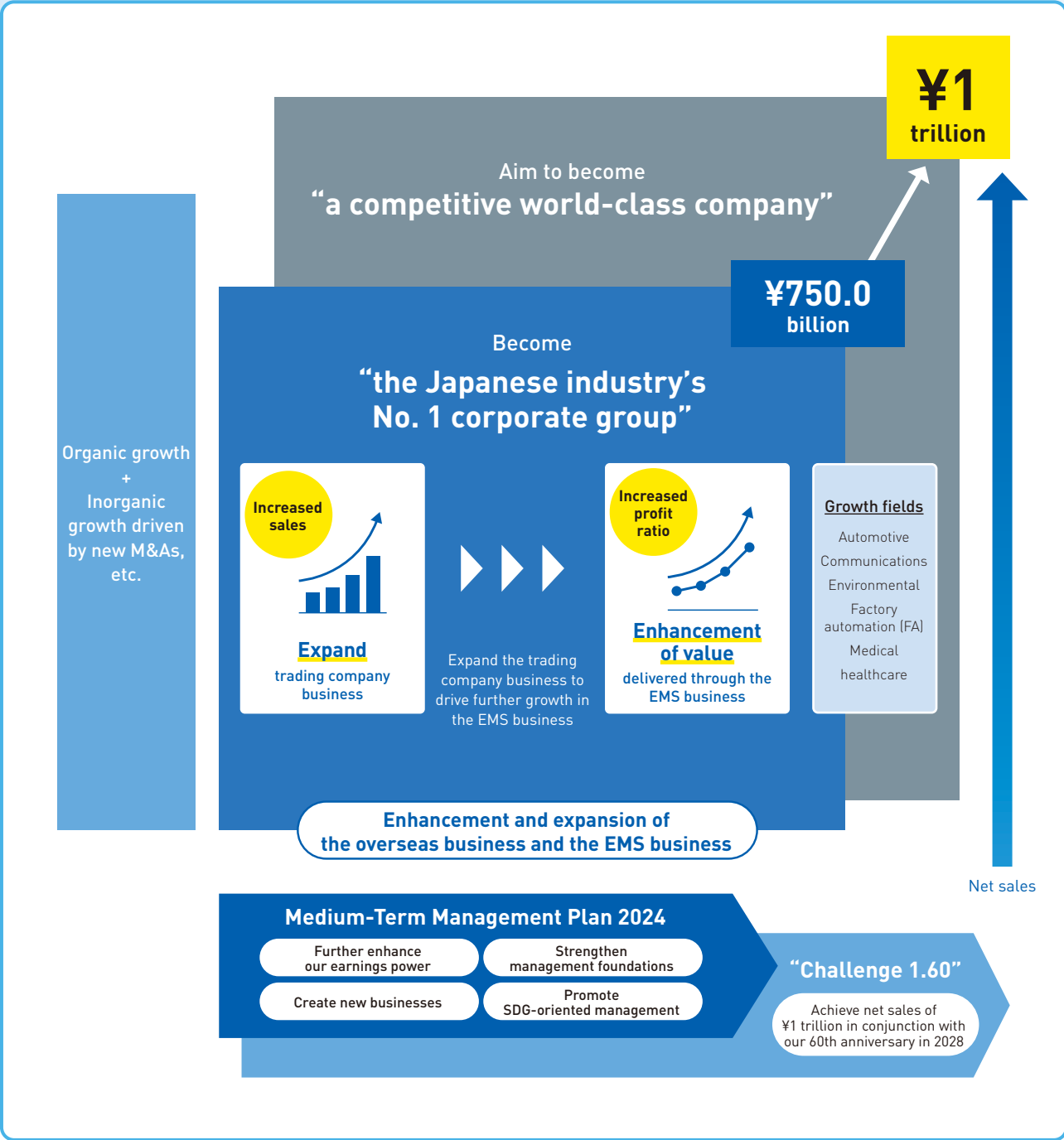
# The Kaga Electronics Group's Materiality

|   | Materiality  | Related SDGs  | Changes in the socio-economic environment   | Our initiatives   |
|---|--|---|---|---|
| E | Create a clean global environment                          | 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION  | <ul style="list-style-type: none"><li>Growing seriousness of global warming and other environmental problem</li><li>Urgent call for carbon neutrality</li></ul>   | <ul style="list-style-type: none"><li>Provide products and services that contribute to addressing environmental and energy issues</li><li>Continuing initiatives to reduce environmental impact</li></ul>                           |
| S | Create an inclusive company as well as an affluent society | 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES                                       | <ul style="list-style-type: none"><li>Changes in social structure as we move toward the popularization of the new normal</li><li>Human resource shortages attributable to a low birthrate and an aging population</li></ul>     | <ul style="list-style-type: none"><li>Promote workforce diversity and innovative work styles to better adapt to the new normal</li><li>Develop human resources by passing down and updating KAGA-ism</li></ul>                      |
| G | Create a sustainable management base                       | 10 AFFORDABLE AND CLEAN ENERGY, 17 PARTNERSHIPS FOR THE GOALS   | <ul style="list-style-type: none"><li>Public calls for more robust corporate governance</li><li>Growing need for business resilience against changes in the operating environment</li></ul>                                     | <ul style="list-style-type: none"><li>Further strengthen corporate governance and compliance</li><li>Thoroughly practice a profit-focused management approach</li></ul>   |
| B | Realize sustainable business growth                        | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS | <ul style="list-style-type: none"><li>Progress in digital transformation</li><li>Coming of a “super-smart” society due to the popularization of ICT, such as IoT and AI</li><li>Intensification of global competition</li></ul> | <ul style="list-style-type: none"><li>Provide products and services that contribute to the transition to a digital-driven society</li><li>Create new businesses aimed at helping</li><li>Further promote global expansion</li></ul> |

# The Kaga Electronics Group's Roadmap for Growth

In line with the Medium-Term Management Plan 2024, we have defined “organic growth + new M&As” as the driver of expansion. Accordingly, we have positioned the trading company business centered on electronic components and the EMS business centered on circuit board mounting as growth drivers. Drawing on these two growth drivers, we will focus on growth fields, namely, the mobility, communications, environmental, industrial device, and medical and healthcare fields. Our envisioned scenario for the fiscal year ending March 31, 2025, the final year of this plan, is to become Japan’s industry-leading company, capable of securing annual net sales of ¥750 billion. Once we have realized the aims set out under this plan, we will strive to achieve our vision of becoming a competitive world-class company with net sales of ¥1 trillion.

## Overview of Medium-Term Management Plan 2024



# 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.

### 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.

### An organization driven by communication

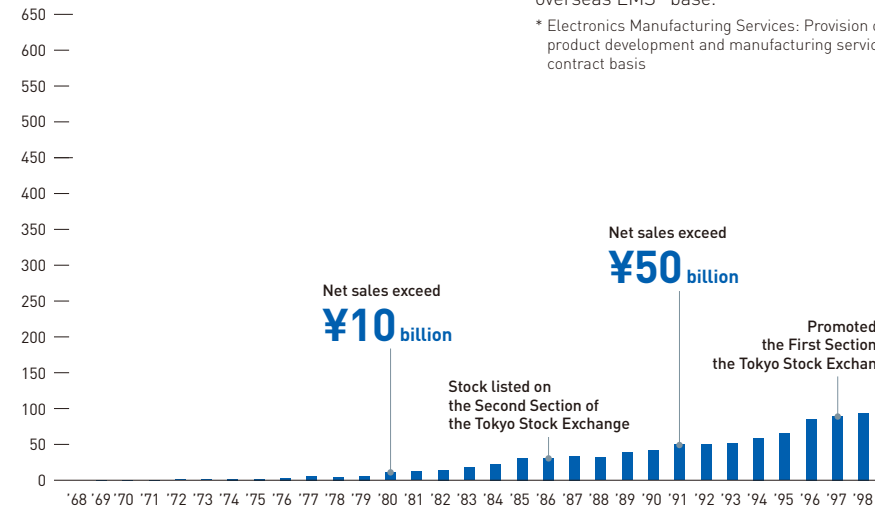
In order to ensure our ability to quickly seize opportunities amid a changing business environment full of future uncertainty, it is important to have a corporate culture that makes maximum use of the individual capabilities of our personnel. Based on this philosophy, the Kaga Electronics Group is working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

## 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 rapid growth in the 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.

### Net sales

(Billions of yen)



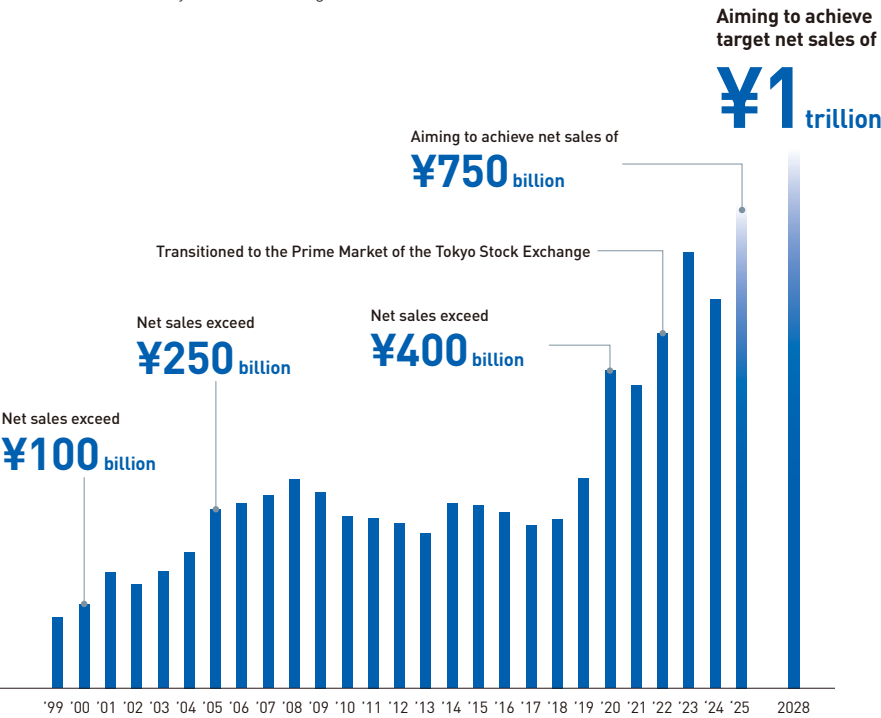
## Pursuing Proactive Global Expansion since the 1980s

In 1981, our TAXAN brand monitors, developed in-house for use with Apple computers, achieved considerable sales at home and abroad. 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

## 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 2000 and ¥250 billion in 2005. 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. Having pursued 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.



### 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 exceed ¥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 exceed ¥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

|           |  |
|-----------|--|
| Mar. 2000 | Net sales exceed ¥100 billion  |
| Jun. 2000 | KAGA COMPONENTS (MALAYSIA) SDN.BHD. established in Malaysia  |
| Aug. 2000 | KAGA (SHANGHAI) ELECTRONICS CO., LTD. established in China   |
| 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) |
| Apr. 2009 | KD TEC s.r.o. established in the Czech Republic  |
| Mar. 2014 | Transferred to current Head Office building (company-owned building)   |
| Oct. 2016 | 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

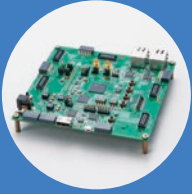
### Electronic components business

#### Electronic components business



We provide a wide range of electronics-related components, including semiconductors, general electronic components, LEDs, various sensors, and LCD panels. We deliver the world's highest quality components to our customers by leveraging a network that encompasses more than 60 companies globally, including in North America, Europe, and Asia. Customers also enjoy peace of mind and trust, knowing that we can provide them with valuable product information and technical support.

#### EMS business



We have established a system that enables us to manufacture products that meet customer needs by utilizing our production plants strategically located mainly in China and Asia, but also in Europe and the Americas. Our total support system extends to product design and development and is flexible enough to deal with high-mix, low-volume production and both semi-finished and finished products. We are also able to recommend optimal alternatives our customers can use from suppliers around the world.

### Information equipment business



Handling mainly PCs and peripherals made by renowned Japanese and international brands, we perform the functions of a sales agency with a special edge in our unique distribution channels, which include major appliance volume retailers, convenience stores, and educational institutions. We also build LAN systems and propose information security systems and the like for corporations and government agencies. We have the capacity to build electrical and communications facilities and finish their interiors. These are all part of our one-stop service for network solutions.

### Other business

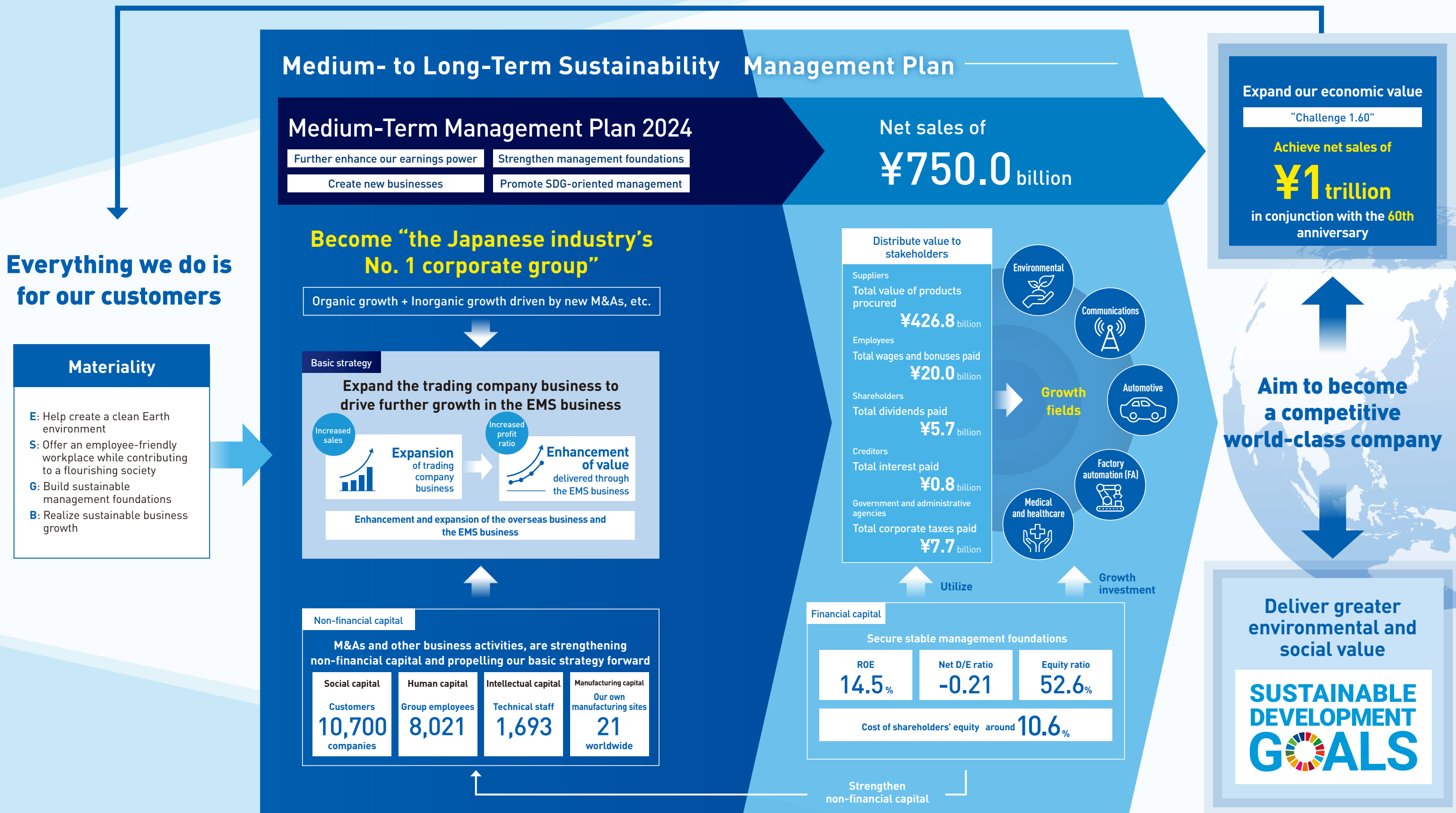


In addition to planning, manufacturing, and sales of arcade game machines and other amusement-related equipment, the Company produces commercials, movies, animated programs, and original content using advanced computer graphics technology. In addition, the Company is developing a variety of other businesses, including an environmentally friendly PC reuse and recycling business, and retail and wholesale sales of golf equipment.



# Value Creation Process

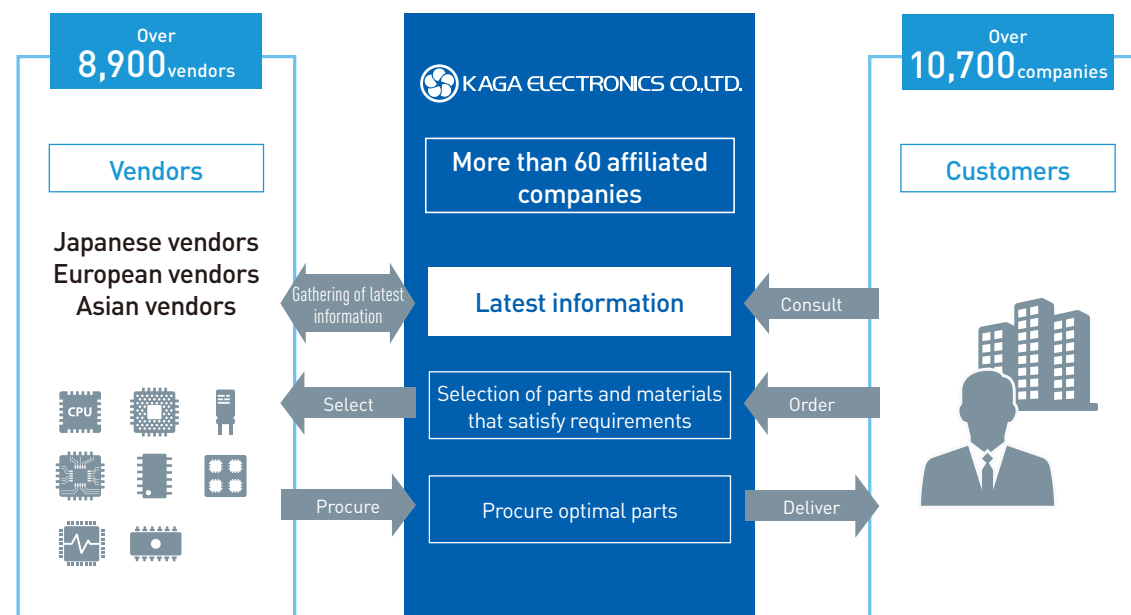
Guided by its corporate philosophy of “Everything we do is for our customers,” the Kaga Electronics Group has achieved growth by exercising a venturesome spirit that leads it to seek opportunities emerging from changes in society. Under the Medium-Term Management Plan 2024, the Group is currently pursuing 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.



# The Kaga Electronics Group's Business Model

## Trading company business

We leverage our strengths as an independent trading company with no restrictions on the products we handle to connect our customers with suppliers around the world and provide them with the best products in the best form.



Long-nurtured capability as a trading company to realign operations to reflect the changing times

### Advantages of an independent general electronics trading company

Procurement capabilities that can be furnished only by an independent trading company backed by hard-earned trust and know-how accumulated over the course of more than 50 years

### Global network capability

Information gathering capability that enables us to stay ahead of the changing times thanks to the various functions of Group companies in a diverse range of fields

### Technical support structure

A rock-solid, trustworthy support structure afforded by a team of seasoned engineers

## EMS business

With high reliability and high-mix, low-volume production as our strengths, we develop our business through local production for local consumption by our nearby customers

### "Convenience store-type" EMS

**Roll out of "convenience store-type" EMS** to deliver convenience and value to customers

- Small initial investment (Leased land and buildings, standardized interiors)
- High-mix, low-volume production
- Local production, local consumption model (procurement, manufacturing and logistics)

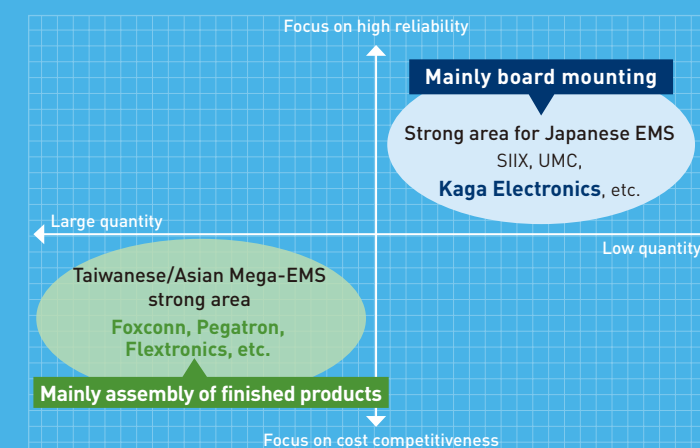
### Global network

Meeting customer needs in a swift and flexible manner by taking full advantage of **our global EMS production system, which encompasses 21 bases in 10 countries**

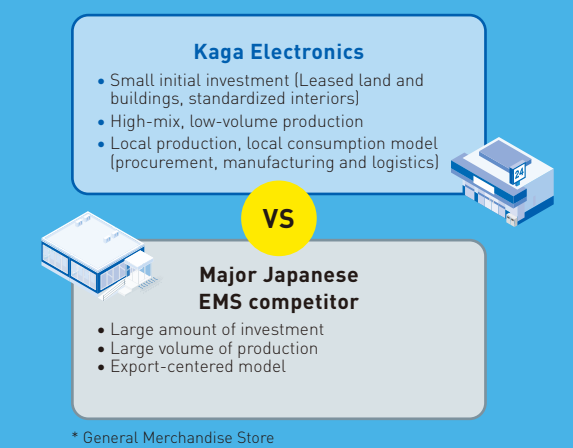
### One-stop solution capability

In addition to contract production, the Kaga Electronics Group's comprehensive strengths enable it to **provide one-stop services covering sales through after-sales support**

### Japanese EMS vs Taiwanese/Asian EMS



### Convenience store-type EMS vs GMS\* type-EMS



Meeting customer needs in a swift and flexible manner by taking full advantage of our global EMS production system, which encompasses 21 bases in 10 countries

