

October 31, 2022

News Release

KAGA ELECTRONICS CO., LTD.
TSE, Prime Market: 8154

Notice regarding commencement of operations at new factory in Malaysia

**New factory will expand production capacity in ASEAN region,
and accelerate EMS Business growth strategy**

KAGA ELECTRONICS CO., LTD. (Headquarters: Chiyoda-ku, Tokyo; Representative Director, President & COO: Ryoichi Kado; hereinafter the “Company”) hereby announces that it has constructed a new factory on the outskirts of Penang, Malaysia. This factory, which commenced full-fledged operation in October 2022, will augment production capacity for the EMS business in the ASEAN region.

1. Purpose of the New Factory Construction

Since the Company’s foundation in 1968, we have expanded our business fields by catering to the diverse needs of our customers with the corporate philosophy of “Everything we do is for our customers.” In recent years, the EMS (Electronics Manufacturing Services) business in particular, which has been positioned as its core growth driver, the Company has responded to increasingly frequent requests from customers by forging ahead with the expansion of production sites both domestically and overseas, and currently operates 21 factories in 10 countries.

In 2000, the Company established local subsidiary KAGA COMPONENTS (MALAYSIA) SDN. BHD. on the outskirts of Penang, Malaysia, where it has been manufacturing power supply products, sanitary equipment, power tools, and electrical equipment substrates for consumer electronics. The semiconductor shortage and the disruption of the global distribution network that occurred after the outbreak of the COVID-19 pandemic are in the process of being resolved, and demand from customers is recovering sharply. Taking this opportunity, the Company made the decision to renew the factory building and facilities, which had suffered from age-related deterioration, with the aim of further improving production quality and efficiency, and putting in place a framework that can respond to robust demand.

The new factory’s location within the same industrial estate as the existing factory and about 3.5 km from it in a straight line is optimal in terms of both cost and personnel, as it enables control not only of relocation expenses but also of outflows of human resources. In addition to using this increase in production

capacity to increase orders from existing customers and address the need for distributed manufacturing in the ASEAN region, the Company will also work to win orders for new projects from local companies, aiming for net sales of ¥10 billion within five years of the commencement of operations.

<Exterior of factory>



<Interior of factory>



2. Outline of New Factory

1) Site name	KAGA COMPONENTS (MALAYSIA) SDN. BHD.
2) President	Kenichi Senoo
3) Address	No. 1415, Lorong Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Penang, Malaysia
4) Floor area	11,150 m ²
5) Scheduled commencement of operations	Full-fledged operations commenced in October 2022
6) Items produced	Various power supply products and sanitary equipment, industrial equipment, and electrical equipment substrates for consumer electronics
7) Number of employees	900 (max. 950)
8) Investment	Approximately ¥1 billion over five years (land and building are leased)

The Company aims to use the enhanced competitiveness of the EMS Business as a lever to form “Japan’s No. 1 corporate group in the industry” with net sales of ¥750 billion, and to then become a competitive world-class company that ranks alongside overseas competitors in the ¥1 trillion range. To this end it will expand the scale and enhance the quality of Group management.

- Inquiries concerning this matter
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