

May 27, 2022

To Our Shareholders with Voting Rights

Tadao Hanagata, President

KOA CORPORATION

3672, Arai, Ina-shi, Nagano Prefecture, Japan

Head office: 14016, Oaza-Nakaminowa, Minowa-machi,
Kamiina-gun, Nagano Prefecture, Japan

**NOTICE OF CONVOCATION
OF THE 94TH ORDINARY GENERAL MEETING
OF SHAREHOLDERS**

Dear Shareholder:

Taking this occasion, we would like to express our deep gratitude to you for your good offices.

This is to notify you of the 94th Ordinary General Meeting of Shareholders of KOA CORPORATION to be held as described below.

Instead of attending the meeting in person, you may exercise your voting rights in writing or on the Internet. Please read the reference documents for the Ordinary General Meeting of Shareholders attached at the end and exercise your voting rights by 5 p.m., Friday, June 17, 2022 according to the instructions given on page 3.

Notice

1. **Date:** 10:00 a.m., Saturday, June 18, 2022 (Reception desk will open at 9:15 a.m.)
2. **Place:** **IPH Kyoden House Ina Prince Hall (Former Ina Prince Hotel)**
Prince Hall, 2nd floor
8288-1, Oaza-Nakaminowa, Minowa-machi, Kamiina-gun, Nagano Prefecture, Japan
3. **Meeting Agenda**
Matters to report:
 1. The business report, consolidated financial statements as well as the Audit Reports of the Independent Auditors and Board of Corporate Auditors for consolidated financial statements for the 94th fiscal year (from April 1, 2021 to March 31, 2022)
 2. The non-consolidated financial statements for the 94th fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- Proposal 1: Appropriation of retained earnings
- Proposal 2: Partial amendment of the Articles of Incorporation
- Proposal 3: Election of eleven (11) directors
- Proposal 4: Revision of compensation for directors
- Proposal 5: Determination of compensation for the allotment of restricted shares to directors (excluding outside directors)

•Disclosure via the Internet

- Any change that may occur in the reference documents for the ordinary general meeting of shareholders, business report, non-consolidated or consolidated financial statements will be reported on the company's Internet website.

The Company's website: <https://www.koaglobal.com>

- The Company participates in the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
- This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translation.

Notice on the novel coronavirus

- We ask you to attend the Ordinary General Meeting of Shareholders after confirming the infection status of the novel coronavirus and your physical condition. We also ask attending shareholders to wear masks.
- If you choose not to attend the meeting in person, please consider the other ways for exercising your voting rights, i.e., voting by writing (mail) or via the Internet (Please refer to page 3 for details).
- Similarly, as in the last year, body temperature checks will be conducted on attending shareholders at the venue of the Ordinary General Meeting of Shareholders. Please cooperate if we take other measures to prevent the infection.
- We will announce any major change in the management of the ordinary general meeting of shareholders, depending on the future situation, on our website: <https://www.koaglobal.com>.

Instructions on the Exercise of Your Voting Rights

Voting rights at the general meetings of Shareholders are important rights of all shareholders.

Please review the attached reference documents for the 94th Ordinary General Meeting of Shareholders and exercise your voting rights.

You can exercise your voting rights using one of the three following methods.

Attending the meeting in person

Please turn in the voting form enclosed here at the reception desk in the meeting hall.

Date for the meeting: 10:00 a.m., Saturday, June 18, 2022

Exercising voting rights by mail

Please indicate your approval or disapproval of each of the proposals on the voting form and mail it.

Deadline: Voting forms that arrive by the deadline of 5:00 p.m., Friday, June 17, 2022 will be deemed valid.

Exercising voting rights via the Internet

Follow the instructions on the last page and enter your approval or disapproval of each of the proposals.

Deadline: The deadline for exercising your voting rights via the Internet is 5:00 p.m., Friday, June 17, 2022.

How to indicate approval or disapproval on the voting form

Proposals 1, 2, 4, and 5

- | | | |
|--------------------------------|---|---|
| If you approve the proposal | → | Please mark a circle (○) in the “贊” (approval) section of the proposal |
| If you disapprove the proposal | → | Please mark a circle (○) in the “否” (disapproval) section of the proposal |

Proposals 3

- | | | |
|--|---|---|
| If you approve all candidates | → | Please mark a circle (○) in the “贊” (approval) section |
| If you disapprove all candidates | → | Please mark a circle (○) in the “否” (disapproval) section |
| If you disapprove part of the candidates | → | Please mark a circle (○) in the “贊” (approval) section and fill in the numbers of candidates you disapprove |

If any voting right is exercised both by writing (mail) and via the Internet, we will deem the voting right exercised on the Internet to be effective. If you exercise your voting rights on the Internet more than once, we will deem the voting right exercised last to be effective.

(Attached documents with regard to the NOTICE OF CONVOCATION OF THE 94TH ORDINARY
GENERAL MEETING OF SHAREHOLDERS)

BUSINESS REPORT

(From April 1, 2021, to March 31, 2022)

1. Operating Performance

(1) Status of Operations in the Fiscal Year under Review

1) Process and results of operations

In the consolidated fiscal year ended March 31, 2022, the global economy, centered on Europe and the US, was on a recovery trend due in part to the resumption of economic activities accompanying the expansion of the novel coronavirus disease (COVID-19) vaccine rollout and governmental economic stimulus measures.

In the electronic parts industry, to which KOA CORPORATION (“the Company” or “we”) and its corporate group (“the Group” or “we”) belong, there is a possibility that environmental regulations, including the EU’s ban on the sale of gasoline-powered vehicles in 2035, will accelerate the full-fledged shift to environmentally friendly vehicles such as electric vehicles (EVs), and the automotive market is expected to expand. The resumption of economic activities in Europe and the US has led to a significant recovery in demand in the fiscal year under review.

Within this environment, the Group promote activities such as expanding sales of high-performance products focused on markets that value quality and reliability.

In the fiscal year under review, the Group posted consolidated net sales of ¥64,955 million, an increase of ¥14,576 million or 28.9% from the previous fiscal year. This reflects a recovery in demand from the impacts of global economic stagnation caused by the spread of COVID-19 last year and a significant increase in sales of products for automobiles and industrial equipment in all regions.

On the profit front, consolidated operating income was ¥5,721 million, an increase of ¥3,404 million or 146.9% from the previous fiscal year, due in part to higher sales. Ordinary income totaled ¥6,859 million, an increase of ¥3,919 million or 133.4% from the previous fiscal year due in part to the recording of foreign exchange gains of ¥608 million. Net income attributable to owners of the parent totaled ¥4,771 million, an increase of ¥2,737 million or 134.6% from the previous fiscal year, partly reflecting the recording of compensation expenses of ¥205 million and extraordinary loss of ¥116 million in expenses for suspensions of operations.

With regard to segment results, in Japan, net sales were ¥55,383 million, an increase of ¥13,136 million from the previous fiscal year, and regional profit was ¥4,503 million, an increase of ¥3,897 million from the previous fiscal year. In Asia, net sales were ¥33,369 million, an increase of ¥8,252 million from the previous fiscal year, and regional profit was ¥1,288 million, an increase of ¥237 million from the previous fiscal year. In the United States, net sales were ¥10,395 million, an increase of ¥2,649 million from the previous fiscal year, and regional profit was ¥517 million, an increase of ¥247 million from the previous fiscal year. In Europe, net sales were ¥8,904 million, an increase of ¥1,773 million from the previous fiscal year, and regional profit was ¥385 million, an increase of ¥89 million from the previous fiscal year.

The breakdown of our consolidated net sales by product type is as follows:

Product type	Net sales (millions of yen)	Percentage (%)
Resistors	57,973	89.2
ICs and IC-related equipment	1,412	2.2
High-frequency inductors	1,101	1.7
Protective components	2,280	3.5
Others	2,187	3.4
Total	64,955	100.0

2) Capital expenditures

The capital expenditures in the fiscal year under review totaled ¥6,921 million, including those for plant constructions, quality improvements, development of new products and mass-production equipment, etc.

3) Financing activities

The Group's financing activities were mainly comprised of borrowings.

4) Business transfers, absorption-type company splits, or incorporation-type company splits

Not applicable.

5) Business transfers from other companies

Not applicable.

6) Succession of rights and duties relating to other legal entities due to absorption-type merger or absorption-type company split

Not applicable.

7) Acquisition or disposal of shares, other interests or stock acquisition rights in other companies

Not applicable.

(2) The Group's Assets and Profit and Loss during the Recent Three Fiscal Years

Item	91st fiscal year (year ended March 31, 2019)	92nd fiscal year (year ended March 31, 2020)	93rd fiscal year (year ended March 31, 2021)	94th fiscal year Consolidated fiscal year under review (year ended March 31, 2022)
Net sales	¥55,895 million	¥50,020 million	¥50,378 million	¥64,955 million
Ordinary income	¥6,304 million	¥1,727 million	¥2,939 million	¥6,859 million
Net income attributable to owners of parent	¥1,018 million	¥1,077 million	¥2,034 million	¥4,771 million
Net income per share	¥27.73	¥29.26	¥55.14	¥129.08
Total assets	¥77,355 million	¥75,858 million	¥81,340 million	¥94,989 million
Net assets	¥59,839 million	¥58,216 million	¥61,535 million	¥67,103 million
Net assets per share	¥1,627.09	¥1,579.85	¥1,665.85	¥1,810.99

- (Notes) 1. Net income per share is based on the average number of shares outstanding during the period, excluding treasury shares. Net assets per share are calculated based on the total number of issued shares at the end of the period excluding treasury shares.
2. Concerning the calculation of net income per share, the Company's shares held by the Employee Stock Ownership Plan (ESOP) Trust were treated as treasury shares and therefore were not included in the average number of shares outstanding during the period.
3. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the fiscal year ended March 31, 2022, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(3) Status of Important Subsidiaries

1) Status of important subsidiaries

Company name	Capital stock	Ratio of voting rights (%)	Principal business
KOA ELECTRONICS CO., LTD.	¥400 million	100.0	Manufacture of electronic parts
KASHIMA KOA DENKO CO., LTD.	¥300 million	100.0	Manufacture of electronic parts
KOA TRADING CO., LTD.	¥10 million	100.0	Sale of electronic parts
SANADA KOA Corporation	¥100 million	100.0	Manufacture of electronic parts
KOA SPEER HOLDING CORPORATION	US\$1,210	100.0	Sale of electronic parts
KOA DENKO (MALAYSIA) SDN. BHD.	M\$54,843 thousand	100.0	Manufacture of electronic parts
KOA DENKO (S) PTE. LTD.	US\$47,333	100.0	Sale of electronic parts
KOA ELECTRONICS (H.K.) LTD.	HK\$1,500 thousand	100.0	Sale of electronic parts
KOA Europe GmbH	EUR766,938	100.0	Sale of electronic parts
SHANGHAI KOA ELECTRONICS TRADING CO., LTD.	RMB1,659 thousand	100.0	Sale of electronic parts
KOA ELECTRONICS (TAICANG) CO., LTD.	RMB143 million	100.0	Manufacture of electronic parts

2) Status of important affiliates

Company name	Capital stock	Ratio of voting rights (%)	Principal business
DAH HSING ELECTRIC CO., LTD.	NT\$39,000 thousand	39.0	Sale of electronic parts

(4) Our Tasks Ahead

The economic outlook is expected to remain extremely uncertain. This is partly because, despite the global economy being on a recovery trend, inflation is accelerating due to multiple factors, such as soaring food and energy prices as a result of the situation in Ukraine and monetary tightening by the Federal Reserve Board (FRB), on top of disruptions to supply chains due to the spread of COVID-19 infections caused by mutations of strains (Omicron strain).

The electronic parts industry, of which the Group is a member, needs to take a cautious view on purchase order trends in the next fiscal year, while closely monitoring the impacts of the global semiconductor shortage on production in the automotive industry and a slowdown in economic activity due to lockdowns imposed in Chinese cities. On the profit front, moreover, causes for concern include rising prices of raw materials, as well as exchange rate fluctuations.

With these circumstances in mind, the Group has formulated a long-term vision for 2030 (The 2030 Vision) and a three-year Medium-Term Management Plan from fiscal year 2022 to 2024. The Group positions the Medium-Term Management Plan as the Phase 1 “to build a foundation for solid growth” as the Group takes up the challenge of implementing the 2030 Vision, pressing ahead with the priority measures, “establishment of a supply system for 2030” and “evolution of KPS (KOA Profit System),” “introduction of Innovation Management System (IMS),” “introduction of renewable energy and reduction of electricity

consumption,” “development of human capital to create the future,” and “new governance initiatives.” In particular, with the electrification strategy of major automotive manufacturers for realizing carbon neutrality accelerating and demand for surface-mounted resistors, our main products, expanding, the Group considers it an urgent matter to build a supply system that supports the growth of our customers.

The Group will continue to focus on fields centered on quality and reliability, mainly in the resistor business, and will become the company that customers call first by promoting activities to create a safe and secure future society hand in hand with customers. In addition, we will work to solve social issues through the use of sensors/sensor modules that utilize fundamental technologies cultivated in the resistor business.

(5) Principal Business Activities (as of March 31, 2022)

The Group’s principal business activities are the development, manufacture and sale of various electronic parts, mainly fixed resistors.

(6) Principal Offices and Plants (as of March 31, 2022)

1) Principal offices and plants of the Company

	Address
Head office	Minowa-machi, Kamiina-gun, Nagano Prefecture, Japan (Earth Wing)
Main office	Ina-shi, Nagano Prefecture, Japan (Ina Office)
Branch	Fuchu-shi, Tokyo, Japan (Musashino Kohbo)
Business bases	Shin-Yokohama; (sales offices): Sendai, Mito, Takasaki, Tokyo, Musashino, Ina, Shizuoka, Nagoya, Osaka
Plants	East Wing, MINOWA Wing, Minowa, Nishiyama, Chuo, Nanakurinomori, Takuminosato (all in Nagano Prefecture)

2) Subsidiaries

Company name	Address
KOA ELECTRONICS CO., LTD.	Anan-cho, Shimoina-gun, Nagano Prefecture, Japan
KASHIMA KOA DENKO CO., LTD.	Nakanoto-machi, Kashima-gun, Ishikawa Prefecture, Japan
KOA TRADING CO., LTD.	Chiyoda-ku, Tokyo, Japan
SANADA KOA Corporation	Ueda-shi, Nagano Prefecture, Japan
KOA SPEER HOLDING CORPORATION	U.S.A.
KOA DENKO (MALAYSIA) SDN. BHD.	Malaysia
KOA DENKO (S) PTE. LTD.	Republic of Singapore
KOA ELECTRONICS (H.K.) LTD.	Hong Kong
KOA Europe GmbH	Federal Republic of Germany
SHANGHAI KOA ELECTRONICS TRADING CO., LTD.	People’s Republic of China
KOA ELECTRONICS (TAICANG) CO., LTD.	People’s Republic of China

(7) Employees (as of March 31, 2022)

1) Employees in the Group

Number of employees	Year-on-year change
4,144 persons	+212 persons

(Note) The above figures are the numbers of employees excluding part-timers.

2) Employees in the Company

Number of employees	Year-on-year change	Average age	Average length of service
1,553 persons	+ 85 persons	40.8 years of age	17.1 years

(Note) The above figures are the numbers of employees excluding part-timers.

(8) Major Lenders (as of March 31, 2022)

Lenders	Borrowing amount
The Hachijuni Bank, Ltd.	¥3,026 million
MUFG Bank, Ltd.	¥2,000 million
THE NAGANO BANK, LTD.	¥226 million

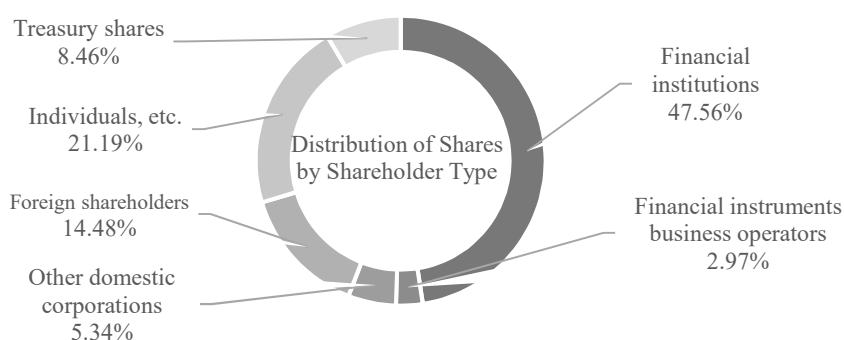
(9) Other Important Notes on the Group's Circumstances

Not applicable.

2. Status of the Company

(1) Status of Shares (as of March 31, 2022)

- 1) Number of shares authorized to be issued by the Company: 150,000,000 shares
 2) Number of outstanding shares: 40,479,724 shares
 3) Number of shareholders: 9,711 persons



4) Major shareholders (top 10 shareholders)

Name	Number of shares held (thousand shares)	Ratio of equity participation (%)
The Master Trust Bank of Japan, Ltd. (trust account)	7,676	20.73
Custody Bank of Japan, Ltd. (trust account)	2,250	6.07
Nippon Life Insurance Company	2,226	6.01
The Hachijuni Bank, Ltd.	1,832	4.94
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	1,107	2.99
MUFG Bank, Ltd.	1,000	2.70
KIA FUND F149	717	1.93
Mitsubishi UFJ Trust and Banking Corporation	700	1.89
KOA Kyoekai	697	1.88
KOITO MANUFACTURING CO., LTD.	680	1.83

- (Notes) 1. The Company holds 3,426,197 treasury shares, but it is excluded from the major shareholders shown above.
 2. The treasury shares held by the Company are omitted from the figures for the ratio of equity participation.

5) Other important matters concerning shares
(Employee Stock Ownership Plan (ESOP) Trust)

The Company has introduced an employee incentive plan “Employee Stock Ownership Plan (ESOP) Trust” (hereinafter referred to as the “ESOP Trust”). The decision to implement this plan was approved at a Board of Directors meeting held on October 20, 2016. The goal is to provide better welfare benefits to our employees as they support the growth of the Company. In addition, we believe this will improve our corporate value in the medium and long term, as this creates an incentive for employees to increase the share price by boosting their awareness of corporate earnings and share price trends.

The ESOP Trust was modeled after the ESOP system in the United States. It is an employee incentive plan that takes the form of a trust which applies the employee ownership structure. The objective is to expand savings (enhance employee benefits) by promoting asset-building among employees using the Company’s shares.

The Company has established a trust account for which the beneficiaries are legitimate employee members who satisfy certain requirements, of the Company and the Group’s domestic subsidiaries (hereinafter referred to as the “group employees”) that participate in the “KOA Employee Shareholding Association” (hereinafter referred to as the “Company’s Shareholding Association”). The trust account acquired, in one lot, the Company’s shares of which the number is expected to be acquired by the Company’s Shareholding Association from February 2017 to February 2022. Then, the trust sold the Company’s shares to the Company’s Shareholding Association on a certain date every month. The voting rights that come with the Company’s shares in the ESOP Trust was exercised reflecting the intentions of the Company’s Shareholding Association. Once the ESOP Trust reached maturity, as there were proceeds from a rise in share price, money will be distributed to the beneficiaries (the Company group employees) based on contribution ratio.

The trust was terminated as of February 2022.

(2) Policy on Cross-shareholdings and Criteria for Exercising Voting Rights

The Company holds shares in our business partners as strategic shareholdings with the goal of reinforcing business transactions. We assess investments in cross-shareholdings based on a comprehensive evaluation of the gains for the Company from the strengthening of business relationships versus the amount of the investment, etc.

The Board of Directors regularly checks the position of cross-shareholdings and examines the appropriateness of continuing the holdings by comparing and analyzing the performance associated with the holdings, such as the overall return, and the risks, such as the emergence of losses in association with the holdings.

While we do not currently have the unified criteria for exercising voting rights for our cross-shareholdings, we nevertheless exercise such voting rights appropriately. Before exercising the rights, we carefully consider the performance such as the overall return and whether the proposals would contribute to an improvement in shareholder value, and we inquire with the investee company if we have any concerns.

(3) Status of Company Officers

1) Directors and corporate auditors (as of March 31, 2022)

Position in the Company	Name	Tasks responsible and important concurrent positions
Director and chairman	Koichi Mukaiyama	Director and chairman, KOA TRADING CO., LTD. Vice Director, DAH HSING ELECTRIC CO., LTD.
Representative director and president	Tadao Hanagata	In charge of the KPS-3 Initiative
Managing director	Akira Nonomura	In charge of the Sales & Marketing Initiative, Management Administration Initiative, and Japan Sales Business Field President, KOA TRADING CO., LTD. Director, KOA SPEER HOLDING CORPORATION Director, KOA DENKO (S) PTE. LTD. Director, KOA ELECTRONICS (H.K.) LTD. Managing Director, KOA Europe GmbH Vice Director, SHANGHAI KOA ELECTRONICS TRADING CO., LTD. Director, DAH HSING ELECTRIC CO., LTD.
Director	Katsuhiko Momose	In charge of the Manufacturing Initiative, Kamiina Business Field, Shimoina Business Field, and Minowa Business Field Director, KOA ELECTRONICS CO., LTD. Director, KASHIMA KOA DENKO CO., LTD Director, SANADA KOA Corporation Chairman, KOA DENKO (MALAYSIA) SDN. BHD. Vice Director, KOA ELECTRONICS (TAICANG) CO., LTD.
Director	Etsuji Yamaoka	In charge of the Research & Development Initiative and Quality Assurance Initiative
Director	Toshihiro Kojima	In charge of the KPS-3 Initiative
Director	Kosei Mukaiyama	In charge of the Management Administration Initiative
Director	Michael John Korver	Outside director, BJIT Inc.
Director	Toru Kitagawa	Outside director [chairperson of the Audit Committee, member of the Compensation Committee], Cookpad Inc. Outside director, Audit and Supervisory Committee Member, KAYAC Inc.
Director	Nobuyuki Shigemune	

Position in the Company	Name	Tasks responsible and important concurrent positions
Full-time corporate auditor	Masashi Gomi	
Full-time corporate auditor	Tsuyoshi Yajima	
Corporate auditor	Tetsuro Kamijikkoku	Attorney
Corporate auditor	Yoshiko Inuma	Certified tax accountant Director of Mirai Keiei KK Partner of Mirai Keiei Tax Accountant Office

- (Notes)
1. Directors Michael John Korver, Toru Kitagawa and Nobuyuki Shigemune are outside directors.
 2. Corporate auditors Tetsuro Kamijikkoku and Yoshiko Inuma are outside corporate auditors.
 3. Corporate auditors Masashi Gomi and Yoshiko Inuma have considerable knowledge of financial affairs and accounting, as follows:
 - Corporate auditor Masashi Gomi has experience as a general manager in charge of the Management Administration Initiative of the Company and is familiar with the Company's financial affairs and accounting as a result of his attendance at various meetings for management analysis, business results examination, and the like.
 - Corporate auditor Yoshiko Inuma is a certified tax accountant who has considerable knowledge of financial affairs and accounting.
 4. The Company has registered all of its outside directors and outside corporate auditors as independent officers in accordance with the rules of the Tokyo Stock Exchange and the Nagoya Stock Exchange and reported the appointment to both of the stock exchanges.

2) Overview of limited liability contracts

Under the provisions of Article 427, Paragraph 1 of the Companies Act, the Company signs a limited liability contract with each outside director and each corporate auditor to limit the liability for damages, as stipulated in Article 423, Paragraph 1 of the same Act.

The limited liability contract provides that the maximum liability for damages shall be ¥5 million or the amount provided for in laws and regulations, whichever is higher.

3) Overview, etc. of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, naming officers of the Company and its subsidiaries and other employees in management positions as the insured. The insureds do not bear insurance premiums.

The outline of the said insurance is that if a claim for damage is brought resulting from acts relating to the execution of duties of the insured, expenses to be borne by the insured shall be compensated by the insurance company. The insurance contract is renewed every year.

4) Changes in positions and tasks of directors and corporate auditors during the fiscal year under review

Not applicable.

5) Compensation, etc. paid to the directors and corporate auditors

a. Total amount of the compensation, etc. paid in the fiscal year under review

Position	Total amount of the compensation, etc.	Total amount of compensation by type			Number of recipient directors (and other officers)
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (of whom outside directors)	¥301 million (¥17 million)	¥239 million (¥17 million)	¥61 million (¥- million)	- (-)	Ten (three)
Corporate auditors (of whom outside corporate auditors)	¥63 million (¥12 million)	¥53 million (¥12 million)	¥10 million (¥- million)	- (-)	Four (two)
Total (of whom outside officers)	¥364 million (¥29 million)	¥293 million (¥29 million)	¥71 million (¥- million)	- (-)	Fourteen (five)

- (Notes)
1. The above total amount of performance-linked compensation, etc. states the amounts of officers' bonuses recorded as accounts payable - other during the fiscal year under review.
 2. The amount of compensation paid to the directors does not include the amount paid to the directors who were also employees as employee's salaries.
 3. The 85th Ordinary General Meeting of Shareholders held on June 15, 2013, resolved that the total amount of compensation for the directors should be up to ¥350 million in one year (excluding salaries as employees). The number of directors was nine at the end of the said general meeting of shareholders (one of whom was an outside director).
 4. The 70th Ordinary General Meeting of Shareholders held on June 13, 1998, resolved that the total amount of compensation for the corporate auditors should be up to ¥70 million in one year. The number of corporate auditors was three at the end of the said general meeting of shareholders (one of whom was an outside corporate auditor).
 5. The retirement benefit system for directors and corporate auditors terminated upon a resolution at the 86th Ordinary General Meeting of Shareholders, held on June 14, 2014. We had an outstanding balance of ¥534 million as of the end of the fiscal year under review in the account payable for five directors (0 of whom was an outside director) due to the change in the retirement benefit system for directors and corporate auditors. The benefits will be paid upon the retirement of those officers.

b. Total amount of the compensation, etc. that the outside officers received from the parent company, subsidiary, etc.

There was no compensation, etc. that the Company's outside directors and outside corporate auditors received in the fiscal year under review from the parent company, subsidiary, etc. for which they served as officers.

c. Policy for determining the details of compensations for directors (and other officers)

The Company has adopted a policy that the payment ratio of the amount of compensation should be most adequately set to motivate each director to enhance corporate value. The representative director and president determines the amounts of individual compensation (basic compensation and bonus) within the total amount of compensation described in the notes 3. and 4. above according to job title, individual roles and responsibilities, and the basic compensation for directors is paid in the form of monthly cash installment payments. The payment of officers' bonuses is determined based on the consolidated financial results (net sales, operating profit margin and rate of return on equity) for a relevant fiscal year.

6) Matters regarding the outside officers

- a. Important concurrent positions in other corporations, etc. and the relations between the Company and such other corporations, etc.

The important concurrent positions are as described in “1) Directors and corporate auditors (as of March 31, 2022)”

There are no relations to be disclosed between the Company and the corporations, etc. for which the Company’s outside directors and outside corporate auditors serve concurrently.

b. Main activities of the outside officers during the fiscal year under review

Rank	Name	Board of Directors attendance	Board of Corporate Auditors attendance	Overview of remarks and duties executed in roles that are expected to be fulfilled as outside directors
Director	Michael John Korver	13/13 (100%)	—	Mr. Michael John Korver expressed his opinions based mainly on his abundant knowledge and long experience as a specialist in corporate strategies and a manager for an investment company, and he gave advice and offered proposals for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, as a member of the Nomination and Compensation Committee, he has expressed his opinions in discussions on the selection of candidates for directors and expressed his thoughts on the ideal form of compensation for directors.
Director	Toru Kitagawa	13/13 (100%)	—	Mr. Toru Kitagawa expressed his opinions based mainly on his experience and insight as a chief financial officer involved in corporate planning management at a publicly listed company, and he gave advice and offered proposals for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, as chairman of the Nomination and Compensation Committee, he plays a central role in selecting candidates for directors and discussions on compensation for directors.
Director	Nobuyuki Shigemune	11/11 (100%) (Note 2)	—	Mr. Nobuyuki Shigemune expressed his opinions based mainly on his in-depth knowledge and experience in corporate management as important positions at a major securities company, etc., and he gave advice and offered proposals for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, as a member of the Nomination and Compensation Committee, he has expressed his opinions in discussions on the selection of candidates for directors and expressed his thoughts on the ideal form of compensation for directors.

Rank	Name	Board of Directors attendance	Board of Corporate Auditors attendance	Overview of remarks and duties executed in roles that are expected to be fulfilled as outside directors
Corporate Auditor	Tetsuro Kamijikkoku	13/13 (100%)	14/14 (100%)	Mr. Tetsuro Kamijikkoku expressed his opinions mainly from the specialist viewpoint of an attorney, and made remarks for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, he made appropriate and necessary remarks in the exchange of opinions about the audit results, consultations about matters to be audited, etc. at the meetings of the Board of Corporate Auditors.
Corporate Auditor	Yoshiko Inuma	13/13 (100%)	14/14 (100%)	Ms. Yoshiko Inuma expressed her opinions mainly from the specialist viewpoint of a certified tax accountant, and made remarks for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, she made appropriate and necessary remarks in the exchange of opinions about the audit results, consultations about matters to be audited, etc. at the meetings of the Board of Corporate Auditors.

- (Notes)
1. In addition to the aforementioned number of times that meetings of the Board of Directors were held, based on Article 370 of the Companies Act and Article 28 of the Company's Articles of Incorporation, there was one written resolution that was deemed a resolution by the Board of Directors.
 2. Because Nobuyuki Shigemune was appointed as director at the 93rd Ordinary General Meeting of Shareholders held on June 19, 2021, the number of Board of Directors meetings available for his attendance differs from the other directors.

(4) Status of the Independent Auditor

1) Name:

Grant Thornton Taiyo LLC

2) Amount of compensation, etc.

	Amount of compensation, etc.
Amount of compensation, etc. for the independent auditor for the fiscal year under review	¥39 million
Total amount of the money and other financial benefits to be paid by the Company and its subsidiaries to the independent auditor	¥39 million

- (Notes)
1. The audit contract between the Company and the independent auditor does not clearly distinguish the compensation, etc. for the audit under the Companies Act from the compensation, etc. for the audit under the Financial Instruments and Exchange Act, and it is virtually impossible to distinguish these compensations, etc. Because of this, the amounts stated in the table above are the totals of these compensation, etc.
 2. The Board of Corporate Auditors has agreed to the amount of compensation etc. for the independent auditor after careful scrutiny of the content of the independent auditing plan for the fiscal year under review, such as the number of auditing days and allocation of personnel as explained by the independent auditor, inspection and evaluation of the previous fiscal year's audit results, the suitability of the audit conducted by the independent auditor, and the basis for calculation in the estimate on which compensation etc. is based.
 3. The Company's overseas subsidiaries are audited by the certified public accountant (or the independent auditor) other than the Company's independent auditor.

3) Non-auditing services
Not applicable.

4) Policy of the dismissal or non-reappointment of independent auditors

If an independent auditor is deemed to correspond to any provision prescribed in each item of Article 340, Paragraph 1, of the Companies Act, the Board of Corporate Auditors shall, with the consent of all the corporate auditors, dismiss the independent auditor.

In addition, in the event that the Board of Corporate Auditors determines that it is difficult for the independent auditor to satisfactorily fulfill his/her duties in light of the evaluation criteria for independent auditors, or in other cases in which it is deemed necessary, the Board of Corporate Auditors shall include the dismissal or non-reappointment of the independent auditor in the agenda for the general meeting of shareholders.

3. Systems for Ensuring Proper Performance of Duties and the Operation of these Systems

(1) Overview of Decisions Made about Systems for Ensuring Proper Performance of Duties

The decisions made about the systems for ensuring that the directors' performance of duties is compatible with laws and regulations and the Articles of Incorporation and systems for ensuring the proper performance of other Company business are outlined below.

- 1) Systems for ensuring that the performance of duties by directors and employees of the Company and its subsidiaries (hereafter, "the Group") is compatible with laws and regulations and the Articles of Incorporation
 - The Group has established the KOA Mind (code of conduct and behavior guidelines), a management philosophy laid down as internal regulations, with which all of the Group's officers and employees comply.
 - The Group promptly recognizes and deals with inappropriate, illegal, and anti-social behavior by organizations or individuals, based on the Whistleblower System Regulation.
 - The Operations Audit Center strives to work with corporate auditors and audit the overall Group, including subsidiaries, based on the Whistleblower System Regulation and other internal-related regulations. The results are reported to the audited divisions and the Company president.

- 2) System for keeping and managing information about the fulfillment of the directors' duties
The information about the fulfillment of the directors' duties is recorded on paper or electromagnetic media and is kept and managed properly and securely in accordance with the "Regulations of Document Management."

- 3) Regulations for the management of the risk of losses and other related systems
 - The possible risks of the Group are analyzed, the risk management system has been created to cope with each risk, the "Risk Management Regulations" have been established as the basic policy for risk management, and efforts are made to prevent losses in advance.
 - Each director responsible promotes improvement in the risk management system in each section and reports the activities of the system to the Board of Directors.

- 4) System for ensuring that the directors' duties are efficiently fulfilled
 - The Company makes decisions on important matters at its board meetings and supervises the conduct of business by the directors. To strengthen the functions of the Board of Directors and to increase its business efficiency, the Company holds management strategy meetings, where it makes decisions flexibly on matters concerning the conduct of business and on important matters. In addition, it holds consolidated management strategy meetings where responsible people in the subsidiaries attend, as well. The subjects discussed and decided at these meetings include how to achieve the goals, checking of the conduct of business and steps to solve the management problems common to the Group.
 - As for the conduct of daily business, the Company delegates authority to the sections concerned according mainly to the Regulations for Division of Duties so that the responsible person at each stage of the organization can conduct business efficiently.

- 5) System for ensuring that the Group conducts their business properly
 - The Company appoints a director in charge of each of its affiliates, who is responsible for the management of the affiliate, in accordance with the “Regulations for the Management of Affiliates.”
 - The director in charge of each of the affiliates works to flexibly manage the affiliate and to achieve mutual growth and reports important information about the affiliate to the Company’s Board of Directors.
- 6) Matters related to employees to assist duties of corporate auditors when so requested by corporate auditors and the independence of such employees from directors
 - The corporate auditor will, if necessary, appoint an employee as an assistant, to help the auditor in his/her duties. The auditor should consult with the directors about the appointment, change and merit rating of such employees.
 - If the employee is given a direction or an order by the corporate auditor concerning auditing work, he/she does not have to follow any direction or order regarding such work from any director or any other employee.
- 7) Systems allowing group directors and employees to report to corporate auditors, other systems related to reporting to corporate auditors, and systems ensuring that directors and employees are not treated unfairly as a result of their report
 - If facts that are likely to significantly damage the Group are discovered, the directors and employees of the Group immediately report such facts as well as legal matters to the corporate auditors of the Company.
 - The Operations Audit Center functions as the whistleblowing hotline stipulated in the Whistleblower System Regulation. When a report is received from the Group, it is reported to the Ethics and Compliance Committee, depending on its importance. The corporate auditors receive these reports through the Ethics and Compliance Committee.
 - The Group has stipulated in its related internal regulations that directors and employees who have made such reports cannot be treated unfairly because of their report.
- 8) Other systems ensuring the efficient performance of audits by corporate auditors
 - Corporate auditors attend board of directors meetings and other important meetings, and supervise the legality and efficiency of management. In addition, they hold regular meetings with representative directors, confirm management policies, and exchange views on issues that should be addressed, risks, the environment for conducting audits, and important issues in order to ensure mutual awareness and deepen a relationship of trust.
 - Corporate auditors hold meetings to exchange views as necessary with Company management and independent auditors.
- 9) Pre-payment of costs incurred in the corporate auditor’s performance of duties and procedures for repayment, and other items related to policies on the treatment of costs and liabilities incurred for the performance of these duties
 - Pre-payment of costs incurred in the corporate auditor’s performance of duties and procedures for repayment and costs and liabilities incurred for the performance of these duties are processed promptly at the request of the corporate auditor, based on related internal regulations.

- Costs incurred in the corporate auditor’s performance of duties are included in the annual budget based on related internal regulations.

10) System for ensuring the reliability of financial reports

The Company formulated the “Internal Control Basic Regulations over Financial Reporting” to ensure the reliability of financial reports and establishes, operates and evaluates the internal control system in accordance with the Basic Regulations.

11) Systems to eradicate anti-social forces

The Group will not comply with inappropriate demands from anti-social forces and groups that threaten the order and safety of civil society, and takes an unequivocal stance on this.

(2) Outline of Management of Systems to Ensure Suitability of Duties

An outline of management of systems to ensure suitability of duties is as follows:

We have designated “KOA Mind (code of conduct and behavior guidelines),” which establishes the Company’s management philosophy, as our internal regulations, and we ensure its uptake and penetration by distributing copies to all employees, including officers, at the beginning of each fiscal year and conducting education in each department.

With regard to risk management, the “Risk Management Committee” was established with Directors of the Company as committee members, operational opportunities and risks associated with changes in external and internal environments were managed, measures were implemented so that the necessary steps can be taken prior to issues occurring, and the results of identifying the opportunities and risks were utilized as basic information for the formulation of a medium term management plan in order to reduce risks and minimize business losses.

With regard to carrying out the duties of directors, in addition to decisions concerning important matters and auditing etc. of the conduct of business at the monthly Board of Directors meetings, the Company also held management strategy meetings as appropriate, where it made decisions flexibly on matters concerning the conduct of business and important matters. Furthermore, consolidated management strategy meetings are held twice yearly, which are also attended by representatives of Group companies. Subjects discussed and decided at these meetings, included how to achieve the goals, checking on the conduct of business, and steps to respond to Group-wide management issues.

With regard to the conduct of audits, corporate auditors not only attended meetings of the Board of Directors and other important meetings etc., they also conducted audits with regard to legality and efficiency, held meetings with representative directors, where they confirmed management policies and exchanged opinions concerning issues to be addressed and important issues etc. Corporate auditors also exchanged opinions with the Operations Audit Center and the independent auditor as necessary. In the fiscal year under review, we exchanged opinions four times with the representative director, four times with the Operation Audit Center, twice with the Financial Affairs Group of the Management Strategy Center, which is responsible for internal control related to financial reporting, and five times with the accounting auditor.

With regard to ensuring the suitability of operations at the Group, the director responsible for management of each affiliate reports to the Board of Directors etc. as necessary with regard to management conditions and other important information, based on the “Regulations for

Management of Affiliates.”

The Operations Audit Center receives reports from throughout the Group through the “KOA Hotline” internal reporting mechanism, and reports to the Ethics and Compliance Committee as necessary, depending on the importance of the content of the report. In the fiscal year under review, there were 7 domestic reports and 0 overseas report and they were dealt with as appropriate.

4. Basic Policy Regarding the Control of the Company

The Company respects the free trading of its shares in the market. It does not unconditionally disapprove of large purchases of its shares by particular persons as long as those purchases increase the corporate value of the Company itself and enhance shareholder interests. Furthermore, the Company believes that a decision on whether or not to accept a proposal for a large purchase of shares should ultimately be left up to the shareholders.

However, among large purchases of shares, there may be some that do not contribute to the corporate value of the target company or, by extension, to the common interests of its shareholders. Such purchases include those that, in light of their purposes, would damage corporate value and, by extension, the common interests of shareholders; those that, in effect, might compel shareholders to sell their shares; and those that do not provide sufficient time or information to allow the target company’s Board of Directors to propose an alternative proposal. The Company believes that we should establish effective control only after, with adequate information and evidence, explaining the roles of a person who controls decisions on our policies to the Company’s shareholders and other stakeholders as follows and gaining their full understanding: the persons who control decisions on the Company’s financial and business policies must be those persons who fully understand the sources of the Company’s various corporate values, including the corporate culture of the Company and a solid relationship of trust with stakeholders, and who ensure and enhance the corporate value of the Company and common interests of its shareholders.

The Company had repeatedly discussed opinions of institutional investors in Japan and overseas, the recent tones and trends of the idea of so-called takeover defense after the penetration of the corporate governance code, risks and opportunities in the stock market and other related matters at meetings of the Board of Directors. As a result, we abolished the “plan for countermeasures to be taken against large-scale acquisitions of the shares of the Company (takeover defense measures)” as of the end of the 92nd Ordinary General Meeting of Shareholders held on June 20, 2020. The Company will sustainably enhance our corporate value and common interests of its shareholders by steadily implementing our mid-and-long term growth strategy and maximizing the trust of shareholders and investors.

With due attention to its fiduciary responsibilities to shareholders, the Company’s Board of Directors will take appropriate countermeasures based on the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations in the event of large-scale purchases of the company’s shares even after the abolishment of the “plan for countermeasures to be taken against large-scale acquisitions of the shares of the Company (takeover defense measures).” These countermeasures include collecting information necessary for shareholders to make an appropriate judgment on the propriety of such large-scale purchases, disclosing opinions of the Company’s Board of Directors with due respect to the opinions of outside director(s) recognized as independent and securing time and information necessary for shareholders to consider the information and opinions.

Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current Assets	53,280	Current Liabilities	20,454
Cash and deposits	22,916	Notes and accounts payable - trade	5,820
Notes and accounts receivable - trade	15,979	Electronically recorded obligations - operating	1,084
Electronically recorded monetary claims - operating	2,288	Short-term borrowings	3,338
Merchandise and finished goods	4,081	Accrued income taxes	2,061
Work in process	4,299	Accrued expenses	1,939
Raw materials and supplies	2,433	Accrued employees' bonuses	1,798
Corporation tax refunds receivable, etc.	10	Provision for loss on order received	412
Other current assets	1,319	Other current liabilities	3,999
Allowance for doubtful accounts	-47	Fixed Liabilities	7,431
Fixed Assets	41,708	Long-term borrowings	3,232
Tangible fixed assets	32,124	Long-term accounts payable - other	608
Buildings and structures	12,819	Deferred tax liabilities	727
Machinery, equipment and vehicles	8,974	Net defined benefit liability	1,904
Tools, furniture and fixtures	702	Other fixed liabilities	959
Land	6,594	Total Liabilities	27,885
Construction in progress	2,236	Net Assets	
Other tangible fixed assets	796	Shareholders' Equity	64,582
Intangible fixed assets	763	Capital stock	6,033
Investments and other assets	8,820	Capital surplus	9,191
Investments in securities	4,441	Retained earnings	51,753
Deferred tax assets	1,017	Treasury shares	-2,395
Long-term loans receivable	75	Total Amount of Other Comprehensive Income	2,520
Long-term deposits	1,450	Valuation difference on available for sale securities	1,559
Insurance reserve fund	1,462	Foreign currency translation adjustments	1,299
Other investments	403	Remeasurements of defined benefit plans	-338
Allowance for doubtful accounts	-29	Total Net Assets	67,103
Total Assets	94,989	Total Liabilities and Net Assets	94,989

(Note) The above figures are rounded down to the nearest ¥1 million.

Consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account item	Amount	
Net sales		64,955
Cost of sales		46,530
Gross profit		18,425
Selling, general and administrative expenses		12,703
Operating income		5,721
Non-operating income		
Interest income	38	
Dividends income	54	
Investment profit by the equity method	85	
Foreign exchange gains	608	
Other	626	1,413
Non-operating expenses		
Interest expense	45	
Other	230	275
Ordinary income		6,859
Extraordinary income		
Gain on sales of fixed assets	19	
Other	1	20
Extraordinary losses		
Loss on disposal of fixed assets	15	
Impairment loss	6	
Expenses for suspension of operation	116	
Compensation expenses	205	344
Income before income taxes		6,535
Income taxes current	2,416	
Income taxes deferred	-649	1,766
Net income		4,768
Loss attributable to non-controlling interests		-3
Net income attributable to owners of parent		4,771

(Note) The above figures are rounded down to the nearest ¥1 million.

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,033	9,186	47,910	-2,533	60,595
Cumulative effects of changes in accounting policies			-1		-1
Restated balance	6,033	9,186	47,908	-2,533	60,594
Changes during current period					
Dividends of surplus			-926		-926
Net income attributable to owners of parent			4,771		4,771
Treasury shares acquired				-0	-0
Disposal of treasury shares		0		137	137
Purchase of shares of consolidated subsidiaries		5			5
Net changes in items other than shareholders' equity during current period					
Total changes during current period	-	5	3,845	137	3,988
Balance at the end of current period	6,033	9,191	51,753	-2,395	64,582

	Total amount of other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total amount of other comprehensive income		
Balance at the beginning of current period	2,122	-749	-440	931	8	61,535
Cumulative effects of changes in accounting policies						-1
Restated balance	2,122	-749	-440	931	8	61,533
Changes during current period						
Dividends of surplus						-926
Net income attributable to owners of parent						4,771
Treasury shares acquired						-0
Disposal of treasury shares						137
Purchase of shares of consolidated subsidiaries						5
Net changes in items other than shareholders' equity during current period	-562	2,049	102	1,589	-8	1,581
Total changes during current period	-562	2,049	102	1,589	-8	5,569
Balance at the end of current period	1,559	1,299	-338	2,520	-	67,103

(Note) The above figures are rounded down to the nearest ¥1 million.

Notes to the Consolidated Financial Statements

1. Notes on Important Basic Matters for the Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

1) Consolidated subsidiaries

- Number of consolidated subsidiaries: 16 companies
- Names of the principal consolidated subsidiaries:
KOA ELECTRONICS CO., LTD., KASHIMA KOA DENKO CO., LTD, KOA TRADING CO., LTD., SANADA KOA Corporation, KOA SPEER HOLDING CORPORATION and KOA DENKO (MALAYSIA) SDN. BHD. KOA DENKO (S) PTE. LTD., KOA ELECTRONICS (H.K.) LTD., KOA Europe GmbH, SHANGHAI KOA ELECTRONICS TRADING CO., LTD. and KOA ELECTRONICS (TAICANG) CO., LTD.

2) Non-consolidated subsidiaries

- Number of non-consolidated subsidiaries: 3 companies
- Names of the principal non-consolidated subsidiaries:
WUXI KOA ELECTROCERAMICS CO., LTD.
- Reason for exclusion from consolidation:
The three non-consolidated subsidiaries were excluded from the scope of consolidation because all of them are small-sized companies and their total assets, net sales, net income or loss (the amount in accordance with the equity), retained earnings (the amount in accordance with the equity), etc. had no significant impact on the consolidated financial statements.

(2) Application of the Equity Method

1) Non-consolidated subsidiaries and affiliates accounted for by the equity method

- Number of the affiliates accounted for by the equity method: 1 company
- Name of the company accounted for by the equity method:
DAH HSING ELECTRIC CO., LTD.

2) Non-consolidated subsidiaries not accounted for by the equity method

- Names of the main companies not accounted for by the equity method:
WUXI KOA ELECTROCERAMICS CO., LTD.
- Reason for exclusion from the equity method:
The above one company has not been accounted for by the equity method because its net income or loss (the amount in accordance with the equity), retained earnings (the amount in accordance with the equity), etc. would have no significant impact on the consolidated financial statements and were not very important as a whole.

3) Special notes regarding the application of the equity method

As for the financial statements of the companies accounted for by the equity method that employed a different fiscal year from the consolidated fiscal year, we used the fiscal year of such companies for their financial statements.

(3) Fiscal Year, etc. of the Consolidated Subsidiaries

The account closing date of SHANGHAI KOA ELECTRONICS CO., LTD., KOA

ELECTRONICS (TAICANG) CO., LTD., and SHANGHAI KOA ELECTRONICS TRADING CO., LTD., which are among the consolidated subsidiaries, is December 31. The consolidated financial statements of these subsidiaries were prepared using the financial documents dated as of December 31. However, the adjustments needed for consolidation were made for all the important transactions that took place between this date and the consolidated closing date.

(4) Accounting Policies

1) Valuation basis and methods for significant assets

a. Held-to-maturity securities:

Amortized cost method

b. Available-for-sale securities

- Those other than shares etc. with no market prices

Market value method based on market price, etc. as of the end of the fiscal year under review (The valuation difference is valued by the total net assets method, and the cost of securities sold is determined by the moving-average method.)

- Shares etc. with no market prices

Cost method based on the moving-average method

c. Derivative transactions:

Market value method

d. Inventories:

Mainly the cost method based on the moving-average method

(The values stated in the consolidated balance sheet were calculated by the method of reducing the book value according to lowered profitability.)

2) Depreciation method of significant depreciable assets

a. Tangible fixed assets (excluding lease assets):

Mainly the declining-balance method

However, the straight-line method has been adopted for the buildings (excluding equipment attached to buildings) acquired on or after April 1, 1998, and the equipment attached to buildings and structures acquired on or after April 1, 2016.

b. Intangible fixed assets (excluding lease assets):

Straight-line method

c. Lease assets:

With regard to lease assets related to non-ownership transfer finance lease transactions, the straight-line method has been employed, with the residual value as zero, and lease period as the estimated life.

3) Accounting standards for significant allowances

a. Allowance for doubtful accounts:

The allowance for doubtful accounts of the Company and its domestic consolidated subsidiaries is provided for possible bad debt at the amount estimated based on the loan loss ratio for general receivables and at the uncollectible amounts determined by reference to the collectability of individual doubtful receivables for doubtful receivables and other specific receivables. That of our overseas consolidated subsidiaries is provided mainly for uncollectible amounts determined by reference to the collectability of the specific receivables.

b. Accrued employees' bonuses:

The accrued employees' bonuses are provided for the payment of employees' bonuses based on the estimated amounts to be paid in the future.

c. Provision for loss on order received

A provision for loss on order received is recorded based on an estimate of the total anticipated loss on contracts for which eventual losses are deemed inevitable as of the end of the consolidated fiscal year under review and for which the amount of loss can be reasonably estimated.

4) Recognition standard for revenues and expenses

The principal business of the Company and its consolidated subsidiaries is to manufacture and sell resistors and performance obligations are held to deliver products and finished goods based on the sales contract with the customer. Those performance obligations are deemed to be fulfilled by the customer acquiring control over the products and finished goods when those products and finished goods are delivered, and revenue is recognized at the time of that delivery.

Furthermore, the Company has applied the alternative treatment stipulated in paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" and recognizes revenue at the time of shipment when the period from the time of shipment until the time that control of the merchandise or finished goods is transferred to the customer is a typical period in cases of domestic sale of merchandise and finished goods in Japan.

5) Policies concerning the conversion of significant assets or liabilities in foreign currencies into those in the Japanese currency

Assets and liabilities in foreign currencies are converted into yen at the spot exchange rate on the consolidated closing date and the translation difference is treated as a loss or gain. The assets and liabilities of our overseas consolidated subsidiaries are converted into yen at the spot exchange rate on closing date of each company, and the income and expenses, at the average annual exchange rate for each period. The translation difference is recorded in foreign currency translation adjustments in the net assets section.

6) Other important matters for the preparation of consolidated financial statements

a. Method of accounting for retirement benefits

The allowance for employees' retirement benefits is provided for the possible payment of employees' post-retirement benefits at the amount to be accrued at the end of the consolidated fiscal year under review, and is calculated based on the retirement benefit obligation and the fair value of pension plan assets at the end of the consolidated fiscal year under review.

i.) Method of attributing estimated retirement benefits

In calculating its retirement benefit obligation, the benefit formula basis is applied for the method of attributing the estimated retirement benefits to the period until the end of the fiscal year under review.

ii.) Amortization of actuarial gains or losses and past service cost

The Company is amortizing prior service cost on a straight-line basis over a certain number of years (10 years) within the average remaining service years of employees at the time of incurrence.

As for actuarial gains or losses, proportional amounts under the straight-line method based on a certain number of years (10 years) within the average

remaining service years of employees when a gain or loss occurs in a consolidated fiscal year are amortized beginning in the consolidated fiscal year following the fiscal year of incurrence.

iii.) Method of accounting for differences in unrecognized actuarial gain or loss, and unrecognized prior service cost

With regard to differences in unrecognized actuarial gain or loss, and unrecognized prior service cost, remeasurements of defined benefit plans in total amount of other comprehensive income in net assets are calculated after adjusting for taxation.

b. Accounting treatment for hedges

The special treatment is applied to the interest rate swaps that meet certain criteria.

(5) Notes on changes in accounting policies

1) Application of accounting standards, etc. related to revenue recognition

The Company and its consolidated domestic subsidiaries have adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) (hereinafter, the “Revenue Recognition Accounting Standards”) from the beginning of the consolidated fiscal year under review, and recognize revenue in the amount expected to be received in exchange for goods or services at a point in time when control of the promised goods or services is transferred to a customer.

Application of Revenue Recognition Accounting Standards, etc., is in accordance with the transitional handling stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standards, whereby the cumulative impact amount when a new accounting policy is applied retroactively before the beginning of the consolidated fiscal year under review is added to or subtracted from retained earnings at the beginning of the consolidated fiscal year under review. The new accounting policy has been applied from the beginning balance of the fiscal year. However, the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standards has been applied, and the new accounting policy has not been retroactively applied to contracts under which almost all revenue amounts are recognized in accordance with the previous treatment before the beginning of the consolidated fiscal year under review.

As a result, in the consolidated fiscal year under review, net sales increased by ¥5 million, cost of sales increased by ¥3 million, and operating income, ordinary income, and income before income taxes each increased by ¥1 million. In addition, the balance of retained earnings at the beginning of the period decreased by ¥1 million.

2) Application of accounting standards, etc. related to the calculation of fair value

Having applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter, the “Fair Value Calculation Accounting Standards”), etc., from the beginning of the consolidated fiscal year under review, the Company has decided to apply the new accounting policy stipulated by the Fair Value Accounting Standards, etc., in the future, in accordance with the transitional handling stipulated in Paragraph 19 of the Fair Value Calculation Accounting Standards and Paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019.) Application of these standards will not affect the consolidated financial statements.

(6) Accounting Estimates

1) Inventory valuation

Merchandise and finished goods: ¥4,081 million

Work in process: ¥4,299 million

Raw materials and supplies: ¥2,433 million

The Group estimates the amount of write-downs required to properly value inventory.

Inventories aged over certain holding periods are considered to be slow-moving or obsolete, for which, and for excessive inventory, write-downs are accrued as well as valuation losses required to adjust recorded cost to its net realizable value. The Group may record inventory write-downs based on its projections of future demand, market conditions and related management's judgment even though the age of corresponding inventory is shorter than certain holding periods.

2) Impairment of fixed assets

Tangible fixed assets: ¥32,124 million

Intangible fixed assets: ¥763 million

The Group assesses indication of impairment of fixed assets by grouping assets by organization. If there is any indication of impairment, future cash flows and the like will be estimated based on the business plan formulated by the management to determine the necessity of recognizing an impairment. If an asset is determined to be impaired, the carrying amount is reduced to its recoverable amount. Among the estimated items in such business plan, order forecast, the timing of the development and launch of new products and market environment can significantly affect net sales. The estimate of the said items is highly uncertain and requires management judgment. Therefore, if the actual situation is different from the business plan, it could have a significant impact on the amount of fixed assets in the consolidated financial statements for the following consolidated fiscal year.

(7) Additional Information

Accounting treatment for employee shareholding ESOP Trust

The Company conducts transactions to offer the Company's shares to the employee shareholding association through a trust, with the aim of enhancing the employee benefits.

a. Outline of transactions

The Company has introduced an employee incentive plan "Employee Stock Ownership Plan (ESOP) Trust" (hereinafter referred to as the "ESOP Trust"). The decision to implement this plan was approved at a Board of Directors meeting held on October 20, 2016. The goal is to provide better welfare benefits to our employees as they support the growth of the Company. In addition, we believe this will improve our corporate value in the medium and long term, and increase the share price by boosting their awareness of corporate earnings and share price trends.

The Company has established a trust account for which the beneficiaries are legitimate employee members who satisfy certain requirements, of the Company and the Group's domestic subsidiaries that participate in the "KOA Employee Shareholding Association" (hereinafter referred to as the "Company's Shareholding Association"). The trust account acquired, in one lot, the Company's shares of which the number is expected to be acquired by the Company's Shareholding Association from February 2017 to February 2022. Then, the trust sold the Company's shares to the Company's Shareholding Association on a certain date every month. The trust was terminated as of

February 2022.

b. The Company's own shares remaining in the trust

The Company's shares remaining in trust were recorded as treasury shares in net assets at the carrying amount in the trust (excluding incidental expenses.) However, at the end of the consolidated fiscal year under review, there were no remaining shares of the Company as the trust was terminated.

c. Book value of loans payable recorded using the gross method

The consolidated fiscal year under review: ¥– million

2. Notes to the Consolidated Balance Sheet

(1) The breakdown of notes and accounts receivable - trade with amounts of receivables derived from contracts with customers is as follows:

Notes receivable - trade ¥624 million

Accounts receivable - trade ¥15,354 million

(2) Total Amount of Depreciation of Tangible Fixed Assets ¥54,148 million

(3) Amount of Discounts of Notes Receivables ¥102 million

(4) Contingent Liability

The Company has provided financial guarantees for borrowings, etc. from financial institutions.

YAMATOWA Co., LTD. ¥30 million

3. Notes to the Consolidated Statement of Changes in Shareholders' Equity, etc.

(1) Total Number of Issued Shares

Type of shares	Number of shares at the beginning of the consolidated fiscal year under review	Number of shares increased in the consolidated fiscal year under review	Number of shares decreased in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	40,479,724 shares	– shares	– shares	40,479,724 shares

(2) Number of Treasury Shares

Type of shares	Number of shares at the beginning of the consolidated fiscal year under review	Number of shares increased in the consolidated fiscal year under review	Number of shares decreased in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	3,545,246 shares	201 shares	119,250 shares	3,426,197 shares

(Note) (Summary of the reasons for the changes)

A component of the increase is as follows:

Purchase request for shares less than one unit 201 shares

A component of the decrease is as follows:

Sale from the ESOP Trust to the employees' shareholding association 55,100 shares

Disposition of shares in ESOP Trusts 64,100 shares

Request for additional purchase of shares less than one unit 50 shares

(3) Appropriation of Retained Earnings

1) Dividends paid, etc.

a. Matters concerning dividends based on resolutions at the 93rd Ordinary General Meeting of Shareholders held on June 19, 2021

• Total amount of dividends: ¥333 million

- Amount of dividends per share: ¥9.00
- Date of record: March 31, 2021
- Effective date: June 21, 2021

(Note) Total amount of dividends resolved by the 93rd Ordinary General Meeting of Shareholders held on June 19, 2021, includes dividends of ¥1 million paid for the Company's own shares held by the ESOP Trust.

b. Dividends decided at a Board of Directors meeting held on October 21, 2021

- Total amount of dividends: ¥592 million
- Amount of dividends per share: ¥16.00
- Date of record: September 30, 2021
- Effective date: December 1, 2021

(Note) Total amount of dividends resolved at a Board of Directors meeting held on October 21, 2021 includes the dividends of ¥1 million on the Company's shares held by the ESOP Trust.

2) Dividends whose date of record belongs to the consolidated fiscal year under review but that become effective in the next consolidated fiscal year

At the 94th Ordinary General Meeting of Shareholders scheduled for June 18, 2022, we will propose the payment of dividends as follows:

- Total amount of dividends: ¥741 million
- Funds for dividends: Retained earnings
- Amount of dividends per share: ¥20.00
- Date of record: March 31, 2022
- Effective date: June 20, 2022

4. Notes on Financial Instruments

(1) Status of Financial Instruments

The Group limits the management of its funds mainly to short-term deposits and the like and raises necessary funds by borrowings from banks and other financial institutions.

The Group reduces customer credit risk for notes receivable, accounts receivable, and electronically recorded monetary claims - operating by performing due date management and credit management. Our investments in securities are mainly those in stocks, and we check the market price of the listed stocks we hold every quarter.

The uses of the Company's borrowings are working capital (mainly short-term) and capital expenditure funds (long-term).

Our derivative transactions are the exchange contract transactions aiming at hedging part of the foreign exchange fluctuation risks related to foreign currency operating receivables and payables, and we make it a policy to conduct derivative transactions within the actual demand according to the Risk Management Regulations.

(2) Market Value of Financial Instruments, etc.

The amount posted in the consolidated balance sheet, market value and difference between them as of March 31, 2022 (consolidated closing date for the fiscal year under review) are as shown in the table below. Note that shares, etc. with no market prices (consolidated balance sheet carrying amount of ¥1,031 million) are not included in "Other securities." In addition, notes on cash are omitted. Notes on deposits are also omitted as they are settled within a short period of time, and fair value approximates carrying amount.

(Millions of yen)

	Amount recorded in the consolidated balance sheet (*1)	Market value (*1)	Difference
1) Notes and accounts receivable - trade	15,979	15,979	-
2) Electronically recorded monetary claims - operating	2,288	2,288	-
Allowance for doubtful accounts (*2)	-47	-47	-
	18,219	18,219	-
3) Securities and Investments in securities			
Held-to-maturity securities	553	541	-11
Available-for-sale securities	2,856	2,856	-
4) Long-term loans receivable	75	70	-4
5) Notes and accounts payable - trade	(5,820)	(5,820)	-
6) Electronically recorded obligations - operating	(1,084)	(1,084)	-
7) Short-term borrowings	(3,338)	(3,338)	-
8) Long-term borrowings	(3,232)	(3,090)	-142
9) Derivative transactions (*3)	-150	-150	-

(*1) The items recorded as liabilities are shown in parentheses.

(*2) We subtract an allowance for doubtful accounts for notes and accounts receivable - trade, and electronically recorded monetary claims - operating.

(*3) Net credit or liability arising from derivative transactions is shown.

(Note 1) Explanation of evaluation techniques and inputs used to calculate fair value

The fair value of financial instruments is classified into the following three levels according to the observability and importance of input used to calculate fair value.

Level 1 fair value: Fair value calculated by (unadjusted) market price in an active market of the same asset or liability

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair value calculated using inputs significantly unobservable

When using multiple inputs that have an important impact on the calculation of fair value, fair value is classified into the lowest priority level in calculating fair value among the levels to which those inputs belong.

1) Notes and accounts receivable - trade; and 2) Electronically recorded monetary claims - operating

These fair values are calculated using the discounted present value method based on the interest rate taking into account receivable amount, period until due, and credit risk, for each receivable classified by a certain period, and are classified as Level 2 fair value.

3) Securities and Investments in securities

Listed stocks and corporate bonds are measured using market prices. Since a listed stock is traded in an active market, its fair value is classified as Level 1 fair value. On the other hand, the bonds payable held by the Company are quoted in markets with infrequent transactions and are not recognized as market trading in an active market. As a result, these fair values are classified as Level 2 fair value.

(Held-to-maturity securities)

The market value of held-to-maturity securities is calculated using the price presented by our financial institutions. The amount posted in the consolidated balance sheet, market value and difference between them by type are as stated in the table below. There are no held-to-maturity securities sold during the consolidated fiscal year under review.

(Millions of yen)

	Type	Amount posted in the consolidated balance sheet	Market value	Difference
Held-to-maturity securities with a market value higher than the amount posted in the consolidated balance sheet	Others	–	–	–
Held-to-maturity securities with a market value below the amount posted in the consolidated balance sheet	Others	553	541	-11
Total		553	541	-11

(Available-for-sale securities)

The difference between the amount posted in the consolidated balance sheet and the acquisition cost is as shown in the table below.

(Millions of yen)

	Type	Acquisition cost	Amount posted in the consolidated balance sheet	Difference
Available-for-sale securities with an amount posted in the consolidated balance sheet higher than the acquisition cost	Stocks	591	2,839	2,248
Available-for-sale securities with an amount posted in the consolidated balance sheet below the acquisition cost	Stocks	25	17	-8
Total		616	2,856	2,240

The “acquisition cost” stated in the table above is the book value after applying impairment accounting. There are no marketable securities whose purpose of holding was changed during the consolidated fiscal year under review.

4) Long-term loans receivable

The fair value of long-term loans is classified by a certain period of time, and is calculated using the discounted present value method based on future cash flows and interest rates of appropriate indicators, such as government bond yields, plus credit spreads for each credit risk category in terms of credit management, and is classified as Level 2 fair value.

5) Notes and accounts payable - trade, 6) Electronically recorded obligations - operating, and 7) Short-term borrowings

These fair values are calculated using the discounted present value method based on the interest rate taking into account receivable amount, period until maturity, and credit risk, for each receivable classified for a certain period, and are classified as Level 2 fair value.

8) Long-term borrowings

These are calculated using the discounted present value method based on the total amount of principal and interest, and the interest rate taking into account the remaining term of the debt, and credit risk, being classified as Level 2 fair value.

9) Derivative transactions

Because interest rate swaps which are accounted for by applying the special treatment are treated in conjunction with long-term borrowings that are deemed as hedged items, fair values of the interest rate swaps are included in the fair values of the long-term borrowings. (Refer to “Long-term borrowings” above.)

The fair value of forward exchange contracts is calculated by the discounted present value method using observable inputs such as interest rate and estimate rate, and is classified as Level 2 fair value.

Those to which hedge accounting is not applied

Currency		(Millions of yen)			
Classification	Transaction type	Contract amount etc.	Contract amount etc. over 1 year	Current market price	Appraisal of profit/loss
Transaction other than market transaction	Forward exchange transaction				
	Short position				
	U.S. dollar	866	—	-51	-51
	Euros	1,980	—	-98	-98

(Note 2) Planned amount of redemption of monetary claims and securities with maturity after the consolidated closing date

	(Millions of yen)		
	Redeemable within one year	Redeemable over one year but within five years	Redeemable over five years but within ten years
Notes receivable, accounts receivable, and electronically recorded monetary claims - operating	18,219	—	—
Securities and investments in securities			
Held-to-maturity securities	—	—	553
Total	18,219	—	553

(Note 3) Planned amount of repayment of borrowings after the consolidated closing date

(Millions of yen)

	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	1,109	–	–	–	–	–
Long-term borrowings	2,228	32	307	640	340	1,911

5. Notes on revenue recognition

(1) Information on breakdown of revenue generated from contracts with customers

(Millions of yen)

	Japan	Asia	the United States	Europe	Subtotal	Adjustment (Note) 1)	Total
Net sales							
Sales to external customers	24,054	21,622	10,374	8,904	64,955	–	64,955
Inter-segment sales or transfers	31,329	11,747	20	0	43,098	-43,098	–
Total	55,383	33,369	10,395	8,904	108,053	-43,098	64,955
Segment income	4,503	1,288	517	385	6,695	-973	5,721

(Notes) 1) The adjustment of segment profit (operating income) of ¥-973 million for the consolidated fiscal year under review includes cancellation of inter-segment transactions of ¥-932 million and inventory adjustment, etc., of ¥-41 million.

2) The breakdown of main countries and regions belonging to each segment other than Japan and the United States is as follows.

Asia Taiwan, Singapore, People's Republic of China, Hong Kong
Europe Germany

(2) Information that serves as a basis for understanding revenue

As described in “1. Notes on Important Basic Matters for the Preparation of Consolidated Financial Statements, (4) Accounting Policies, 4) Recognition standard for revenues and expenses.”

6. Notes on the Information about Amounts per Share

(1) Amount of Net Assets per Share ¥1,810.99

(2) Net Income per Share ¥129.08

(Note) Treasury shares held by the ESOP Trust are included in treasury shares deducted from the average number of shares during the period when calculating net income per share.

Number of treasury shares at the end of the period – shares

Average number of treasury shares during the period 86,438 shares

7. Other Notes

(1) Expenses for suspension of operation

We suspended operations of factories in Malaysia in response to requests from local government authorities to prevent the spread of COVID-19 infections. Accordingly, the Company reported the fixed costs incurred for the period of suspension as an extraordinary loss.

(2) Compensation expenses

The compensation expenses of ¥205 million is compensation for suppliers due to the discontinuation of the manufacture of specific products.

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current Assets	31,598	Current Liabilities	16,976
Cash and deposits	7,934	Notes payable - trade	1
Notes receivable - trade	618	Electronically recorded obligations - operating	1,317
Electronically recorded monetary claims - operating	2,217	Accounts payable - trade	5,686
Accounts receivable - trade	15,866	Short-term borrowings	4,200
Merchandise and finished goods	460	Accounts payable - other	1,538
Work in process	2,399	Income taxes payable	1,660
Raw materials and supplies	1,207	Accrued employees' bonuses	1,172
Other current assets	895	Provision for loss on order received	355
		Other current liabilities	1,043
Fixed Assets	34,144	Fixed Liabilities	2,095
Tangible fixed assets	16,991	Long-term borrowings	400
Buildings	6,321	Long-term accounts payable - other	534
Structures	306	Allowance for employees' retirement benefits	869
Machinery and equipment	4,086	Other fixed liabilities	291
Vehicles	0		
Tools, furniture and fixtures	126	Total Liabilities	19,071
Land	4,319	Net Assets	
Construction in progress	1,755	Shareholders' Equity	45,193
Land in progress	57	Capital stock	6,033
Other tangible fixed assets	18	Capital surplus	11,435
Intangible fixed assets	396	Legal capital surplus	11,261
Software	365	Other capital surplus	173
Software in progress	18	Retained earnings	30,120
Other intangible fixed assets	12	Legal retained earnings	916
Investments and other assets	16,755	Other retained earnings	29,204
Investments in securities	3,321	Reserve for advanced depreciation of fixed assets	809
Investments in stocks of subsidiaries	10,233	General reserve	16,040
Long-term loans receivable for subsidiaries	899	Retained earnings brought forward	12,354
Other investments	2,306	Treasury shares	-2,395
Allowance for doubtful accounts	-5	Valuation and translation adjustments	1,478
		Valuation difference on available for sale securities	1,478
		Total Net Assets	46,671
Total Assets	65,742	Total Liabilities and Total Net Assets	65,742

(Note) The above figures are rounded down to the nearest ¥1 million.

Non-consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account item	Amount	
Net sales		54,152
Cost of sales		44,330
Gross profit		9,822
Selling, general and administrative expenses		6,157
Operating income		3,665
Non-operating income		
Interest income	14	
Dividends income	440	
Foreign exchange gains	582	
Other	411	1,448
Non-operating expenses		
Interest expense	21	
Other	54	76
Ordinary income		5,037
Extraordinary income		
Gain on sales of fixed assets	0	
Gain on sale of investment securities	1	1
Extraordinary losses		
Loss on disposal of fixed assets	5	
Loss on valuation of stocks of subsidiaries	286	
Impairment loss	6	
Compensation expenses	205	504
Income before income taxes		4,534
Income taxes current	1,620	
Income taxes deferred	-429	1,190
Net income		3,343

(Note) The above figures are rounded down to the nearest ¥1 million.

Non-consolidated Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	6,033	11,261	173	11,434	916	819	16,040	9,929	27,706	-2,533	42,640
Cumulative effects of changes in accounting policies								-2	-2		-2
Restated balance	6,033	11,261	173	11,434	916	819	16,040	9,927	27,703	-2,533	42,637
Changes during current period											
Dividends of surplus								-926	-926		-926
Reversal of reserve for advanced depreciation of fixed assets						-9		9	—		—
Net income								3,343	3,343		3,343
Sale of treasury shares			0	0						0	0
Treasury shares acquired										-0	-0
Disposal of treasury shares										137	137
Net changes in items other than shareholders' equity during current period											
Total changes during current period	—	—	0	0	—	-9	—	2,427	2,417	137	2,555
Balance at the end of current period	6,033	11,261	173	11,435	916	809	16,040	12,354	30,120	-2,395	45,193

	Valuation and translation adjustments	Total net assets
	Valuation difference on available for sale securities	
Balance at the beginning of current period	2,046	44,687
Cumulative effects of changes in accounting policies		-2
Restated balance	2,046	44,684
Changes during current period		
Dividends of surplus		-926
Reversal of reserve for advanced depreciation of fixed assets		—
Net income		3,343
Sale of treasury shares		0
Treasury shares acquired		-0
Disposal of treasury shares		137
Net changes in items other than shareholders' equity during current period	-568	-568
Total changes during current period	-568	1,986
Balance at the end of current period	1,478	46,671

(Note) The above figures are rounded down to the nearest ¥1 million.

Notes to the Non-consolidated Financial Statements

1. Notes on Matters Relating to the Important Accounting Policies

(1) Valuation Basis and Methods for Assets

1) Securities of subsidiaries and affiliates:

Cost method based on the moving-average method

2) Held-to-maturity securities

Amortized cost method

3) Available-for-sale securities

- Those other than shares etc. with no market prices

The market value method based on market price, etc. as of the end of the fiscal year
(The valuation difference is valued by the total net assets method, and the cost of securities sold is determined by the moving-average method.)

- Shares etc. with no market prices

The cost method based on the moving-average method

4) Derivatives

Market value method

5) Inventories

- Merchandise and finished goods, raw materials, and work in process:

The cost method based on the moving-average method

(For the values stated in the balance sheet, the method of reducing the book value according to lowered profitability)

- Stores:

The cost method based on the last invoice cost method

(For the values stated in the balance sheet, the method of reducing the book value according to lowered profitability)

(2) Depreciation Method of Fixed Assets

1) Tangible fixed assets (excluding lease assets):

The declining-balance method. However, the straight-line method has been adopted for the buildings (excluding equipment attached to buildings) acquired on or after April 1, 1998, and the equipment attached to buildings and structures acquired on or after April 1, 2016.

2) Intangible fixed assets

- Software for own use:

The straight-line method based on the usable period in the Company (five years)

- Other intangible fixed assets:

The straight-line method

3) Lease assets:

With regard to lease assets related to non-ownership transfer finance lease transactions, the straight-line method has been employed, with the residual value as zero, and lease period as the estimated life.

(3) Accounting Standards for Allowances

1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided for possible bad debt at the amount

estimated based on the loan loss ratio for general receivables and at the uncollectible amounts determined by reference to the collectability of individual doubtful receivables for doubtful receivables and other specific receivables.

2) Accrued employees' bonuses:

The accrued employees' bonuses are provided for the payment of employees' bonuses based on the estimated amounts to be paid in the future.

3) Allowance for employees' retirement benefits:

The allowance for employees' retirement benefits is provided for the possible payment of employees' post-retirement benefits at the amount to be accrued at the end of the fiscal year under review, and is calculated based on the retirement benefit obligation and the fair value of pension plan assets at the end of the fiscal year under review.

The accounting methods for the Company's allowance for employees' retirement benefits and for its retirement benefit expenses are as follows:

i.) Method of attributing expected retirement benefits

In calculating its retirement benefit obligation, the Company applies the benefit formula basis as the method of attributing its expected benefit payments to the period until the end of the fiscal year under review.

ii.) Method of amortizing actuarial gains or losses

As for actuarial gains or losses, proportional amounts based on a certain number of years (10 years) within the average remaining service years of employees when a gain or loss occurs in a fiscal year are amortized beginning in the fiscal year following each fiscal year of incurrence.

4) Provision for loss on order received

A provision for loss on order received is recorded based on an estimate of the total anticipated loss on contracts for which eventual losses are deemed inevitable as of the end of the fiscal year under review and for which the amount of loss can be reasonably estimated.

(4) Recognition standard for revenues and expenses

The principal business of the Company is to manufacture and sell resistors and performance obligations are held to deliver products and finished goods based on the sales contract with the customer. Those performance obligations are deemed to be fulfilled by the customer acquiring control over the products and finished goods when those products and finished goods are delivered, and revenue is recognized at the time of that delivery.

Furthermore, the Company has applied the alternative treatment stipulated in paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" and recognizes revenue at the time of shipment when the period from the time of shipment until the time that control of the merchandise or finished goods is transferred to the customer is a typical period in cases of domestic sale of merchandise and finished goods in Japan.

(5) Other Important Matters for the Preparation of Financial Statements

1) Method of accounting for retirement benefits

The accounting methods for unrecognized actuarial gains and losses related to retirement benefits differ from the accounting methods used in the consolidated financial statements.

2) Accounting treatment for hedges

The special treatment is applied to the interest rate swaps that meet certain criteria.

(6) Notes on changes in accounting policies

1) Application of accounting standards, etc. related to revenue recognition

The Company has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) (hereinafter, the “Revenue Recognition Accounting Standards”) from the beginning of the fiscal year under review, and recognizes revenue in the amount expected to be received in exchange for goods or services at a point in time when control of the promised goods or services is transferred to a customer.

Application of Revenue Recognition Accounting Standards, etc., is in accordance with the transitional handling stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standards, whereby the cumulative impact amount when a new accounting policy is applied retroactively before the beginning of the fiscal year under review is added to or subtracted from retained earnings at the beginning of the fiscal year under review. The new accounting policy has been applied from the beginning balance of the fiscal year. However, the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standards has been applied, and the new accounting policy has not been retroactively applied to contracts under which almost all revenue amounts are recognized in accordance with the previous treatment before the beginning of the fiscal year under review.

As a result, in the fiscal year under review, net sales increased by ¥8 million, cost of sales increased by ¥5 million, and operating income, ordinary income, and income before income taxes each increased by ¥2 million. In addition, the balance of retained earnings at the beginning of the period decreased by ¥2 million.

2) Application of accounting standards, etc. related to the calculation of fair value

Having applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter, the “Fair Value Calculation Accounting Standards”), etc., from the beginning of the fiscal year under review, the Company has decided to apply the new accounting policy stipulated by the Fair Value Accounting Standards, etc., in the future, in accordance with the transitional handling stipulated in Paragraph 19 of the Fair Value Calculation Accounting Standards and Paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019) Application of these standards will not affect the financial statements.

(7) Notes on changes in presentation

“Income taxes payable,” which was included in “Other” under “Current liabilities” in the previous fiscal year, is reported as a separate item from the fiscal year under review because it has become material in terms of amount. “Income taxes payable” for the previous fiscal year was ¥205 million.

(8) Accounting Estimates

1) Inventory valuation

Merchandise and finished goods: ¥460 million

Work in process: ¥2,399 million

Raw materials and supplies: ¥1,207 million

The Company estimates the amount of write-downs required to properly value inventory. Inventories aged over certain holding periods are considered to be slow-moving or obsolete, for which, and for excessive inventory, write-downs are accrued as well as valuation losses required to adjust recorded cost to its net realizable value. The Company may record inventory write-downs based on its projections of future demand, market conditions and related management’s judgment even though the age of corresponding inventory is shorter than certain holding periods.

2) Impairment of non-current assets

Tangible fixed assets: ¥16,991 million

Intangible fixed assets: ¥396 million

The Company assesses indication of impairment of fixed assets by grouping assets by organization. If there is any indication of impairment, future cash flows and the like will be estimated based on the business plan formulated by the management to determine the necessity of recognizing an impairment. If an asset is determined to be impaired, the carrying amount is reduced to its recoverable amount. Among the estimated items in such business plan, order forecast, the timing of the development and launch of new products and market environment can significantly affect net sales. The estimate of the said items is highly uncertain and requires management judgment. Therefore, if the actual situation is different from the business plan, it could have a significant impact on the amount of fixed assets in the consolidated financial statements for the following consolidated fiscal year.

(9) Additional Information

Accounting treatment for employee shareholding ESOP Trust

The note regarding transactions to offer the Company’s shares to the employee shareholding association through the trust are omitted because the same content is stated in “Additional Information” of the notes to the consolidated financial statements.

2. Notes to the Non-consolidated Balance Sheet

(1) Total Amount of Depreciation of Tangible Fixed Assets ¥27,738 million

(2) Contingent Liability

The Company guarantees the borrowings from financial institutions, etc. of its affiliates as follows:

Koa Kasei Co., LTD. ¥173 million

KASHIMA KOA DENKO CO., LTD. ¥2,100 million

YAMATOWA Co., LTD. ¥30 million

(3) The Company's monetary claims against and liabilities for its affiliates are as follows:

1) Short-term monetary claims ¥10,862 million

2) Short-term monetary liabilities ¥3,972 million

3) Long-term monetary claims ¥899 million

3. Note to the Statement of Income

The Company's transactions with its affiliates:

1) Operating transactions (income) ¥35,168 million

2) Operating transactions (expenses) ¥22,345 million

3) Non-operating transactions (income) ¥464 million

4) Non-operating transactions (expenses) ¥6 million

4. Note to the Statement of Changes in Shareholders' Equity, etc.

Number of treasury shares

Type of shares	Number of treasury shares at the beginning of the fiscal year under review	Number of treasury shares increased in the fiscal year under review	Number of treasury shares decreased in the fiscal year under review	Number of treasury shares at the end of the fiscal year under review
Common shares	3,545,246 shares	201 shares	119,250 shares	3,426,197 shares

(Note) (Summary of the reasons for the changes)

A component of the increase is as follows:

Purchase request for shares less than one unit 201 shares

A component of the decrease is as follows:

Sale from the ESOP Trust to the employees' shareholding association 55,100 shares

Disposition of shares in ESOP trusts 64,100 shares

Request for additional purchase of shares less than one unit 50 shares

5. Note on Tax Effect Accounting

The main causes of deferred tax assets are the accrued employees' bonuses included in expenses, the inventory write-downs included in expenses and the allowance for employees' retirement benefits included in expenses, and the main causes of the occurrence of deferred tax liabilities are reserve for advanced depreciation of fixed assets and valuation difference on available-for-sale securities.

6. Notes on Transactions with Parties Interested

Subsidiaries, etc.

Status	Name	Capital stock or money invested (¥ million)	Business	Ownership of voting rights, etc. (ownership ratio (%))	Relations		Transactions	Amount of transactions (¥ million)	Account item	Term-end balance (¥ million)
					Officer's post held, etc.	Business relations				
Subsidiary	KOA SPEER ELECTRONICS, INC.	0.1	Electronic parts business	Indirect ownership: 100	1	The Company's main customer	Sale of the Company's products	6,764	Accounts receivable-trade	1,398
Subsidiary	KOA Europe GmbH	98	Electronic parts business	Direct ownership: 55 Indirect ownership: 45	1	The Company's main customer	Sale of the Company's products	6,536	Accounts receivable-trade	3,375
Subsidiary	KOA DENKO (S) PTE. LTD.	10	Electronic parts business	Direct ownership: 100	1	The Company's main customer	Sale of the Company's products	5,378	Accounts receivable-trade	1,577
Subsidiary	KOA ELECTRONICS (H. K.) LTD.	21	Electronic parts business	Direct ownership: 100	1	The Company's main customer	Sale of the Company's products	5,960	Accounts receivable-trade	1,174
Subsidiary	SHANGHAI KOA ELECTRONICS TRADING CO., LTD.	22	Electronic parts business	Direct ownership: 50 Indirect ownership: 50	2	The Company's main customer	Sale of the Company's products	4,719	Accounts receivable-trade	1,392
Subsidiary	KOA ELECTRONICS (TAICANG) CO., LTD.	1,898	Electronic parts business	Direct ownership: 79 Indirect ownership: 21	2	Main supplier to the Company	Purchase of products	5,937	Accounts payable - trade	642
Subsidiary	SANADA KOA Corporation	100	Electronic parts business	Direct ownership: 100	1	Supplier to the Company	Borrowing of funds interest expense	1,000 6	Short-term borrowings	1,000
Affiliate	DAH HSING ELECTRIC CO., LTD.	276	Electronic parts business	Direct ownership: 39	3	The Company's main customer	Sale of the Company's products	1,909	Accounts receivable-trade	947

- (Notes) 1. While the figures in the "Amount of transactions" column include no consumption taxes, etc., those in the "Term-end balance" column include consumption taxes, etc.
2. The terms of transactions, etc. with the above companies were determined using market prices, etc. for reference.

7. Notes on revenue recognition

(Information that serves as a basis for understanding revenue)

The notes regarding information that serves as a basis for understanding revenue are omitted because the same content is stated in "5. Notes on revenue recognition" of the notes to the consolidated financial statements.

8. Notes on the Information about Amounts per Share

- (1) Amount of Net Assets per Share ¥1,259.57
- (2) Net Income per Share ¥90.46

(Note) Treasury shares held by the ESOP Trust are included in treasury shares deducted from the average number of shares during the period when calculating net income per share.

Number of treasury shares at the end of the period – shares

Average number of treasury shares during the period 86,438 shares

9. Other Notes

(1) Loss on valuation of stocks of subsidiaries

We recorded a loss on valuation of stocks of subsidiaries of ¥286 million due to the loss on valuation of the stock of VIA electronic GmbH, a consolidated subsidiary.

(2) Compensation expenses

The compensation expenses of ¥205 million compensation for suppliers due to the discontinuation of the manufacture of specific products.

Certified Copy of the Independent Auditors' Report on the Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 5, 2022

To the Board of Directors
KOA CORPORATION

Grant Thornton Taiyo LLC
Tokyo Headquarters
Katsuhiko Kaneko, CPA Seal
Designated Partner, Engagement Partner
Daisuke Yamada, CPA Seal
Designated Partner, Engagement Partner

Audit opinion

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements for the consolidated fiscal year from April 1, 2021 to March 31, 2022 of KOA CORPORATION; that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to the consolidated financial statements.

In our opinion, the above consolidated financial statements present properly in every material point the situations of the assets as well as the income and losses of the Group composed of KOA CORPORATION and its consolidated subsidiaries for the term related to these consolidated financial statements in accordance with the accounting standards generally accepted in Japan.

Basis for audit opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that we obtained the sufficient and appropriate audit evidence that serves as the basis for expressing our opinions.

Other stated information

Other stated information herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other stated information. Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the other stated information. The scope of our audit opinion on the consolidated financial statements does not include the other stated information and we do not express an opinion on the other stated information.

Our responsibility in auditing the consolidated financial statements is to read through the other stated information, and in the process of reading it, we examine whether there are material differences between the other stated information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other stated information of material errors besides such material differences.

If we determine there to be material errors in the other stated information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other stated information.

Responsibility of the Company's management, Corporate Auditors, and the Board of Corporate Auditors for consolidated financial statements

The responsibility of the Company's management is to prepare and present properly consolidated financial statements in accordance with the accounting standards generally accepted in Japan. This

includes establishing and operating the internal control that the management considers necessary in order to prepare and present properly such consolidated financial statements free of any material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to the risks of material misstatement. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence sufficient and appropriate to provide a basis for our opinion.

- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.

- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction

factors.

Interests

Neither the above audit corporation nor its engagement partners have any interest in the Company and its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Certified Copy of the Independent Auditors' Report on the Non-consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 5, 2022

To the Board of Directors
KOA CORPORATION

Grant Thornton Taiyo LLC
Tokyo Headquarters
Katsuhiko Kaneko, CPA Seal
Designated Partner, Engagement Partner
Daisuke Yamada, CPA Seal
Designated Partner, Engagement Partner

Audit opinion

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements for the 94th fiscal year from April 1, 2021 to March 31, 2022 of KOA CORPORATION; that is, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to the non-consolidated financial statements as well as their supporting schedules (hereinafter referred to as "financial statements, etc.").

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of KOA CORPORATION applicable to the 94th fiscal year from April 1, 2021 to March 31, 2022 in conformity with accounting principles generally accepted in Japan.

Basis for audit opinion

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that we obtained the sufficient and appropriate audit evidence that serves as the basis for expressing our opinions.

Other stated information

Other stated information herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other stated information. Corporate Auditors and the Board of Corporate Auditors Board are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the other stated information. The scope of our audit opinion on the non-consolidated financial statements does not include the other stated information and we do not express an opinion on the other stated information.

Our responsibility in auditing the non-consolidated financial statements is to read through the other stated information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other stated information of material errors besides such material differences.

If we determine there to be material errors in the other stated information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other stated information.

Auditor's Responsibilities for the Audit of the Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the financial statements, etc. and the supplementary schedules thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the financial statements, etc. that

are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the financial statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern. Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of the financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to the risks of material misstatement. Selecting audit procedures to be applied is at the discretion of the auditor. Obtained audit evidence sufficient and appropriate to provide a basis for an opinion.
- When auditing the financial statements, etc., obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the financial statements, etc. or, if the notes to the financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the financial statements, etc. and notes to the financial statements, etc. are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the financial statements, etc., including the related notes thereto, and whether the financial statements, etc. fairly present the underlying transactions and accounting events.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interests

Neither the above audit corporation nor its engagement partners have any interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Certified Copy of the Audit Report by the Board of Corporate Auditors

AUDIT REPORT

Regarding the performance of duties by the Directors for the 94th fiscal year beginning on April 1, 2021, and ending on March 31, 2022, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the reports prepared by the respective corporate auditors.

1. Auditing Methods Employed by the Corporate Auditors and the Board of Corporate Auditors and the Details of the Audit

- The Board of Corporate Auditors determined the auditing policies, the assignment of tasks to corporate auditors, etc., and received from each corporate auditor reports of the situation of auditing work and its result. In addition, it received reports on the performance of duties, and if necessary, asked for explanations, from directors, etc. and from independent auditors.
- Based on the standards of auditing of corporate auditors and in accordance with the auditing policies, the assignment of tasks to corporate auditors, etc., each corporate auditor kept up communications with directors, the internal audit section, other employees, etc. and worked to collect information and improve the auditing environment. Auditing has been conducted using the following method.

(1) While using a combination of online and offline formats, corporate auditors also attended the meetings of the Board of Directors and other important meetings, received reports on the performance of duties from the directors, employees, etc., read important authorized documents, etc. and studied the operations and financial positions at the head office and principal branch offices. Furthermore, with regard to subsidiaries, while using a combination of online and offline formats, we facilitated communication and exchange of information with directors and corporate auditors etc. of subsidiaries, and received business reports from subsidiaries as necessary.

(2) For the details of the resolutions of the Board of Directors on the establishment of the system for ensuring that the performance of the directors' duties conforms to laws and ordinances and to the Articles of Incorporation stated in the Business Report and other systems provided for the Ordinance for Enforcement of the Companies Act Article 100, Paragraph 1 and Paragraph 3 as necessary to ensure the proper conduct of business of a corporation and the system established according to such resolutions (internal control system), in compliance with auditing standards established by the Board of Corporate Auditors regarding the internal control system, we regularly received reports on the situation of the establishment and operation of such systems from the directors, employees, etc., asked them for explanations and expressed our opinions when necessary.

(3) With regard to the basic policy of the Ordinance for Enforcement of the Companies Act, Article 118, Item 3 (a) stated in the business report above, we examined the details of the policy and efforts considering the situations of discussion at the meetings of the board of directors, etc.

(4) The Corporate Auditors monitored and inspected to check whether the independent auditors maintained their independence and conducted their audit work properly, and received reports from them about the performance of their duties and, if necessary, asked them for explanations. We also received a report from them to the effect that they had established the system for ensuring that they properly perform the duties (matters stated in each item of the Corporate Accounting Rules, Article 131) provided for in the "Quality Control Standards for Audit," (October 28, 2005, Business Accounting Deliberation Council), etc. and, if necessary, asked them for explanations.

Based on the above methods, we gave consideration to reports and supporting schedules, non-consolidated financial statements (Non-consolidated Balance sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Shareholders' Equity, etc. and Notes to the Non-consolidated Financial Statements) and their supporting schedules, and consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity, etc. and Notes to the Consolidated Financial Statements) concerning the fiscal year under review.

2. Audit Results

(1) Audit Results of the Business Report, etc.

- 1) In our opinion, the business report and its supporting schedules fairly represent the Company's situations in accordance with the laws and ordinances and the Articles of Incorporation.
- 2) With regard to the performance of duties by the directors, we have found neither evidence of wrongful action nor any material violation of the laws and ordinances or the Articles of Incorporation.
- 3) We have found no matters to be pointed out with regard to the basic policy of the Ordinance for Enforcement of the Companies Act, Article 118, Item 3 (a) stated in the business report.
- 4) In our opinion, the resolution of the Board of Directors regarding the internal control system is fair and reasonable. As for the statements in the business report and the performance of directors' duties concerning such internal control system, as well, we have found no matters to be pointed out.

(2) Audit Results of the Financial Statements and Their Supporting Schedules

In our opinion, the audit method and results employed and rendered by the independent auditor, Grant Thornton Taiyo LLC, are fair and reasonable.

(3) Audit Results of the Consolidated Financial Statements

In our opinion, the audit method and results employed and rendered by the independent auditor, Grant Thornton Taiyo LLC, are fair and reasonable.

May 10, 2022

Board of Corporate Auditors of KOA CORPORATION:

Masashi Gomi

Full-time Corporate Auditor Seal

Tsuyoshi Yajima

Full-time Corporate Auditor Seal

Tetsuro Kamijikkoku
Corporate Auditor Seal

Yoshiko Iinuma
Corporate Auditor Seal

(Note) Corporate Auditors Tetsuro Kamijikkoku and Yoshiko Iinuma are outside corporate auditors.

Reference Documents for the 94th Ordinary General Meeting of Shareholders

Proposal 1: Appropriation of retained earnings

Returning profits to shareholders is one of our top priorities of management. Our basic policy in this regard is to deliver stable and sustained shareholder returns while ensuring that we maintain sufficient internal reserves to develop business in the future.

Accordingly, we will provide stable and sustained dividends to shareholders. Specifically, keeping in mind the payout ratio target at 30%, we will flexibly acquire treasury shares and other property as necessary in light of a comprehensive assessment of share price, financial position, and similar factors.

We hereby propose the distribution of the term-end dividends for the 94th fiscal year as follows, in consideration of our basic policy mentioned above, as well as business results for the fiscal year under review, future business plans and other factors:

Matters regarding the term-end dividends

(1) Type of dividend assets

The dividend assets are those in money.

(2) Allocation and total amount of dividend assets

We propose that the amount of dividends per the Company's common share be ¥20.00.

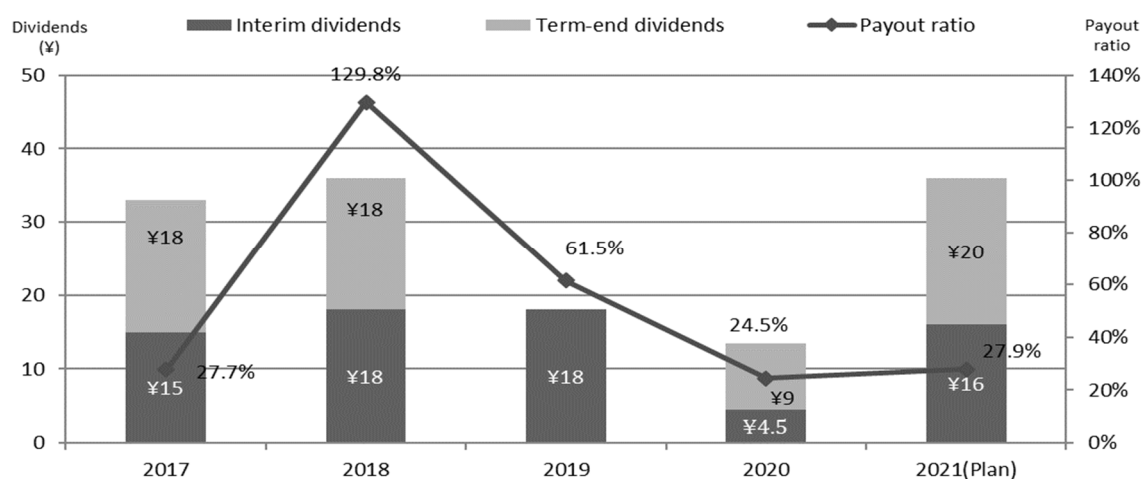
The total proposed dividend amounts to be ¥741,070,540.

The proposed annual dividend for the fiscal year under review (including the interim dividend) is ¥36.00 per share.

(3) Date when the dividends of surplus become effective

We propose to make this date June 20, 2022.

Change of the dividends, payout ratio and dividends on equity (DOE) per share



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 (plan)
Annual dividend	¥33	¥36	¥18	¥13.5	¥36
Payout ratio	27.7%	129.8%	61.5%	24.5%	27.9%
Dividends on equity (DOE)	2.1%	2.2%	1.1%	0.8%	2.1%

Proposal 2: Partial amendment of the Articles of Incorporation

1. Reason for the proposal

- (1) Since the revised provisions provided for in a proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following amendments to its Articles of Incorporation in preparation for the introduction of a system to provide informational materials for general meetings of shareholders in an electronic format.
 - 1) Since it is mandatory to make the provisions for measures to provide information that constitutes the contents of reference documents for general meetings of shareholders, etc. in an electronic format, Article 16 (Measures for Providing Information in an Electronic Format, Etc.), Paragraph 1 of the proposed amendment will be newly established.
 - 2) Of the matters for which measures are taken to provide information that constitutes the contents of reference documents for general meetings of shareholders, etc. in an electronic format, to limit the scope of matters to be stated in the document to be delivered to a shareholder who requests document issuance within the scope specified by the Ordinance of the Ministry of Justice, Article 16 (electronic provision measures, etc.), Paragraph 2 of the proposed amendment will be newly established.
 - 3) After introducing the electronic provision system for materials for general meetings of shareholders, the provisions of Article 16 of the current Articles of Incorporation (provided as reference documents for general meetings of shareholders as disclosed on the Internet) will no longer be required, and will, therefore, be deleted.
 - 4) Supplementary provisions regarding the effects of the newly-established and deleted provisions mentioned above will be established. This supplementary provision will be deleted after the due date.
- (2) The current number of Directors is eleven (11). If Proposal 3 “Election of eleven (11) directors” is approved and resolved as originally proposed, the number of Directors will be eleven (11), which is the upper limit of the number of Directors provided in Article 20 of the current Articles of Incorporation. Article 20 (Number of Directors) of the current Articles of Incorporation shall be amended from up to eleven (11) to up to twelve (12) so that the Company can appropriately carry out future business plans as well as enhance the effectiveness of the Board of Directors and its corporate governance through means such as increasing the number of outside directors.
- (3) The wording of Article 34 (Election of Corporate Auditors) of the current Articles of Incorporation shall be amended to reflect the wording of Article 21 (Election of Directors).

2. Details of proposed amendments

The proposed amendments are as follows:

(Amendments shown by underlines.)

Current Articles	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.)</u> <u>Article 16. The Company may deem information pertaining to matters that should be stated or disclosed in reference documents for general meetings of shareholders—business reports, non-consolidated financial statements, and consolidated financial statements—as having been provided to shareholders by making disclosures using the Internet in accordance with the provisions stipulated by ordinance of the Ministry of Justice when it convenes a general meeting of shareholders.</u></p>	<p>(Deleted)</p>

Current Articles	Proposed Amendments
<p>(Newly established)</p>	<p><u>(Measures for Providing Information in an Electronic Format, Etc.)</u> <u>Article 16. When the Company convenes a general meeting of shareholders, it shall take measures to provide information that constitutes the contents of reference documents for the general meeting of shareholders, etc., in an electronic format.</u></p>
<p>(Newly established)</p>	<p><u>2. Among matters for which measures to provide information in an electronic format are taken, the Company may exclude all or part of such matters designated by ordinance of the Ministry of Justice from statements contained in the paper-based documents to be delivered to shareholders who request paper-based documents by the record date of voting rights.</u></p>
<p>Article 17. through Article 19. (Omitted)</p>	<p>Article 17. through Article 19. (Unchanged)</p>
<p>(Number of Directors) Article 20. The number of the Directors of the Company shall not exceed <u>eleven (11)</u>.</p>	<p>(Number of Directors) Article 20. The number of the Directors of the Company shall not exceed <u>twelve (12)</u>.</p>
<p>Article 21. through Article 33. (Omitted)</p>	<p>Article 21. through Article 33. (Unchanged)</p>
<p>(Election of Corporate Auditors) Article 34. A meeting for passing a resolution to elect corporate auditors shall be attended by shareholders who hold one-third or more of the voting rights of shareholders who can exercise their voting rights, and shall be passed by a majority of the voting rights.</p>	<p>(Election of Corporate Auditors) <u>Article 34. Corporate auditors are elected by a resolution of a general meeting of shareholders.</u></p> <p><u>2. A meeting for passing a resolution to elect corporate auditors shall be attended by shareholders who hold one-third or more of the voting rights of shareholders who can exercise their voting rights, and shall be passed by a majority of the voting rights.</u></p>
<p>Article 35. through Article 46. (Omitted)</p>	<p>Article 35. through Article 46. (Unchanged)</p>

Current Articles	Proposed Amendments
(Newly established)	<p><u>(Supplementary provision)</u> <u>Article 1.</u> 1. <u>The deletion of Article 16 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) and establishment of the new Article 16 in proposed amendments shall come into effect from the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Enforcement Date.”)</u></p>
(Newly established)	<p>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation shall remain in effect for a general meeting of shareholders that is held on a day within six months following the Enforcement Date.</u></p>
(Newly established)	<p>3. <u>This Supplementary Provision shall be deleted after six months have passed from the Enforcement Date or three months have passed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of eleven (11) directors

The term of all of the ten directors will expire at the end of this ordinary general meeting of shareholders. We propose to increase the number of outside directors by one to strengthen the management structure and corporate governance. Accordingly, the election of eleven directors (of which four are outside directors) is proposed.

The Board of Directors decides candidates for directors after consulting with the Nomination and Compensation Committee, a majority of whose members are composed of independent outside directors.

Four candidates for outside directors satisfy the Company's "Standard for Determining Independence" (page 71).

The candidates for directors are as follows:

No.	Candidate name	Type of appointment	Position in the Company	Time of office (as of the close of the General Meeting)	Fields where candidates are expected to show strengths								
					(*1)	(*2)	(*3)	(*4)	(*5)	(*6)	(*7)	(*8)	
1	Koichi Mukaiyama	Reappointment	Director and chairman	46 years	●			●					●
2	Tadao Hanagata	Reappointment	Representative director and president	14 years	●	●				●	●		
3	Akira Nonomura	Reappointment	Managing director	10 years	●		●			●			●
4	Katsuhiko Momose	Reappointment	Director	11 years	●	●		●	●				
5	Etsuji Yamaoka	Reappointment	Director	10 years	●	●						●	
6	Toshihiro Kojima	Reappointment	Director	5 years	●	●	●			●	●		
7	Kosei Mukaiyama	Reappointment	Director	1 years	●		●			●			
8	Michael John Korver	Reappointment Independent outside director	Outside director	14 years	●				●	●	●		
9	Toru Kitagawa	Reappointment Independent outside director	Outside director	5 years	●			●	●	●			●
10	Koji Takahashi	New appointment Independent outside director	—	—	●	●						●	
11	Hitoshi Ozawa	New appointment Independent outside director	—	—	●		●						●

Independent outside director: Candidate for outside director and independent officer as defined by the Tokyo Stock Exchange

- | | | | |
|------|----------------------|------|--|
| (*1) | Corporate management | (*2) | Quality Assurance, technology, manufacturing |
| (*3) | Sales, marketing | (*4) | Finance, accounting |
| (*5) | Legal, compliance | (*6) | Global experience |
| (*7) | IT, digital | (*8) | Environmental conservation |

[Ensuring that the Board of Directors functions effectively]

The membership of the Board of Directors of the Company comprises directors who have abundant experience and knowledge in various fields. It also includes outside directors, who are independent and have abundant experience and insight in corporate strategy and corporate management. The membership represents a balance of knowledge, experience, and skills. We will continue to consider the composition of the Board of Directors to ensure that its diversity, including in terms of gender and internationality. (Note) For an overview of the Nomination and Compensation Committee, please refer to “Nomination and Compensation Committee” on page 71.

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
1	Koichi Mukaiyama (September 13, 1948) 73 years old Reappointment Attendance at Board of Directors meetings (13/13) (100%)	March 1972 Joined the Company June 1976 Director of the Company December 1977 Representative director and president of the Company October 2001 In charge of the Environmental Business Field of the Company April 2013 Representative director and chairman of the Company June 2018 Director and chairman of the Company (present position) (Important concurrent positions) Director and chairman, KOA TRADING CO., LTD. Vice Director, DAH HSING ELECTRIC CO., LTD.	402,208 shares
		Reason for nomination as a director: Mr. Koichi Mukaiyama has abundant executive experience and knowledge as a manager stemming from his long years of service since assuming office as director of the Company, and he has duly fulfilled his duties. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value as director and chairman.	
2	Tadao Hanagata (January 28, 1956) 66 years old Reappointment Attendance at Board of Directors meetings (13/13) (100%)	March 1979 Joined the Company April 2000 General manager of the Discrete Product Block, Resistor Production Dept. of the Company October 2001 General manager of the Quality Improvement Center of the Global Quality Assurance Initiative of the Company October 2003 Representative of the Kamiina Business Field of the Manufacturing Initiative of the Company June 2008 Director of the Company In charge of the Manufacturing Initiative and Kamiina Business Field of the Company April 2009 In charge of the Shimoina Business Field and Minowa Business Field of the Company April 2013 Representative director and president of the Company (present position) June 2015 In charge of the KPS-3 Initiative of the Company (present responsibility) January 2017 In charge of the Quality Assurance Initiative of the Company (Important concurrent positions) -	16,600 shares
		Reason for nomination as a director: Mr. Tadao Hanagata has abundant experience and knowledge in a range of business operations; since joining the Company, he has engaged in technological operations, as well as in various other internal operations, including as manufacturing, quality assurance, and overseas subsidiary of manufacturing management. As representative director, Mr. Hanagata has supervised the entire company with steadfast leadership. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.	

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
3	<p data-bbox="323 544 491 600">Akira Nonomura (August 5, 1960)</p> <p data-bbox="347 633 467 667">61 years old</p> <p data-bbox="331 701 483 734">Reappointment</p> <p data-bbox="300 768 515 891">Attendance at Board of Directors meetings (13/13) (100%)</p>	<p data-bbox="539 275 1185 365">March 1983 Joined the Company October 2003 Representative of the Japan Sales Business Field of the Company December 2009 Managing director of KOA DENKO (S) PTE. LTD. April 2012 General manager of the Marketing Center of the Business Structure Reform Initiative of the Company June 2012 Director of the Company In charge of the Business Structure Reform Initiative of the Company June 2015 In charge of the Sales & Marketing Initiative (present responsibility) In charge of the Japan Sales Business Field of the Company (present responsibility) April 2018 Managing director of the Company (present position) June 2018 In charge of the Management Administration Initiative of the Company (present responsibility)</p> <p data-bbox="539 869 1201 1160">(Important concurrent positions) Representative director and president, KOA TRADING CO., LTD. Director, KOA SPEER HOLDING CORPORATION Managing Director, KOA Europe GmbH Director, KOA DENKO (S) PTE.LTD. Director, KOA ELECTRONICS (H.K.) LTD. Vice Director, SHANGHAI KOA ELECTRONICS TRADING CO., LTD. Director, DAH HSING ELECTRIC CO., LTD.</p>	7,300 shares
	<p data-bbox="308 1171 1193 1458">Reason for nomination as a director: Mr. Akira Nonomura has abundant experience and knowledge in domestic and overseas business administration; since joining the Company, having been engaged primarily in the Company's marketing operations and having been appointed to the manager at its overseas sales companies. As a member of top management of the Management Administration Initiative and the Sales & Marketing Initiative and officer in charge of the Japan Sales Business Field, Mr. Nonomura supervises both management administration and marketing operations, and he is working to strengthen the corporate structure and to further develop sales channels. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>		

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
4	<p>Katsuhiko Momose (November 10, 1962)</p> <p>59 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>March 1985 Joined the Company</p> <p>July 1996 General manager of the KPS Division of the Company</p> <p>October 2003 General manager of the Management Strategy Center of the Management Administration Initiative of the Company</p> <p>June 2011 Director of the Company (present position) In charge of the Management Administration Initiative of the Company</p> <p>April 2013 In charge of the Kamiina Business Field of the Company</p> <p>June 2015 In charge of the Manufacturing Initiative (present responsibility) In charge of the Shimoina Business Field of the Company (present responsibility) In charge of the China Business Field of the Company</p> <p>January 2017 In charge of the Kamiina Business Field of the Company (present responsibility)</p> <p>June 2017 In charge of the Minowa Business Field of the Company (present responsibility)</p> <p>(Important concurrent positions)</p> <p>Director, KOA ELECTRONICS CO., LTD. Director, KASHIMA KOA DENKO CO., LTD. Director, SANADA KOA Corporation Vice Director, KOA ELECTRONICS (TAICANG) CO., LTD. Chairman, KOA DENKO (MALAYSIA) SDN. BHD.</p>	21,500 shares
	<p>Reason for nomination as a director: Mr. Katsuhiko Momose has abundant experience and knowledge in business strategy; since joining the Company, he has engaged primarily in the Company's business strategy. Now he supervises manufacturing operations as manager of the manufacturing field, and he is working to further improve productivity and to develop a production system for new products. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>		

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
5	<p>Etsuji Yamaoka (October 2, 1963)</p> <p>58 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1986 Joined the Company</p> <p>April 2007 General manager of the Fundamental Technology Commercialization Center of the Manufacturing Initiative of the Company</p> <p>June 2012 Director of the Company (present position) In charge of the Manufacturing Initiative of the Company</p> <p>April 2013 In charge of the Shimoina Business Field of the Company</p> <p>June 2013 In charge of the Minowa Business Field of the Company</p> <p>June 2015 In charge of the Research & Development Initiative of the Company (present responsibility)</p> <p>March 2018 General manager of Research & Development Initiative Research & Development Strategy Center of the Company</p> <p>June 2018 In charge of the Quality Assurance Initiative of the Company (present responsibility)</p>	8,900 shares
		<p>Reason for nomination as a director: Mr. Etsuji Yamaoka has abundant experience and knowledge in technology; since joining the Company, he has been engaged primarily the Company's technological operations. He currently supervises both technological and quality assurance operations as a member of top management of the Research & Development Initiative and the Quality Assurance Initiative. He leads new product and technology projects that leverage core technologies and activities to improve the quality and reliability, such as "Building Zero Defect Flows." We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>	
6	<p>Toshihiro Kojima (January 22, 1964)</p> <p>58 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1986 Joined the Company</p> <p>April 2007 General manager of the Product Management Center of the Business Structure Reform Initiative of the Company</p> <p>June 2011 General manager of the Marketing Center of the Business Structure Reform Initiative of the Company</p> <p>June 2012 Managing director of KOA DENKO (S) PTE. LTD.</p> <p>June 2015 General manager of the Product Roadmap Development Center of the KPS-3 Initiative of the Company</p> <p>June 2017 Director of the Company (present position) In charge of the KPS-3 Initiative (present responsibility)</p> <p>March 2018 General manager of the New Application Research Center of the KPS-3 Initiative of the Company</p>	5,100 shares
		<p>Reason for nomination as a director: Mr. Toshihiro Kojima has abundant experience and knowledge in technological and marketing and in foreign countries; since joining the Company, he has engaged primarily in these operations and has been assigned to the manager at its overseas sales companies. Now in charge of new business development, Mr. Kojima devotes himself to forging new markets. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>	

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
7	<p data-bbox="316 488 497 544">Kosei Mukaiyama (March 6, 1977)</p> <p data-bbox="347 577 466 611">45 years old</p> <p data-bbox="331 645 481 678">Reappointment</p> <p data-bbox="300 712 513 869">Attendance at Board of Directors meetings (11/11) (100%) (Note)</p>	<p data-bbox="539 275 1198 656"> April 2005 Joined the Company June 2015 Director of KOA TRADING CO., LTD. (present position) August 2018 Managing Director of KOA DENKO (S) PTE.LTD. March 2021 General manager commissioned to Top Management in charge of the Management Administration Initiative of the Company June 2021 Director of the Company (present position) In charge of the Management Administration Initiative of the Company (present responsibility) </p> <p data-bbox="539 723 1198 1090"> Reason for nomination as a director: Mr. Kosei Mukaiyama has abundant experience and knowledge in domestic and overseas business administration; since joining the Company, he has been engaged primarily in the Company's marketing operations and has held management positions at its domestic and overseas sales companies. We are therefore confident that, if elected, he will contribute toward the Company's growth and corporate value through his sales experience at the Company and abundant experience and knowledge in business of the Group. (Note) As the candidate was elected as a director at the 93rd Ordinary General Meeting of Shareholders held on June 19, 2021, the number of meetings of the Board of Directors subject to attendance differs from that of other directors. </p>	74,700 shares

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
8	<p>Michael John Korver (September 17, 1954)</p> <p>67 years old</p> <p>Reappointment</p> <p>Independent outside director</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>July 1983 Obtained an attorney's certificate in California, U.S.A.</p> <p>July 1987 Obtained an attorney's certificate in New York, U.S.A.</p> <p>June 1996 Director of Global Venture Capital Inc.</p> <p>April 2004 Outside director of BJIT Inc. (present position)</p> <p>June 2004 Professor at the Graduate School of International Corporate Strategy Research, Hitotsubashi University</p> <p>May 2006 Outside director of Really English.com Limited</p> <p>June 2006 Representative director of Global Venture Capital Inc.</p> <p>October 2006 Outside director of Geovector Corporation</p> <p>June 2008 Outside director of the Company (present position)</p> <p>September 2011 Representative director of Real English Broadband Co., Ltd.</p> <p>July 2013 Representative director of Durafizz Holdings Corporation</p> <p>(Important concurrent positions) Outside director, BJIT Inc.</p>	12,500 shares
<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Michael John Korver is a highly experienced corporate strategist and business administrator, as well as a distinguished scholar. Since becoming a director of the Company, Mr. Korver has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise election for candidates of Directors and determination of officer compensation of the Company from an objective and neutral standpoint.</p>			
<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>			

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
9	<p>Toru Kitagawa (August 4, 1960)</p> <p>61 years old</p> <p>Reappointment</p> <p>Independent outside director</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1983 Joined Kanematsu-Gosho, Ltd. (current KANEMATSU CORPORATION)</p> <p>November 1999 Joined Japan Communications Inc. as General manager of Corporate Planning Office</p> <p>February 2001 Joined Baltimore Technologies Japan Co., Ltd. (current Cybertrust Japan Co., Ltd.) as Senior executive financial officer</p> <p>January 2002 Joined Levi Strauss Japan K.K. as Finance Controller</p> <p>September 2006 Joined Starbucks Coffee Japan, Ltd. as Officer in charge of supervising finance infrastructure and CFO</p> <p>March 2016 Outside director [chairperson of the Audit Committee, member of the Compensation Committee] of Cookpad Inc.</p> <p>October 2016 Outside director, Nippon Ski Resort Development, Co., Ltd.</p> <p>June 2017 Outside director of the Company (present position)</p> <p>March 2018 Outside director [chairman of Audit Committee, member of the Nomination Committee] of Cookpad Inc. (present position)</p> <p>March 2018 Outside Director, Audit and Supervisory Committee Member, KAYAC Inc. (present position)</p> <p>March 2022 Outside director [chairperson of the Audit Committee, member of the Compensation Committee] of Cookpad Inc.(present position)</p> <p>(Important concurrent positions)</p> <p>Outside Director [chairperson of the Audit Committee, member of the Compensation Committee], Cookpad Inc.</p> <p>Outside Director, Audit and Supervisory Committee Member, KAYAC Inc.</p>	0 shares
<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Toru Kitagawa has in-depth knowledge and experience in accounting and corporate management, much of which stems from his service as a chief financial officer and corporate planning manager at a publicly listed company. Since becoming a director of the Company, Mr. Kitagawa has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise election for candidates of officers and determination of officer compensation of the Company from an objective and neutral standpoint.</p>			
<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>			

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
10	<p>Koji Takahashi (February 14, 1956)</p> <p>66 years old</p> <p>New appointment</p> <p>Independent outside director</p>	<p>April 1980 Joined Alps Electric Co., Ltd. (current ALPS ALPINE CO., LTD.)</p> <p>March 1988 Joined Tohoku Kinzoku Kogyo Co., Ltd. (current TOKIN Corporation)</p> <p>October 1995 General Manager of Product Development Department of Electronic Devices Division of Tohoku Kinzoku Kogyo Co., Ltd.</p> <p>April 1998 General Manager of Magnetic Actuator Division of Tohoku Kinzoku Kogyo Co., Ltd.</p> <p>April 2001 Joined Tokyo Weld Co., Ltd. General Manager of Technical Planning Office</p> <p>April 2007 General Manager of Elemental Technology Division and General Manager of Technical Center of Tokyo Weld Co., Ltd.</p> <p>June 2009 Director of Tokyo Weld Co., Ltd.</p> <p>June 2013 Managing Director and Chief Technology Officer of Tokyo Weld Co., Ltd.</p> <p>March 2021 Advisor of Tokyo Weld Co., Ltd. (present position)</p>	0 shares
	<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Koji Takahashi has a wealth of experience and knowledge, having held important positions mainly as an engineer in the electronic components industry. The Company believes that he will advise on the Company's business strategy and play roles in overseeing and supervising management of the Company from that standpoint, and therefore has nominated him as an outside director.</p>		
	<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The candidate also satisfies the requirements for independence standards prescribed by the Tokyo Stock Exchange and Nagoya Stock Exchange. If the candidate's election is approved, the Company will register him as an independent officer with both of the stock exchanges.</p>		

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
11	Hitoshi Ozawa (May 13, 1963) 59 years old New appointment Independent outside director	<p>April 1986 Joined Recruit Cosmos Co., Ltd. (current Cosmos Initia Co., Ltd.)</p> <p>May 1992 Joined Nanken Corporation (current Forest Corporation)</p> <p>April 1996 President and Representative Director of Nanken Corporation (present position)</p> <p>September 2000 President and Representative Director of Rent Life Corporation (present position)</p> <p>June 2005 Auditor of Nanshin Koei Corporation (present position)</p> <p>(Important concurrent positions) President and Representative Director, Forest Corporation President and Representative Director, Rent Life Corporation Auditor, Nanshin Koei Corporation</p>	0 shares
	Reason for nomination as an outside director and a summary of expected roles: Mr. Hitoshi Ozawa has a wealth of experience and knowledge as a corporate manager. The Company believes that he will advise on the Company's business strategy and play roles in overseeing and supervising management of the Company from that standpoint, and therefore has nominated him as an outside director.		
	<p>[Notes regarding independence]</p> <p>The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The candidate also satisfies the requirements for independence standards prescribed by the Tokyo Stock Exchange and Nagoya Stock Exchange. If the candidate's election is approved, the Company will register him as an independent officer with both of the stock exchanges.</p>		

- (Notes) 1. There is no special interest between each nominee and the Company.
2. Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, and Mr. Hitoshi Ozawa are nominees for outside director.
3. Mr. Michael John Korver and Mr. Toru Kitagawa are now the Company's outside directors, and their term of office as an outside director for the Company will be 14 years and five years, respectively, as of the end of this ordinary general meeting of shareholders.
4. The Company signed a limited liability contract with Mr. Michael John Korver and Mr. Toru Kitagawa for limiting the liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the same Act. The upper limit to the liability for damages under such a contract shall be the amount of ¥5 million or the amount provided for in the laws and ordinances, whichever is higher. If the reelection of Mr. Michael John Korver and Mr. Toru Kitagawa is approved, we will continue the existing limited liability contract with them. In addition, if the election of Mr. Koji Takahashi and Mr. Hitoshi Ozawa is approved, then we will enter into the same limited liability contract with them.
5. The Company has entered into an officer liability insurance (D&O insurance) contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Details of the said insurance contract are described on page 13. If the election of candidates for directors is approved, they will continue to be covered as the insured under the said insurance contract. Furthermore, the insurance contract will be renewed with the same contents at the time of the next renewal.

[Reference]

1. Standard for determining independence of outside directors and outside corporate auditors
To ensure proper corporate governance, the Company prioritizes independence when selecting outside officers. The Company has established the following standard to guide such selections.

Standard for Determining Independence

The Company judges outside officer candidates to be independent if they do not fall under any of the following:

- (1) Persons who represent, or perform executive roles for, entities whose major client is the Company (*1)
 - (2) Persons who represent, or perform executive roles for, major clients of the Company (*1)
 - (3) Experts (e.g., consultants, accountants, attorneys-at-law) who receive, in addition to any officer compensation, a large amount of money (more than ¥10 million on average over the past 5 years) or non-monetary property from the Company
 - (4) Persons who perform executive roles for the Company or any of its subsidiaries
 - (5) Persons who serve as a corporate auditor or who perform important officer roles (*2) in the Company or any of its subsidiaries and affiliates
 - (6) Major shareholders of the Company (holding more than 5% of the voting rights) or persons who perform executive roles for such
 - (7) Persons who have served as a director (excluding outside director) or corporate auditor (excluding outside corporate auditor) for the Company or any of its subsidiaries or affiliates at any time in the past 10 years
 - (8) Close relatives (first or second-degree) of persons described above items 1 through 7 (except such persons whose importance is negligible)
- (*1) “Entities whose major client is the Company” are those who received payments from the Company equivalent to more than 1% of their consolidated annual sales in the latest business year. “Major clients of the Company” are those who made payments to the Company equivalent to more than 1% of the Group’s consolidated sales in the latest business year.
- (*2) Persons who perform “important officer roles” are executive or managerial staff; persons who perform “important officer roles” related to accounting firms or law firms mean licensed accountants and attorneys-at-law, etc.

2. Nomination and Compensation Committee

The Nomination and Compensation Committee, which is a voluntary advisory committee, has been established to enhance the fairness, transparency, independence, and objectivity of the functions of the Board of Directors in relation to the nomination and compensation of directors, thereby strengthening corporate governance. The members of the Nomination and Compensation Committee are the Director and Chairman, the Representative Director and President, and three independent outside directors. The chairman of the Committee is an independent outside director.

The Board of Directors consults with the Nomination and Compensation Committee on the nomination of candidates for directors, the nomination and dismissal of representative directors, the revision of directors’ compensation, and succession planning (including training), and receives advice from independent outside directors.

Proposal 4: Revision of compensation for directors

The 85th Ordinary General Meeting of Shareholders held on June 15, 2013, approved the total amount of compensation for the directors to be up to ¥350 million in one year (excluding employment salaries of directors who concurrently serve as employees) and it has continued at this level until the present. However, the Company proposes to revise the maximum amount of compensation for directors to ¥450 million in one year in consideration of the ongoing expansion of the duties and expected roles of directors going forward due to subsequent changes in economic conditions and the operating environment. In addition, the Company proposes that the amount of compensation for directors shall exclude the employee portion of salaries of directors who concurrently serve as employees.

Also, on condition of the approval and adoption of Proposal 5 “determination of compensation for the allotment of restricted shares to directors (excluding outside directors),” compensation through the allotment of shares shall be separate from the compensation referred to here.

The Company established a policy on determining the content of officer compensation, etc. at the Board of Directors meeting held on March 22, 2021, the content of which is recorded on page 14 of the business report. This will be revised if this proposal and Proposal 5 are approved and adopted as originally proposed at the Board of Directors meeting to be held on May 31, 2022, and an outline of the revised content can be found on page 75. The Company believes that the content of this proposal is necessary and reasonable to stipulate the compensation, etc., of each individual director in accordance with the amended policy.

The content of this proposal shall be adopted by the Board of Directors on the recommendation of the Nomination and Compensation Committee, of which more than half the members are independent outside directors to the effect that it is suitable.

Currently, the Company has ten (10) directors (including three (3) outside directors). If Proposal 3 is approved and adopted as originally proposed, the number of directors will be eleven (11) (including four (4) outside directors).

(Note) For an overview of the Nomination and Compensation Committee, please refer to “Nomination and Compensation Committee” on page 71.

Proposal 5: Determination of compensation for the allotment of restricted shares to directors (excluding outside directors)

The total amount of compensation of directors of the Company will be up to ¥450 million in one year (excluding employment salaries of directors who concurrently serve as employees) if Proposal 4 “revision of compensation for directors” is approved and adopted as originally proposed.

At this time, for the Company’s directors (excluding outside directors) to share the benefits and risks of stock price fluctuations with shareholders and raise their morale to contribute to a rise in stock prices and corporate value, the Company proposes to allot directors (excluding outside directors) the Company’s common shares (hereinafter referred to as the “Restricted Shares”) subject to a certain transfer restriction period and provisions of reasons for acquisition without consideration by the Company as follows.

Therefore, the Company proposes to set the total monetary compensation claim at ¥90 million or less per year that is provided as compensation for Restricted Shares, etc., to directors of the Company (excluding outside directors) separately from the compensation limit for directors mentioned above, by considering various matters such as the degree of the contribution made by the directors to the Company. The allotment of Restricted Shares is determined by comprehensively considering various matters, such as the contributions made by the directors to the Company. The ratio of the maximum number of Restricted Shares allotted in each fiscal year as specified in 2. below to the total number of shares outstanding stands at approximately 0.4% (the ratio of the maximum number of the Restricted Shares to the total number of shares outstanding is approximately 4% when the maximum number of Restricted Shares are issued over ten years). The Company considers the dilution ratio to be immaterial and, as such, the contents are appropriate.

The Company established a policy on determining the content of officer compensation, etc. at the Board of Directors meeting held on March 22, 2021, the content of which is recorded on page 14 of the business report. This will be revised if Proposal 4 and this proposal are approved and adopted as originally proposed at the Board of Directors meeting to be held on May 31, 2022, and an outline of the revised content can be found on page 75. The Company believes that the content of this proposal is necessary and reasonable to stipulate the compensation, etc., of each individual director in accordance with the amended policy.

The content of this proposal shall be adopted by the Board of Directors on the recommendation of the Nomination and Compensation Committee, of which more than half the members are independent outside directors to the effect that it is suitable.

Currently, the Company has ten (10) directors (including three (3) outside directors) and, if Proposal 3 is approved and adopted as originally proposed, the number of directors will be eleven (11) (including four (4) outside directors).

Specific details and maximum number of Restricted Shares allotted for directors of the Company (excluding outside directors)

1. Allotment and payment of restricted shares

Based on the resolution of the Board of Directors of the Company, the Company shall pay monetary compensation claims to the directors of the Company (excluding outside directors) within the above annual amount as compensation for Restricted Shares. Each director concerned shall be allotted Restricted Shares in return by providing all said monetary compensation claims in the form of contribution in kind.

The Board of Directors of the Company shall determine the amount to be paid in for Restricted Shares, which is within an amount that is not particularly favorable to directors who receive Restricted Shares, on the basis of the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors on the issuance or disposal of Restricted Shares (if the transaction is not executed on the resolution date, the closing price on the most recent trading date immediately preceding the resolution date).

In addition, the above monetary compensation claims will be paid if the director of the Company (excluding outside directors) agrees to the contribution in kind described above and has entered into a restricted share allotment agreement that provides for the contents in 3. below.

2. Total number of restricted shares

The number of Restricted Shares to be allotted in each fiscal year shall be capped at 150,000, which is the total number of Restricted Shares to be allotted to directors of the Company (excluding outside directors). However, if a stock split or a stock consolidation of the Company's common shares (including gratis allotment of the Company's common shares) is carried out after the date of the resolution of this proposal and if the total number of Restricted Shares to be allotted as a result of the stock split and the stock consolidation needs to be adjusted, the total number of Restricted Shares may be adjusted in a reasonable manner.

3. Details of share allotment agreement with transfer restrictions

Concerning the allotment of Restricted Shares, a restricted share allotment agreement concluded between the Company and a director who is allotted Restricted Shares, based on a resolution of the Board of Directors of the Company, shall contain the following.

(1) Details of transfer restrictions

A director who has been allotted Restricted Shares cannot transfer, grant a security interest in, pledge as mortgage by transfer, make an inter vivos gift, bequeath to a third party the Restricted Shares allotted to the directors (the "Allotted Shares"), or otherwise dispose of the Allotted Shares (the "Transfer Restrictions") during a period from the date of granting the Restricted Shares to the date of retiring from the position of the director (the "Transfer Restriction Period").

(2) Acquisition of Restricted Shares without consideration

If a director of the Company who has been allotted Restricted Shares retires by the day following the date of the first Ordinary General Meeting of Shareholders of the Company held after the start date of the Transfer Restriction Period, the Company shall naturally acquire the Allotted Shares without consideration, unless otherwise there is a reason the Board of Directors deems justifiable. In addition, if there are any Allotted Shares for which the Transfer Restriction has not been lifted in accordance with the lifting of the Transfer Restrictions as referred to in (3) below at the expiry of the Transfer Restriction Period defined in (1) above, the Company shall naturally acquire such Allotted Shares without consideration.

(3) The lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions for all Allotted Shares when the Transfer Restriction Period expires, provided that a director who had been allotted Restricted Shares has continuously held the position of a director of the Company until the date of the first Ordinary General Meeting of Shareholders of the Company held after the start date of the Transfer Restriction Period.

However, if the said director retires as a director of the Company by the day following the date of the first Ordinary General Meeting of Shareholders held after the start date of the Transfer Restriction Period due to a reason deemed justifiable by the Company's Board of Directors, the

number of Allotted Shares for which the Transfer Restrictions are to be lifted and the timing for lifting the Transfer Restrictions shall be reasonably adjusted as necessary.

(4) Treatment in organizational restructuring, etc.

In the event that a merger agreement under which the Company becomes a dissolving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matters related to organizational restructuring, etc. are approved at the Company's General Shareholders Meeting (however, in cases where approval by a General Meeting of Shareholders of the Company is not required for such organizational restructuring, etc., the Board of Directors of the Company shall approve the organizational restructuring, etc.) during the Transfer Restriction period, and a director who has been allotted Restricted Shares in tandem with the said organizational restructuring, etc., retires as a director of the Company, the Transfer Restrictions shall be lifted with respect to the number of Allotted Shares reasonably determined based on the period from the start of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc., by a resolution of the Board of Directors of the Company prior to the effective date of the said restructuring, etc.

In addition, the Company shall naturally acquire the Allotted Shares for which the Transfer Restrictions have not been lifted without consideration at a point in time immediately after the lifting of the Transfer Restriction.

(Note) For an overview of the Nomination and Compensation Committee, please refer to "Nomination and Compensation Committee" on page 71.

[Reference] Outline of policy concerning determination of content of officer compensation, etc.

Compensation of directors comprises basic compensation, officers' bonuses, which is performance-linked compensation, and non-monetary compensation. Our policy is to provide the optimal amount of compensation to each director in order to contribute to their motivation to improve corporate value. Basic compensation and performance-linked compensation are determined for each individual, within the following limit, while non-monetary compensation is calculated separately from the following limit.

1. The amount of basic compensation of directors is determined according to their job title, their roles and responsibilities, etc.
2. Payment and value of officers' bonuses are determined based on consolidated financial results (net sales, operating profit margin and rate of return on equity), etc., for a relevant fiscal year.
3. Non-monetary compensation is granted to directors (excluding outside directors) of the Company in the form of common shares of the Company in accordance with specified transfer limitation periods and the Company's specified conditions for acquisition without charge, etc. (hereinafter referred to as "Transfer-restricted Share"), the outline of which is as follows.
 - (1) The total amount of claims of monetary compensation provided as compensation as Transfer-restricted Share, etc., shall be up to ¥90 million in one year, separate to the maximum amount of compensation for directors.
 - (2) Individually allocated shares shall be determined in accordance with the separate standards, and shall be allocated once annually.

Furthermore, decisions concerning establishment or revision of systems as well as values and number of shares allocated to individuals for each type of compensation have been delegated to the representative director and president by the Board of Directors on condition of receiving a recommendation from the Nomination and Compensation Committee, of which more than half the members are independent outside directors to the effect that it is suitable.

The 85th Ordinary General Meeting of Shareholders held on June 15, 2013, approved the total amount of compensation for directors of the Company to be up to ¥350 million in one year (excluding employment salaries of directors who concurrently serve as employees). However, it will become ¥450 million (excluding employment salaries of directors who concurrently serve as employees) if

Proposal 4 “revision of compensation for directors” is approved and adopted as originally proposed.

Guidance on the exercise of your voting rights on the Internet

1. Decoding the QR code

You can log in to the website for exercising voting rights without inputting the “log-in ID” and “tentative password” shown on the side slip of the voting form.

- (1) Please let your device scan the QR code on the side slip (the right side) of the voting form.
*“QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- (2) Please follow the instructions on the screen and enter approval or disapproval.

You can log in to the exercise voting rights website using the QR code only once.

If you want to exercise your voting rights again or exercise your voting rights without using the QR code, please confirm the way of “Entering the log-in ID and tentative password” below.

2. Entering the log-in ID and tentative password

[Website for exercising voting rights] <https://evote.tr.mufg.jp/>

- (1) Please access the exercise voting rights website.
- (2) Please input the “log-in ID” and “tentative password” shown on the voting form and click “Log in.”
Enter the “log-in ID and tentative password”
Click “Log in”
- (3) Please register a new password
Enter a “new password”
Click “Send”
- (4) Please follow the instructions on the screen and enter approval or disapproval.

For inquiries about how to use your PC, smartphone or other matters in the exercise of your voting rights via the Internet, please call:

Securities Business Division (Help desk), Mitsubishi UFJ Trust and Banking Corporation
0120-173-027
(Toll free/9 a.m.-9 p.m.)

Institutional investors can utilize the electronic voting platform for institutional investors operated by ICJ, Inc.