

## Denka Announces Expansion of Reagent Production Capacity Including Antigen Test Kits through Strategic Investment of Approximately 11 Billion Yen – Strengthening Health Care Business and Commitment to Control Infectious Diseases Worldwide –



Image of exterior of new manufacturing facility at Gosen Site Kagamida Plant

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Toshio Imai; hereinafter, “Denka”) has decided to strategically invest approximately 11 billion yen in the Gosen Site Kagamida Plant (Gosen-shi, Niigata), which manufactures reagents, aiming for further growth in the health care business. Denka will strengthen competitiveness through expansion of production capacity for rapid antigen test kits and reagents, also by reforming operation, production and logistics processes via digitalization.

The market for reagents, which are the core products of the health care business, has changed dramatically primarily as a result of the COVID-19 pandemic. As a reagent manufacturer, Denka will meet growing demand for testing and contribute to improve the Quality of Life of people around the world by building a new manufacturing facility and not only expanding production capacity but also strengthening cost-competitiveness through digitalization.

### Areas to be Strengthened through Strategic Investment

- (1) Expanding production capacity will enable to manufacture COVID-19 rapid antigen tests and other rapid test kits to around 2.5 times more than current capacity.
- (2) Expanding production capacity will double the current manufacturing capacity for diagnostics reagents.
- (3) Strengthen cost competitiveness through reforming and automatization of operation, production and logistics processes via digitalization  
(Adoption of technologies such as automated warehouses, automated guided vehicles, and MES (\*1))

Denka plans to help fund this strategic investment by applying to the Japanese government's subsidy program (\*2) aimed at strengthening supply chain resilience for products and materials which are critical for people to lead healthy lives.

With ‘Sustainable Development Goals’ as our motto, Denka aims to be an irreplaceable company for society by creating a better world for everyone with what we do best.

(\*1) MES (Manufacturing Execution System)

Information system which visualizes and manages various manufacturing processes as well as instructs and supports operators.(\*2) Program for Promoting Investment in Japan to Strengthen Supply Chains administered

by the Ministry of Economy, Trade and Industry (\*Japanese)

<https://www.meti.go.jp/covid-19/supplychain/index.html>

Overview of investments

- Investment target facility: Gosen Site Kagamida Plant (Gosen-shi, Niigata)
- Overview of new facility: Total floor area of approx. 16,600 m<sup>2</sup>, 4 stories above ground
- Investment: Approx. 11 billion yen (Estimate)
- Completion date: Second half of FY2024 (Scheduled)

\* This investment has no impact on consolidated financial results for FY2022.

Reference: Overview of Gosen Site (Kagamida Plant and Niigata Plant)

- Kagamida Plant : 1359-1, Kagamida, Kigoshi, Gosen-shi, Niigata
- Niigata Plant : 1-2-2, Minami-hon-cho, Gosen-shi, Niigata
- Manufactured products: Antigen test kits (COVID-19, Influenza virus, RS virus, etc.), Reagents for serum-immunological tests, Clinical chemistry reagents, Bacterial reagents, Viral reagents, and Other reagents, Influenza vaccine, Tetanus vaccine, G47Δ oncolytic virus against Malignant Glioma
- Number of employees: Approx. 850 (Total Employees at Gosen site)

[Media Contact for This Press Release]

Corporate Communications Dept. Tel: +81-3-5290-5511