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## Expansion of Our Factory in Thailand to Reinforce Production System for the Products for Overseas Markets

- Becoming more responsive to demand increase by adding another building to our current factory in Thailand as an R&D and manufacturing hub for the products for overseas market -
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**HKS Co., Ltd. (Headquarters: Fujinomiya, Shizuoka, Japan, President: Daisuke Mizuguchi) has expanded our factory in Thailand to better respond to increasing demand, especially for the aftermarket products for overseas markets, as well as to reinforce our production system by transferring production of such products that are currently being manufactured at our factory in Japan to the factory in Thailand.**

We design, develop, and manufacturer automotive related parts, engines and engine parts, turbo charger related parts, original mufflers, suspensions, and electronic control parts. We have added another building to the muffler factory in Thailand, which started operating in 2009 as a overseas manufacturing hub, in order to become more responsive to the increasing demand. As of October this year, this expanded factory has been fully operational.



Since our founding in 1973, we have been leading the automotive aftermarket industry and have established the “Tuning” culture by offering high performance parts, that are loved by many car enthusiasts all over the world, including but not limited to engine parts, turbos, mufflers, suspensions, air cleaners, electronic control parts. Furthermore, with our extensive knowledge and experience in aftermarket parts development, we have been contracted to develop and manufacture OEM products from various car manufacturers. In recent years, we have been actively involved in the development of highly efficient engines, as well as in the demonstration project of battery replaceable EV Truck subsidized by the Ministry of the Environment of Japan and promoting sustainable decarbonations projects.

Our muffler factory in Thailand, which started operation in 2009, was a rental factory and its main purpose was to serve as a hub to develop and expand emerging country markets, especially Thailand but also other countries in ASEAN area. Then, along with increasing demand in Thailand and those neighboring countries, we have started the operation of our own factory at Bangpoo (North) Industrial Estate, which is managed by Industrial Estate Authority of Thailand, in Samut Prakan Province. Its land area is 10,000 square meters and its monthly production capacity started from 300 units, but currently it has grown to 1500 units.

In the beginning, we mainly produced aftermarket mufflers for locally manufactured cars in Thailand and neighboring countries at the factory. However, as time went by, we started OEM production for

Japanese car manufacturers in Thailand, and at the same time the demand for aftermarket products for overseas markets increased, caused a lack of warehouse space. In order to respond to these changes and to fulfill increasing demand from overseas markets, we have expanded our factory to create more warehouse space as well as to establish a system to handle enhanced production capacity.

Regarding the expansion of the factory, the total floor area of the existing factory will be expanded from approximately 2,800 m<sup>2</sup> to approximately 4,500 m<sup>2</sup>. The construction started this March and completed in the end of September. Full operation will start from mid-October.

Furthermore, by this factory expansion, we are planning to raise the monthly production capacity from 1500 units to 3000 units in 3 years.

Main purpose of this expansion is to reinforce mass production system for the OEM parts for car manufacturers which are currently produced at our factory in Japan through shifting production of the products for overseas market from Japan to Thailand. We are also aiming at responding to increasing demand for high value-added products for new and old sports cars as well as for high-end cars sold in Japan and Europe with this factory expansion.

With respect to the OEM mufflers for car manufacturers, orders to a manufacturer who can handle high-mix low-volume production are increasing as the electrification of automobiles accelerates. We will be meeting such needs of our customers by fully utilizing both of our factories in Japan and this factory in Thailand.

As a comprehensive parts manufacturer, we will also enhance development capability and production capacity of parts other than mufflers in Thailand, reinforce local development system including increase of responsiveness to further electrification of cars, and aim to meet increasing demand by establishing the Thailand factory as a development and production hub for overseas markets such as of ASEAN, Oceania, China, and North America.

#### ■About HKS Co., Ltd.

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#### ■About the Factory in Thailand



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