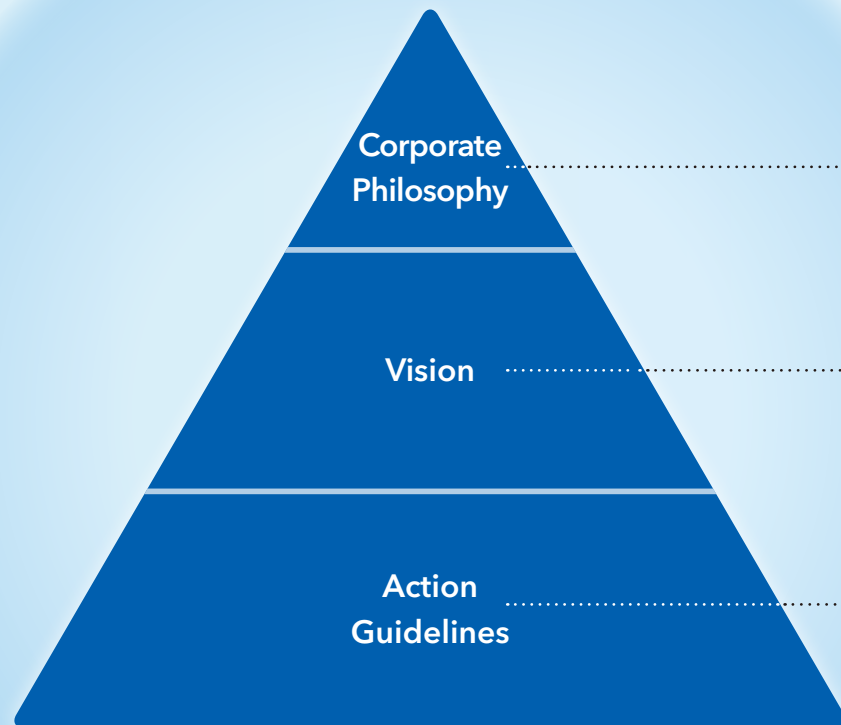


## The Kaga Electronics Group's Corporate

## Philosophy



**Everything we do is for our customers**

**Become "the Japanese industry's No. 1 corporate group"**  
**Aim to become "a competitive world-class company"**

**F.Y.T.** (Flexibility, Young, Try)

Be Flexible and think and act  
 Young when Trying to take on  
 challenges

**3G** (General, Global, Group)

No matter the product, we will  
 look around the world, and  
 leverage group strengths to give  
 customers what they need

**KAGA-ism**

Both a management and sales  
 mindset as well as our attitude  
 as a member of society

### 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.

# The Timeline of the Kaga Electronics Group's Growth

## 1968-1980

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.



1968 Established in Sotokanda, Chiyoda Ward, Tokyo

## 1980-2000

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. 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. In the 1990s, we began proactively penetrating Asian markets outside Japan, securing our first regional foothold in Hong Kong in 1992. In 1999, we launched KAGA (SHENZHEN) ELECTRONICS LTD., our first factory concurrently serving as an overseas EMS base.



1999 Established KAGA (SHENZHEN) ELECTRONICS LTD., the Group's first in-house factory

## 2000-2020

Entering the 2000s, we expanded our overseas network of EMS production bases, which had previously been centered in China, 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.



2017 Established TAXAN MEXICO S.A. DE C.V. in Mexico

## 2020-

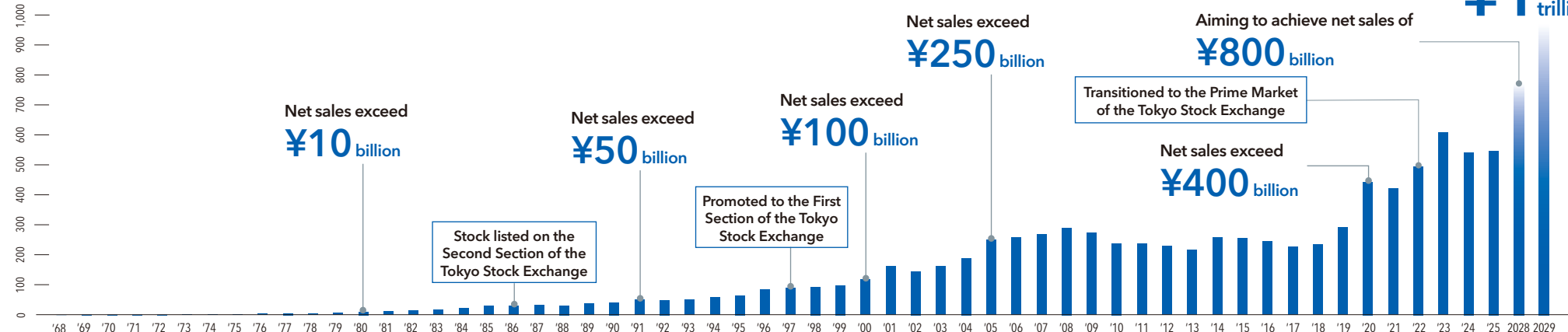
We executed a rapid series of M&As, with KAGA FEI Co., Ltd., KAGA EMS TOWADA CO., LTD., EXCEL CO., LTD. and Kyokuto Electric Co., Ltd. made into Group companies. Having pursued M&As over the past several years, we have now entered a second growth phase and are aiming for net sales of ¥800 billion in FY2027 on the road to net sales of ¥1 trillion in FY2028, the 60th anniversary of our founding.



Aiming to surpass net sales of ¥1 trillion

### Net sales

(Billions of yen)



## 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 Medium-Term Management Plan 2027, 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.



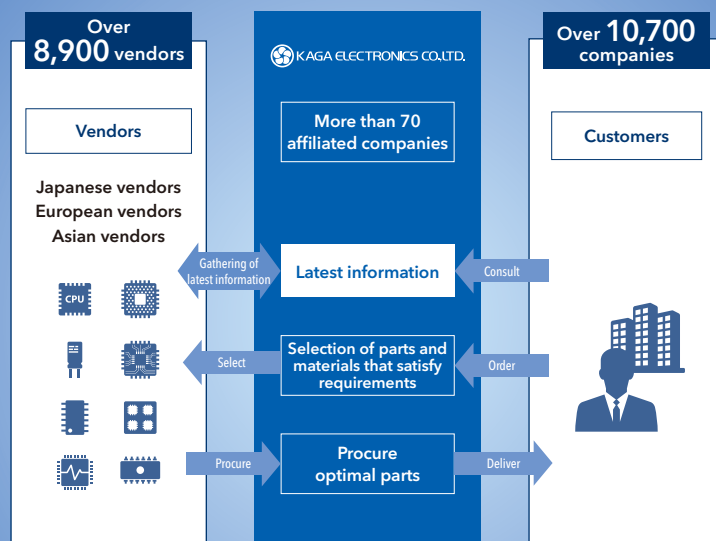


# The Kaga Electronics Group's Business Model

## 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.

### 01 Extensive points of contact with customers and suppliers



### 02 Outstanding adaptability

#### 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

Our trading company business leverages our expertise as an independent general electronics trading company, with a business foundation built on relationships with more than 8,000 vendors serving domestic and international markets and a customer base comprising over 10,000 companies. Growth in this business is sustained not only through parts procurement but also through collaboration with our EMS business, which handles the contract production of semi-finished and finished products, as well as by our ability to provide one-stop services covering sales through after-sales support across the entire Group.

## EMS business

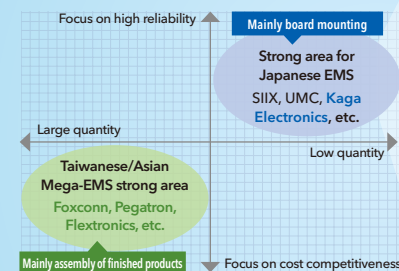
With high reliability and high-mix, low-volume production as our strengths, we develop our business through local production for local consumption by our nearby customers

### 01 One-stop solution capability

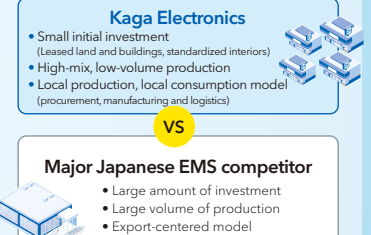
Leveraging the procurement strength unique to an electronic components trading company, **the Kaga Electronics Group's comprehensive strengths enable it to provide one-stop services** covering sales through after-sales support

### 02 "Convenience store-type" EMS

#### Japanese EMS vs Taiwanese/Asian EMS



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



### 03 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

