



# NOTICE OF THE 68TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

**Time and Date:**

**1:00 p.m., Monday, March 27, 2023 (JST)**

(The reception desk will open at 12:30 p.m., JST.)

**Venue:**

Magnolia, 7th floor, Tokyo Kaikan  
3-2-1 Marunouchi, Chiyoda-ku, Tokyo

**Item to be resolved:**

**Agenda: Election of seven (7) directors**

Please kindly note that the Company does not distribute memento items to the shareholders who attend the General Meeting of Shareholders. We greatly appreciate your understanding.

In order to avoid the risk of infection with COVID-19, we ask that shareholders refrain from traveling to the Annual General Meeting of Shareholders if the infection may spread widely.

Please obtain up-to-date information including a change in the meeting operation via the Company's website.

<https://www.sumida.com>

SUMIDA CORPORATION

Stock Code: 6817

## Table of Contents

### Notice of the General Meeting of Shareholders

---

Notice of the 68th Annual General Meeting of Shareholders .....	1
-----------------------------------------------------------------	---

### Concerning the Exercise of Voting Rights

---

### Reference Materials for Annual General Meeting of Shareholders

---

Agenda: Election of seven (7) directors .....	5
-----------------------------------------------	---

### Business Report

---

1. Matters Concerning the Current Status of the Sumida Group .....	17
2. Matters Concerning the Company .....	34

<b>Consolidated Financial Statements</b> .....	57
------------------------------------------------	----

<b>Non-consolidated Financial Statements</b> .....	62
----------------------------------------------------	----

<b>Audit Report</b> .....	67
---------------------------	----

---

*This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.*

(Stock Code: 6817)

Date of transmission: March 2, 2023

Commencement date of measures for providing information in electronic format:  
March 1, 2023

## **NOTICE OF THE 68TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

We would like to express our gratitude for your continued patronage.

SUMIDA CORPORATION (the “Company”) hereby would like to inform you that the 68th Annual General Meeting of Shareholders will be held as outlined on the following pages.

While the Annual General Meeting of Shareholders is a valuable opportunity for dialogue with our shareholders, in order to avoid the risk of infection with COVID-19, we ask that shareholders refrain from traveling to the meeting if the infection may spread widely.

We believe in the importance of our shareholders’ rights to vote. Please review the Reference Materials for Annual General Meeting of Shareholders from p.5 to p.15 below, and indicate your approval or disapproval of the proposals on the voting form sent out with this convocation notice and return it to us by mail by 5:00 p.m. on Friday, March 24, 2023 (JST), or exercise your voting rights via the specified voting site (<https://evote.tr.mufg.jp/>) by the above deadline. We do request for exercising your rights in order to ensure that our shareholders’ intention is reflected on management.

In convening the General Meeting of Shareholders, we take measures for providing information that constitutes the content of reference materials for the general meeting of shareholders, etc. in electronic format (matters for which measures for providing information in electronic format are to be taken). Please review the information posted on the Company's website given below.

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

(Please access the above website, and select "INVESTOR RELATIONS" and then "Reports" on the menu.)

Other than the Company's website, matters for which measures for providing information in electronic format are posted on the following Tokyo Stock Exchange (TSE) website.

Tokyo Stock Exchange (TSE) website:

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(Please access the above TSE website. Search by "Sumida Corporation" or "Ticker code (6817)," select "Basic information" and then "Documents for public inspection/PR information," and find "Notice of General Shareholders Meeting/Shareholder Meeting Materials" under "Filed information available for public inspection.")

Yours faithfully,

Shigeyuki Yawata

Director

SUMIDA CORPORATION

7th floor, KDX Ginza East Building

3-7-2 Irifune, Chuo-ku, Tokyo

**1. Time and Date:** 1:00 p.m., Monday, March 27, 2023 (JST)  
(The reception desk will open at 12:30 p.m., JST.)

**2. Venue:** Magnolia, 7th floor, Tokyo Kaikan  
3-2-1 Marunouchi, Chiyoda-ku, Tokyo

(Note that the venue is different from the previous meeting. To avoid any mistakes, please refer to the "Map of the Venue of the Annual General Meeting of Shareholders" at the end of this document.)

**3. Meeting Agenda:**

*- Items to be reported*

1. Business Report, Consolidated Financial Statements and reports on the audited results of the Consolidated Financial Statements by the independent auditors and the Audit Committee for the 68th term (January 1 to December 31, 2022)
2. Non-consolidated Financial Statements for the 68th term (January 1 to December 31, 2022)

*- Items to be resolved*

Agenda: Election of seven (7) directors

#### **4. Decisions Made for the Meeting:**

- (1) If a shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right via the Internet etc. or in writing, the Company will treat such cases as indications of acceptance.
- (2) In the event that a shareholder exercises a voting right on multiple occasions via the Internet etc., the Company will treat the shareholder's final vote as the effective exercise of the voting right.
- (3) In the event that a shareholder exercises a voting right via the Internet etc., even if the voting form is returned to us by mail, the Company will treat the shareholder's vote via the Internet etc. as the effective exercise of the voting right.
- (4) If a shareholder exercises a voting right in writing, the shareholder is requested to return the voting form to us by mail by 5:00 p.m. on Friday, March 24, 2023 (JST).
- (5) If a shareholder exercises a voting right via the Internet etc., the shareholder is requested to do so by 5:00 p.m. on Friday, March 24, 2023 (JST).
- (6) In the event that a shareholder exercises voting rights diversely, the shareholder is requested to submit his/her intention to do so and the reason for the diverse exercise of voting rights to the Company by three days before the meeting.

---

\*If attending the meeting in person, please hand in the voting form sent out with this convocation notice, completed, to the receptionist at the meeting.

\*The documents which include matters for which measures for providing information in electronic format will be taken will be mailed to shareholders. However, notes to Consolidated Financial Statements and notes to Non-consolidated Financial Statements are not included in the documents under laws and regulations and the Company's Articles of Incorporation.

Accordingly, the Consolidated Financial Statements and Non-consolidated Financial Statements included in the documents are part of the documents which have been audited by the independent auditors and the Audit Committee in preparing the Audit Report and the Accounting Audit Report.

\*Changes in matters for which measures for providing information in electronic format will be taken will be published via the Company's website and the Tokyo Stock Exchange website by indicating comparison between before and after revision.

\*Please note that the Company is not planning to hold any company presentation or reception after the meeting.

### <Concerning the Exercise of Voting Rights>

- \* Shareholders attending the meeting in person are requested to submit the voting form sent out with this notice at the reception desk on the day of the meeting.
- \* A shareholder may exercise his/her voting rights by designating one proxy who is another shareholder of the Company with voting rights pursuant to Article 17 of the Articles of Incorporation. In such cases, please submit to the Company a document proving the proxy's power of representation (power of attorney).
- \* If you are unable to attend the meeting in person, please exercise your voting rights using either of the below methods.

#### [Exercising Voting Rights by Electromagnetic Method (via the Internet)]

Please access the Website for Exercising Voting Rights (<https://evote.tr.mufg.jp/>) with a computer or smartphone, etc. and enter the log-in ID and temporary password shown on the voting form sent out with this notice. Follow the instructions given on the screen to indicate your acceptance or rejection.

In addition, you can exercise voting rights from the Website for Exercising Voting Rights for smartphones, which does not require the entry of the log-in ID and temporary password, by scanning the QR code shown on the voting form with your smartphone or other devices.

#### **Votes to be given by: 5:00 p.m., Friday, March 24, 2023 (JST)**

1. Please note that shareholders are to bear any and all telecommunications charges, including call charges and connection charges to be paid to Internet service providers when accessing the Website for Exercising Voting Rights.
2. For shareholders who intend to exercise voting rights via smartphones, etc., please note that it may not be possible to do so using certain models.

Please direct any inquiries you may have concerning the exercise of voting rights via the Internet to:

Shareholders' Register Manager: Transfer Agent Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation

Tel: 0120-173-027 (Toll-free, available only in Japan)

Operating hours: 9:00 a.m. to 9:00 p.m. (JST)

#### [Exercising Voting Rights by Mail (in Writing)]

After indicating your acceptance or rejection of the agenda items on the voting form sent out with this notice, return it without affixing a stamp.

#### **Votes to be received by: 5:00 p.m., Friday, March 24, 2023 (JST)**

- \* If a shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right via the Internet etc. or in writing, the Company will treat such cases as indications of acceptance.
- \* In the event that a shareholder exercises a voting right on multiple occasions via the Internet etc., the Company will treat the shareholder's final vote as the effective exercise of the voting right.
- \* In the event that a shareholder exercises a voting right via the Internet etc., even if the voting form is returned to us by mail, the Company will treat the shareholder's vote via the Internet etc. as the effective exercise of the voting right.

The platform for electronic exercise of voting rights for institutional investors operated by ICJ, Inc. is available for all institutional investors.

## Reference Materials for Annual General Meeting of Shareholders

### Agenda: Election of seven (7) directors

The terms of office of nine (9) directors will expire at the conclusion of this Annual General Meeting of Shareholders. The Company hereby requests the election of seven (7) directors including six (6) outside directors as nominated by the Nomination Committee.

The candidates for the directors' positions are as follows. Six (6) of the candidates for director, namely Mr. Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Yan Hok Fan and Ryo Hayakawa seek the positions as outside directors as stipulated in Article 2, paragraph (3), item (vii) of the Regulations for Enforcement of the Companies Act.

#### [Reference] List of candidates

No.	Name	Positions and duties at the Company	
1	Shigeyuki Yawata	Director (Chairman of the Board of Directors) and member of the Nomination Committee, Compensation Committee and Risk Management Committee	[Re-election]
2	Atsushi Kato	Director, Chairman of the Audit Committee and member of the Risk Management Committee	[Re-election] [Outside] [Independent]
3	Michael Mühlbayer	Director and member of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
4	Masako Miyatake	Director and member of the Audit Committee and Risk Management Committee	[Re-election] [Outside] [Independent]
5	Tatsuo Umemoto	Director and Chairman of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
6	Yan Hok Fan	Director and member of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
7	Ryo Hayakawa	Director and member of the Audit Committee	[Re-election] [Outside] [Independent]

### Candidates' attendance to meetings

Name	Number of years in office	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Risk Management Committee meetings
Shigeyuki Yawata	–	6/6 (100%)	–	5/5 (100%)	5/5 (100%)	4/4 (100%)
Atsushi Kato	8	6/6 (100%)	15/15 (100%)	–	–	4/4 (100%)
Michael Mühlbayer	8	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	–
Masako Miyatake	4	6/6 (100%)	15/15 (100%)	–	–	4/4 (100%)
Tatsuo Umemoto	4	6/6 (100%)	5/5 (100%)	6/6 (100%)	6/6 (100%)	–
Yan Hok Fan	1	5/5 (100%)	–	5/5 (100%)	5/5 (100%)	–
Ryo Hayakawa	1	5/5 (100%)	10/10 (100%)	–	–	–

Note: The number of years in office is that as Outside Director.



No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
1 Re-election	Shigeyuki Yawata (October 28, 1951)  Rate of attendance at the Board of Directors meetings in FY2022: 6/6	<p><b>(Brief personal profile)</b></p> <p>Nov. 1977    Joined the Company</p> <p>Mar. 1988    Director</p> <p>Mar. 1990    Representative Director and Senior Managing Director</p> <p>Apr. 1991    Representative Director and Vice President</p> <p>Mar. 1992    Representative Director and President</p> <p>Apr. 2003    Representative Executive Officer and CEO</p> <p>Apr. 2003    Director (To date)</p> <p>Dec. 2005    Managing Director, Sumida Holding Germany GmbH (Currently SUMIDA Europe GmbH)</p> <p><b>(Positions and duties at the Company)</b></p> <p>Director (Chairman of the Board of Directors) and member of the Nomination Committee, Compensation Committee and Risk Management Committee</p>	0

**<Reasons for the election of candidate nominated for director>**

Mr. Shigeyuki Yawata possesses abundant experience and a proven track record in regard to not only his service in the executive management of the Sumida Group but also his role in operating and developing global business operations. The Company proposed him as a candidate for director because it expects Mr. Yawata to continue to strengthen the function of the Board of Directors, based on his experience of having served for many years in the Company in the executive management role of Representative Executive Officer and CEO, as well as based on his extensive insight regarding the electronic components industry.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
2 Re-election/ Outside/ Independent	Atsushi Kato (April 14, 1943)  Rate of attendance at the Board of Directors meetings in FY2022: 6/6	<p><b>(Brief personal profile)</b></p> <p>Apr. 1968 Established a tax accountant office, Director</p> <p>Oct. 1971 Joined Tokyo Office, Coopers &amp; Lybrand</p> <p>Jul. 1983 Partner, Tokyo Office, Coopers &amp; Lybrand</p> <p>Jul. 1984 Representative Partner, Chuo Audit Corporation (later ChuoAoyama Audit Corporation, a PricewaterhouseCoopers member firm) due to a merger</p> <p>Jul. 2001 Part-time member, Accounting Standards Board of Japan (ASBJ)</p> <p>Sep. 2006 Representative Partner, PricewaterhouseCoopers Aarata (Currently PricewaterhouseCoopers Aarata LLC, a PricewaterhouseCoopers member firm)</p> <p>Feb. 2007 Representative Director and President, Control Solutions International, Inc.</p> <p>Apr. 2009 Full-time Member, Accounting Standards Board of Japan (ASBJ)</p> <p>Apr. 2010 Full-time Vice Chairman, Accounting Standards Board of Japan (ASBJ)</p> <p>Apr. 2013 Certified Public Accountant, Atsushi Kato Certified Public Accountant Office (To date)</p> <p>Mar. 2015 Outside Director of the Company (To date)</p> <p>Jun. 2016 Outside Audit &amp; Supervisory Board Member, UNIZO Holdings Company, Limited</p> <p><b>(Positions and duties at the Company)</b></p> <p>Director, Chairman of the Audit Committee and member of the Risk Management Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>Certified Public Accountant, Atsushi Kato Certified Public Accountant Office</p>	0

**<Reasons for the election of candidate nominated for outside director and overview of expected roles>**

Mr. Atsushi Kato has been involved in the provision of advice and activities regarding finance, audit, internal control and International Financial Reporting Standards (IFRS) for global corporations over many years, and has held various posts including partner at Coopers & Lybrand (C&L). The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on the managerial knowledge and experience that he has accumulated throughout his career, especially in the fields of accounting and taxation. He currently serves as outside director of the Company. The length of his service as outside director will be eight (8) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
3 Re-election/ Outside/ Independent	Michael Mühlbayer (February 22, 1955)  Rate of attendance at the Board of Directors meetings in FY2022: 6/6	<p><b>(Brief personal profile)</b></p> <p>Oct. 1985    Joined Daimler AG (Germany headquarters)</p> <p>Apr. 1994    Manager, Treasury Control, MTU Friedrichshafen GmbH, Daimler AG Group</p> <p>Apr. 1997    Executive Vice President, TEMIC TELEFUNKEN Mikroelektronik GmbH, Daimler AG Group</p> <p>Nov. 1998    Executive Vice President, New York Office, Mercedes-Benz Credit Corp, U.S., Daimler AG Group</p> <p>Nov. 1998    Executive Vice President, Detroit Office, Chrysler Financial Corp, U.S.</p> <p>Aug. 2000    Senior Vice President (Treasury), DaimlerChrysler AG (Germany headquarters)</p> <p>Jul. 2005    Senior Vice President (Investor Relations &amp; Treasury), Daimler AG (Germany headquarters)</p> <p>Mar. 2015    Outside Director of the Company (To date)</p> <p><b>(Positions and duties at the Company)</b></p> <p>Director and member of the Nomination Committee and Compensation Committee</p>	0

**<Reasons for the election of candidate nominated for outside director and overview of expected roles>**

Dr. Michael Mühlbayer has been involved in finance of Daimler AG, a German automobile manufacturer, over many years. The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, especially in the field of finance, and his insight into the automobile and electric and electronics industries and the European and U.S. markets. He currently serves as outside director of the Company. The length of his service as outside director will be eight (8) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
4 Re-election/ Outside/ Independent	Masako Miyatake (August 19, 1958)  Rate of attendance at the Board of Directors meetings in FY2022: 6/6	<p><b>(Brief personal profile)</b></p> <p>Apr. 1983    Joined The Chase Manhattan Bank N.A.</p> <p>Oct. 2002    Registered as Attorney (Daini Tokyo Bar Association); Erasion of the registration in 2011 to study abroad, Reregistration in 2014</p> <p>Oct. 2002    Joined Koga &amp; Partners</p> <p>Jun. 2004    Joined Nishimura &amp; Asahi (Formerly Asahi &amp; Koma Law Offices)</p> <p>Nov. 2014    Joined Nakano Law Office</p> <p>Nov. 2014    Reconciliator, Dispute Reconciliation Center for Nuclear Damage Compensation regarding Fukushima Nuclear Plant, Ministry of Education, Culture, Sports, Science and Technology (To date)</p> <p>Apr. 2015    Conciliation Commissioner, Tokyo Family Court (To date)</p> <p>Apr. 2018    Joined Blakemore &amp; Mitsuki (To date)</p> <p>Dec. 2018    Deputy Secretary-General, Japan International Dispute Resolution Center (To date)</p> <p>Mar. 2019    Outside Director of the Company (To date)</p> <p>Apr. 2019    Visiting Professor, Keio University Law School</p> <p>Apr. 2021    Professor, Keio University Law School (To date)</p> <p>Jun. 2022    Outside Director, Nippon Sanso Holdings Corporation (To date)</p> <p><b>(Positions and duties at the Company)</b></p> <p>Director and member of the Audit Committee and Risk Management Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>Attorney</p> <p>Special Counsel, Blakemore &amp; Mitsuki</p> <p>Professor, Keio University Law School</p> <p>Deputy Secretary-General, Japan International Dispute Resolution Center</p> <p>Outside Director, Nippon Sanso Holdings Corporation</p>	0

<Reasons for the election of candidate nominated for outside director and overview of expected roles>

Dr. Masako Miyatake has accumulated a wealth of experience as an international lawyer over many years. She currently works as a lawyer with accumulated expertise in the fields of international transactions, finance, corporate governance, and litigation, arbitration and conciliation. The Company proposed her as a candidate for outside director because she is expected to oversee and check management based on her insight which is especially informed by her experience in international transactions and her global perspective. The Company judges that she will appropriately fulfill her duties as an outside director based on the above reasons. She currently serves as outside director of the Company. The length of her service as outside director will be four (4) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
5 Re-election/ Outside/ Independent	Tatsuo Umemoto (September 14, 1956)  Rate of attendance at the Board of Directors meetings in FY2022: 6/6	<p><b>(Brief personal profile)</b></p> <p>Apr. 1979 Joined Nippon Telegraph and Telephone Public Corporation (Currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION)</p> <p>Aug. 1985 Joined Bain &amp; Company Japan, Inc.</p> <p>Sep. 1991 Joined Schroeder PTV Partners Co., Ltd.</p> <p>Apr. 1995 Joined SAZABY Inc. (Currently SAZABY LEAGUE, Ltd.) as Director of Corporate Planning Office Project Leader for start-up of Starbucks Coffee Japan Co., Ltd. Corporate Leader for the “second startup” (business re-establishment activities) project Chief Planning Officer (From 2000)</p> <p>Jan. 2005 Established iGRAM Inc., Representative Director (To date)</p> <p>Aug. 2011 Established LEAGUE MILLION INC., Representative Director</p> <p>Apr. 2015 Specially Appointed Professor at Graduate School of Social Design Studies, Rikkyo University</p> <p>Jun. 2015 Councilor, THE KIYOSHI HAYAKAWA FOUNDATION</p> <p>Apr. 2017 Outside Director, Forum Engineering Inc. (To date)</p> <p>Mar. 2019 Outside Director of the Company (To date)</p> <p>Apr. 2020 Specially Appointed Professor at Graduate School of Media and Governance, Keio University</p> <p>Apr. 2020 Visiting Professor at Graduate School of Social Design Studies, Rikkyo University (To date)</p> <p><b>(Positions and duties at the Company)</b> Director and Chairman of the Nomination Committee and Compensation Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b> Visiting Professor at Graduate School of Social Design Studies, Rikkyo University Representative Director, iGRAM Inc. Outside Director, Forum Engineering Inc.</p>	0

<Reasons for the election of candidate nominated for outside director and overview of expected roles>

Mr. Tatsuo Umemoto has accumulated a wealth of international experience as a management consultant and corporate executive over many years. He has played leading roles in the launches of multiple companies, including Starbucks Coffee Japan Co., Ltd., and he currently works as an advisor in various fields and as a Visiting Professor at Graduate School of Social Design Studies, Rikkyo University. The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on his insight which is especially informed by his experience in business strategy, business planning, new business development, organization personnel, competency development, and marketing and branding. He currently serves as outside director of the Company. The length of his service as outside director will be four (4) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
6 Re-election / Outside/ Independent	Yan Hok Fan (September 5, 1949)  Rate of attendance at the Board of Directors meetings in FY2022: 5/5	<p><b>(Brief personal profile)</b></p> <p>Oct. 1976    Joined Nigerian Spanish Engineering LTD. (Nigeria)</p> <p>Nov. 1979    Managing Director, Mayor Engineering Ltd. (Nigeria)</p> <p>Sep. 1984    Joined Pfizer MSP KK, Materials Engineering Department (Hong Kong)</p> <p>Jan. 1994    Representative Director, CITIC Pacific Limited (Hong Kong)</p> <p>Nov. 1997    Representative Director and General Manager, China Everbright International Limited (Currently China Everbright Environment Group Limited) (Hong Kong)</p> <p>Jan. 2010    Independent Non-executive Director, Hysan Development Company Limited (Hong Kong) (To date)</p> <p>Dec. 2012    Independent Non-executive Director, China Everbright Environment Group Limited (Hong Kong) (To date)</p> <p>Dec. 2012    Independent Non-executive Director, First Pacific Company Limited (Hong Kong) (To date)</p> <p>Sep. 2013    Independent Non-executive Director, China Aircraft Leasing Group Holdings Limited (Hong Kong) (To date)</p> <p>Sep. 2016    Independent Non-executive Director, PFC Device Inc. (Hong Kong)</p> <p>Mar. 2022    Outside Director of the Company (To date)</p> <p><b>(Positions and duties at the Company)</b></p> <p>Director and member of the Nomination Committee and Compensation Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>Independent Non-executive Director, Hysan Development Company Limited (Hong Kong)</p> <p>Independent Non-executive Director, China Everbright Environment Group Limited (Hong Kong)</p> <p>Independent Non-executive Director, First Pacific Company Limited (Hong Kong)</p> <p>Independent Non-executive Director, China Aircraft Leasing Group Holdings Limited (Hong Kong)</p>	0

**<Reasons for the election of candidate nominated for outside director and overview of expected roles>**

Mr. Yan Hok Fan has worked as a manager and a director of Asian companies over many years, primarily in China and Hong Kong. The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on the knowledge and experience as a manager that he has accumulated throughout his career, and his insight into the Asian market. He currently serves as outside director of the Company. The length of his service as outside director will be one (1) year at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
7 Re-election / Outside/ Independent	Ryo Hayakawa (December 17, 1962)  Rate of attendance at the Board of Directors meetings in FY2022: 5/5	<p><b>(Brief personal profile)</b></p> <p>May 1985 Joined Darroch Industrial Consultants, Ltd. (Auckland, New Zealand)</p> <p>Apr. 1989 Joined Investment Banking Division, Tokyo Branch, Goldman Sachs Japan Co., Ltd.</p> <p>Nov. 1992 Vice President, Corporate Finance Department, Investment Banking Division, Goldman Sachs Japan Co., Ltd. (promoted in June 1996)</p> <p>Dec. 1997 Vice President, Advisory Group, Investment Banking Division, Goldman Sachs Japan Co., Ltd.</p> <p>Feb. 2000 Vice President, Equity Capital Markets, Investment Banking Division, Goldman Sachs Japan Co., Ltd.</p> <p>Apr. 2002 Director, Equity Capital Markets, Investment Banking Division, Deutsche Securities Inc.</p> <p>Mar. 2007 Representative Director, A1 Consulting Ltd. (To date)</p> <p>Oct. 2007 Investment Banking Lecturer, Institute for Business and Finance, Waseda University (To date)</p> <p>Apr. 2008 Executive Council, Australian and New Zealand Chamber of Commerce</p> <p>Mar. 2008 Managing Director and General Manager, Equity Capital Markets, Investment Banking Division, Macquarie Capital Securities (Japan) Limited</p> <p>Sep. 2014 Representative Director and Managing Partner, AKSUS Advisors, Inc. (To date)</p> <p>Sep. 2020 Outside Director, UDC Finance Limited (Auckland, New Zealand) (To date)</p> <p>Mar. 2022 Outside Director of the Company (To date)</p> <p><b>(Positions and duties at the Company)</b></p> <p>Director and member of the Audit Committee</p> <p><b>(Important concurrent occupations or positions at other organizations)</b></p> <p>Representative Director, A1 Consulting Ltd.</p> <p>Representative Director and Managing Partner, AKSUS Advisors Inc.</p> <p>Outside Director, UDC Finance Limited (Auckland, New Zealand)</p> <p>Investment Banking Lecturer, Institute for Business and Finance, Waseda University</p>	0

<Reasons for the election of candidate nominated for outside director and overview of expected roles>

Mr. Ryo Hayakawa has accumulated a wealth of experience in the financial industry over many years, and currently engages in management and serves as director and outside director at several companies. The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on the experience and insight that he has accumulated throughout his career. He currently serves as outside director of the Company. The length of his service as outside director will be one (1) year at the conclusion of this Annual General Meeting of Shareholders.

Notes:

1. There are no special interest relationships between the candidates for the directors' positions and the Company.
2. If the six (6) candidates for outside director, Mr. Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Yan Hok Fan and Ryo Hayakawa are elected as originally proposed, the Company plans that these persons will be independent directors in accordance with the provisions of the Tokyo Stock Exchange.
3. The Company has entered into an insurance contract covering officer liability for damages ("D&O insurance") with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The insurance contract will cover six damages to be borne by the insured, including compensation, judgment amounts decided by the court, settlement money, amounts paid in out-of-court settlements and legal costs, which may arise in relation to damage compensation claims. All of the directors, executive officers, and employees who manage, supervise, and give directions and orders are insured by the said insurance contract. In addition, such insurance contract is expected to be renewed with the same contents at the next renewal. The following candidates for director will be included in those insured under the said insurance contract: Messrs. Shigeyuki Yawata, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Yan Hok Fan and Ryo Hayakawa.

Reasons for the election:

Six (6) of the candidates nominated for director, Mr. Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Yan Hok Fan and Ryo Hayakawa have sufficiently served as directors who determine basic management policies and supervise operations. The Company therefore requests to reelect them as directors.

Reasons for the election of candidates nominated for outside director, independence as outside directors and the explanation of liability limitation contracts with outside directors are as follows.

1. Reasons for the election of candidates nominated for outside director  
The Company is a company employing a committee-based corporate governance structure, called a company with nomination committee, etc. At a company with nomination committee, etc., the board of directors specializes in supervising management, while a committee, a majority of which consists of outside directors, is established to improve the transparency of management and executive officers are installed as an organ to work full-time for the execution of operations. Thus, a company with nomination committee, etc. clearly separates "supervision of management" from "execution of operations" to make them function effectively. Such a company generally needs to elect multiple outside directors. To further enhance the functions of the board of directors, the Company is to make outside directors account for a majority of directors, and hereby requests the election of six (6) outside directors.
2. Independence of candidates for outside director
  - (i) None of the candidates for outside director have been managing members of the Company or business operators that have specific relations with the Company in the past.
  - (ii) None of the candidates for outside director have received or plan to receive a large amount of money or other property from the Company or business operators that have specific relations with the Company.
  - (iii) None of the candidates for outside director have relatives in the third degree or closer with managing members of the Company or business operators that have specific relations with the Company.
3. Liability limitation contracts with outside directors  
The Company has entered into liability limitation contracts with outside directors of the Company, Mr. Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Yan Hok Fan and Ryo Hayakawa. (Outline of the contracts is stated on "2. (3) (vi) Outline of liability limitation contracts" of the Business Report.) In case of their election, the Company will continue the above liability limitation contracts with them.



Major fields of experience and expertise of Directors

		Corporate management	Related industries and businesses	Global businesses	Finance and accounting	Legal and compliance	Governance and risk management	New businesses and M&A
Shigeyuki Yawata	Director	●	●	●			●	●
Atsushi Kato	Outside Director			●	●		●	
Michael Mühlbayer	Outside Director	●	●	●	●		●	
Masako Miyatake	Outside Director			●		●	●	
Tatsuo Umemoto	Outside Director	●		●			●	●
Yan Hok Fan	Outside Director	●	●	●			●	●
Ryo Hayakawa	Outside Director	●	●	●	●		●	●

Note: The above table indicates the planned roster of Directors in case this Agenda is approved and adopted as originally proposed.

# Business Report

for the 68th term

(January 1 to December 31, 2022)

Kanji Hori  
Representative Executive Officer and CEO  
SUMIDA CORPORATION

## **Business Report**

(January 1 to December 31, 2022)

### **1. Matters Concerning the Current Status of the Sumida Group**

#### **(1) Business conditions for the fiscal year under review**

##### **(i) Progress and results of the business**

Just after the global economy in transition to the post-COVID-19 era began to recover, energy and other prices rose due to Russia's invasion of Ukraine and other factors, and inflation accelerated in countries around the world. In Europe and the U.S., monetary policy was tightened and a clear stance was taken to curb inflation. In addition, significant uncertainties remained in the global economic outlook, including supply chain disruptions.

In the electronic components market, lockdowns and other factors associated with China's zero-Covid policy drove customer concerns about supply chain disruptions, including tight supply and demand for certain electronic components and semiconductors. As a result, customers began to place advance orders and accumulate inventory. Although automobile production cuts due to semiconductor shortages have shown signs of easing, in addition to a lull in stay-at-home demand and production cuts in Chinese smartphones, growing geopolitical risks and accelerating inflation have heightened concerns about an economic downturn in Europe, the U.S., and China, creating a sense of uncertainty about the future. Against this backdrop, despite tailwinds such as yen depreciation, a recovery in automobile demand, and a post-peak decline in raw material prices, headwinds also intensified, including sluggish sales of Chinese smartphones and a slowdown in overseas economies. Meanwhile, the move toward carbon neutrality in automobiles is accelerating, and EV/xEV-related demand remained strong.

In the fiscal year ended December 31, 2022, the Group's revenue saw steady growth in EV/xEV-related sales, despite sluggish automobile production due to factors such as semiconductor supply shortages. In addition, semiconductor-related plant and equipment investment and renewable energy-related solar power generation facility-related equipment were also strong. On the profit side, there were the impact on prices of the Company's products due to the rise in the price of raw materials such as copper and plastic molding materials, and the impact of adjustments to production due to semiconductor supply shortages that have become a problem for the Sumida Group's customers.

Revenue for the current fiscal year increased by 32.1% year on year to 138,600 million yen. Operating profit increased by 53.8% year on year to 8,189 million yen. Net profit before taxes increased by 67.6% year on year to 6,534 million yen, and net profits for the year attributable to owners of parent increased by 94.0% year on year to 5,099 million yen.

The business performance by quarter are as follows.

(Million yen)

		1st quarter	2nd quarter	3rd quarter	4th quarter
Revenue		29,566	32,636	38,754	37,643
Operating profit		850	1,348	3,150	2,840
Operating profit ratio		2.9%	4.1%	8.1%	7.5%
Exchange rates during the fiscal term (Yen)	U.S. dollars	114.98	126.25	136.34	143.39
	euro	129.49	136.22	139.60	143.53
	yuan	18.08	19.30	20.12	19.96

The Sumida Group recognized the need for urgent action to combat climate change and as such, and announced our commitment to set a science-based target for greenhouse gas emissions reduction through the Science Based Targets initiative\*. It will incorporate this into our CSR improvement plan as one of our main priorities, aiming to publish a science-based target for medium- to long-term carbon dioxide emissions reduction by the end of July in FY2023.

\*Science Based Targets initiative: An organization that helps to set and validate greenhouse gas reduction targets that are grounded in climate science in line with Paris Agreement on climate change

(Reporting segment information)

The following is the business performance in the current fiscal year by reporting segment.

### 1) Asia Pacific Business

In the Asia-Pacific Business, revenue increased by 38.2% from the previous fiscal year to 94,710 million yen due to strong sales in the automotive, smartphone-related, and industrial markets. Segment profit increased by 37.9% year on year to 6,350 million yen due to factors such as increased revenue.

### 2) EU Business

In Europe, although the shortage of semiconductors and other factors slowed the growth of new car production in the automotive-related market, because of the steady growth in EV/xEV-related sales and the strong performance in the renewable energy-related industry market, revenue increased by 20.6% from the previous fiscal year to 43,889 million yen. Despite the impact of rising raw material prices and other factors, as a result of factors such as the effect of increased revenue and the yen's depreciation against the euro, segment profit increased by 39.9% year on year to 2,527 million yen.

Business segment	Revenue (million yen)
Asia Pacific Business	94,710
EU Business	43,889
Total	138,600

(Status by market)

### 1) Automotive-related market

While the global semiconductor shortage and supply chain disruption continued to hamper

growth in new vehicle production, EV/xEV related sales remained strong and the yen weakened in the foreign exchange markets. As a result, revenue in the automotive-related market increased by 29.1% year on year to 81,031 million yen.

## 2) Industry market

While the yen's depreciation phase continued, favorable sales related to facilities for solar power generation equipment in Europe and the United States, driven by a move toward decarbonization, and strong sales of medical-related products continued. As a result, revenue in the industry market increased by 36% year on year to 28,429 million yen.

## 3) Consumer electronics market

Despite a lull in demand for goods to make homes more comfortable, smartphone-related sales were strong and the yen depreciated in the foreign exchange markets. As a result, revenue in the consumer electronics market increased by 37.0% year on year to 29,139 million yen.

(Million yen)

	FY2021	FY2022	Increase (%)
Automotive-related market	62,752	81,031	29.1%
Industry market	20,899	28,429	36.0%
Consumer electronics market	21,268	29,139	37.0%

## Financial position

### (Assets)

Total assets at the end of the current fiscal year were 134,846 million yen, up 17,121 million yen from the end of the previous fiscal year. Despite a decline in cash and cash equivalents, trade and other receivables increased while production at some customers came to a halt due to the tight supply of semiconductors, leading to deliveries of Sumida products being postponed and an increase in stock, resulting in an increase in inventories, etc. Consequently current assets increased by 10,840 million yen. In addition, property, plant and equipment increased due to factors such as the foreign exchange impact and the purchase of manufacturing equipment, so non-current assets increased by 6,280 million yen.

### (Liabilities)

Total liabilities at the end of the current fiscal year were 85,969 million yen, up 8,344 million yen from the end of the previous fiscal year. Items such as current portion of long-term debt and short-term interest bearing debts increased, so current liabilities increased by 15,709 million yen. Although items such as lease obligations increased, items such as long-term interest bearing debts declined, so non-current liabilities declined by 7,364 million yen.

While the spread of COVID-19 has not been contained, the Sumida Group has issued rolling forecasts out to three months ahead on a monthly basis and has managed funds. In addition, the open commitment line from financial institutions have been maintained at 13.0 billion yen. Since short-term interest bearing debts have increased with the increase in working capital due to increased revenue and the rise in inventories, interest bearing debts rose 3,355 million yen year on year at the end of the current fiscal year (an increase of 4,539 million yen in short-term interest bearing debts, an increase of 6,181 million yen in current portion of long-term debt and a decrease of 7,364 million yen in long-term interest bearing debts).

Net interest bearing debts at the end of the current fiscal year were up by 3,355 million yen from

the end of the previous fiscal year. Since 95.7% of the Sumida Group's property, plant and equipment are overseas property, plant and equipment, approximately 87.4% of total debts are foreign-currency denominated debts with comparatively high interest rate levels. Therefore, the average interest rate on debts is about 2.6%. Note that the net DE ratio was 1.1 at the end of the current fiscal year, compared to 1.2 at the end of the previous fiscal year.

(Equity)

Total equity at the end of the current fiscal year rose 8,776 million yen from the end of the previous fiscal year to 48,877 million yen due to factors such as the 5,099 million yen in net profits for the year attributable to owners of parent. Consequently, total equity attributable to owners of parent was 46,829 million yen, and the ratio of equity attributable to owners of parent at the end of the current fiscal year was 34.7%, compared to 32.6% at the end of the previous fiscal year.

Reference: Year-end exchange rate

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
U.S. dollars/yen	115.13	131.71
euro/yen	130.23	140.57
yuan/yen	17.73	18.91

(ii) Plant and equipment investment

The Group continuously makes investments to expand facilities and enhance research and development for rationalization of production, quality improvement and increasing demand. For the current fiscal year, the Group made constant investments related to the development and manufacturing of new products, enhancement of automotive-related facilities to meet active demand, and production automation and expansion of facilities in China. Although the Group had initially planned for total plant and equipment investment of 9,484 million yen for FY2022, total investment amounted to 8,204 million yen due to delays in new product development schedules and postponement of increasing production according to customer requests as a result of supply chain disruptions due to China's zero-Covid policy and of semiconductor supply and demand problems. The breakdown of plant and equipment investment was 30% for new products, 41% for increasing production, 13% for improving productivity and upgrading plants and equipment, and 16% for others.

(iii) Fund procurement

1) Loan commitment agreements

In order to raise working capital effectively, the Group has concluded loan commitment agreements with eleven of its financing banks during the current fiscal year. Total amount of specified in loan commitment agreements, outstanding borrowings and unused loan commitments at the end of the current fiscal year are as follows:

(Million yen)

Total amount specified in loan commitment agreements	17,596
Outstanding borrowings	6,127
Balance	11,469

2) Multi-currency commitment line agreements

In order to make it possible to raise working capital effectively, the Group has concluded U.S. dollar, euro and yen multi-currency commitment line agreements with seven of its financing banks. Total amount specified in multi-currency commitment line agreements, outstanding borrowings and unused multi-currency commitment lines based on the said agreements at the end of the current fiscal year are as follows:

(Million yen)

Total amount specified in multi-currency commitment line agreements	8,000
Outstanding borrowings	—
Balance	8,000

(iv) Acquisition or disposal of shares, other stakes or share acquisition rights of other companies

There were no relevant issues.

**(2) Summary of assets, profit and losses**

	65th term (ended Dec. 2019)	66th term (ended Dec. 2020)	67th term (ended Dec. 2021)	68th (current) term (ended Dec. 2022)
Revenue (million yen)	94,283	84,417	104,920	138,600
Operating profit (million yen)	3,543	2,838	5,326	8,189
Net profits for the year attributable to owners of parent (million yen)	1,582	828	2,629	5,099
Basic earnings per share (yen)	58.36	30.50	96.68	187.54
Total assets (million yen)	96,561	98,063	117,725	134,846
Total equity (million yen)	34,593	34,557	40,101	48,877
Equity attributable to owners of parent per share (yen)	1,216.08	1,213.75	1,409.82	1,722.08
ROE (Return on equity attributable to owners of parent) (%)	4.7	2.5	7.4	12.0

## Note:

Basic earnings per share is calculated based on the average number of shares issued in each fiscal term, and equity attributable to owners of parent per share is calculated based on the total number of shares issued at the end of each fiscal term.

In calculating basic earnings per share and equity attributable to owners of parent per share, treasury shares are excluded from the average number of shares issued during each fiscal term and from the total number of shares issued at the end of each fiscal term.



### (3) Significant matters of the parent company and subsidiaries

#### (i) Parent company

There were no relevant issues.

#### (ii) Significant subsidiaries

Company name	Capital		Voting rights of the Company (%)	Key business
Sumida Electric Co., Ltd.	460,000	thousand yen	100	Manufacture, sale and research & development of coils
Sumida Corporate Service Incorporated	25,000	thousand yen	100	Control of Group management
Dongguan Sumida (Tai Ping) Electric Co., Ltd.	305,000	thousand Hong Kong dollars	100 (100)	Manufacture of coils
SUMIDA ELECTRIC (GUANGXI) CO., LTD.	20,000	thousand Hong Kong dollars	100 (100)	Manufacture of coils
Sumida Electric (H.K.) Company Limited	927,000	thousand Hong Kong dollars	100 (100)	Manufacture and research & development of coils
SUMIDA TRADING PTE. LTD.	6,000	thousand Singapore dollars	100	Sale of coils
SUMIDA TRADING (SHANGHAI) COMPANY LIMITED	8,070	thousand yuan	100 (100)	Sale of coils
TAIWAN SUMIDA TRADING COMPANY LIMITED	30,000	thousand Taiwan dollars	100	Sale of coils
SUMIDA TRADING (KOREA) COMPANY LIMITED	2,000,000	thousand Korea won	100	Sale of coils
SUMIDA Europe GmbH	25	thousand euro	100	Control of the EU Business
SUMIDA Components GmbH	105	thousand euro	97.8 (97.8)	Manufacture and sale of coils
SUMIDA AG	7,344	thousand euro	97.8 (97.8)	Intermediate holding company of the EU Business
SUMIDA Components & Modules GmbH	25	thousand euro	97.8 (97.8)	Manufacture, sale and research & development of coils
SUMIDA Lehesten GmbH	25	thousand euro	97.8 (97.8)	EMS
SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V.	50	thousand Mexico peso	72.3 (72.3)	Manufacture of coils
SUMIDA ROMANIA S.R.L.	3,101	thousand euro	97.8 (97.8)	Manufacture of coils
SUMIDA electronic Shanghai Co., Ltd.	37,904	thousand yuan	97.8 (97.8)	Manufacture and sale of coils

Company name	Capital		Voting rights of the Company (%)	Key business
SUMIDA Slovenija, d.o.o.	503	thousand euro	72.3 (72.3)	Manufacture of coils
vogtronics GmbH	25	thousand euro	72.3 (72.3)	Manufacture and sale of coils
SUMIDA flexible connections GmbH	25	thousand euro	97.8 (97.8)	Manufacture and sale of flat cables
SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L.	156	thousand euro	97.8 (97.8)	Manufacture and sale of flat cables
Sumida Electric (Thailand) Co., Ltd.	275,000	thousand baht	100	Development, manufacture and sales of power electronics related coils
ISMART GLOBAL LIMITED	6,308	thousand euro	100	Intermediate holding company
Sumida Finance B.V.	20	thousand euro	100	Financial control company
SUMIDA ELECTRONIC VIETNAM CO., LTD.	2,000	thousand U.S. dollars	100	Manufacture of coils
Sumida Electric (Changde) Co., Ltd.	37,664	thousand yuan	100 (100)	Manufacture of coils
Sumida Electric (JI'AN) Co., Ltd.	193,537	thousand yuan	100 (100)	Manufacture of coils
Guangzhou Sumida Electric Co., Ltd.	272,807	thousand yuan	100 (100)	Manufacture of coils
SUMIDA Electronic SuQian Co., Ltd.	4,500	thousand yuan	97.8 (97.8)	Manufacture of coils
SUMIDA ELECTRONIC QUANG NGAI CO., LTD.	8,000	thousand U.S. dollars	100	Manufacture of coils
Sumida Insurance Corporation	5,000	thousand U.S. dollars	100	Control and management of group insurance
SUMIDA AMERICA HOLDINGS INC.	100	thousand U.S. dollars	100	Intermediate holding company
Sumida America Inc.	6,350	thousand U.S. dollars	100 (100)	Manufacture, sale and research & development of coils
Sumida Electric (India) Private Limited	30,000	thousand Indian rupee	100	Sale of coils

Note:

Figures shown in parentheses in the column of voting rights are the percentages held indirectly.

#### (4) Issues to address

##### (i) Promoting the Mid-Term Business Plan

[Factors taken into account when updating the targets for the New Business Plan (FY2021~2023)]

- Changes in exchange rates (especially the appreciation of the Chinese yuan)

- Rising raw material and energy prices
- Rising logistics costs due to the continued spread of COVID-19
- Obtaining of new business in the EV/xEV market

Updated targets for the New Business Plan (FY2021~2023)

- In the fiscal year ended December 31, 2022, the Company recorded revenue of 138,600 million yen and operating profit of 8,189 million yen, and achieved the targets of the New Business Plan.

[Updated Key numerical targets]

- In the final year 2023, the Company aims for revenue of 144.0 billion yen and operating profit of 8.6 billion yen from existing businesses. There are no major changes to the following basic policies by market.

[Basic policies by market]

- Automotive-related market:  
To become the market leader with maximum concentrated effort on the design and manufacture of EV/xEV.
- Industry market:  
Focused initiatives on renewable energy and alternative energy markets, decarbonization-related infrastructure and the medical market.
- Consumer electronics market:  
To establish a business model for high-priced new technology applications that are price competitive and able to secure sufficient profits by OEM and ODM

(100 million yen)

Revenue by market	FY2023 (Target)	FY2022 (Actual)	FY2023 (Plan)
Automotive-related market	825	810	895
Industry market	230	284	328
Consumer electronics market	215	291	217
Total	1,270	1,386	1,440

[Progress of the New Business Plan (FY2021-2023)]

Regional and manufacturing strategy

- Merger of two North American subsidiaries at the end of 2021.
- Completion of expansion of No. 2 and No. 3 factories in Quang Ngai, Vietnam and commencement of mass production.
- Decision made to expand Aomori plant by approximately 1.5 times. Mass production scheduled to begin in the fourth quarter of 2023.

Growth in EV/xEV market

- EV/xEV-related sales increased by 170% year on year in 2021 and 151% in 2022. Revenue in 2022 reached 18.3% of total sales.

ESG-related measures








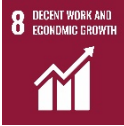




- Solar panels have been installed or are planned to be installed at two plants in Germany and plants in Slovenia, Romania, and Mexico, and production activities are underway using renewable energy.
- In July 2021, we committed to setting reduction targets for greenhouse gas emissions through the Science Based Targets Initiative.

(ii) Continuing focus on strengthening corporate governance system

In 2003, to make clear the separation of management and supervision, the Company changed into a company with committees, etc. as the first listed company in Japan. Furthermore, seven of our nine directors are outside directors with diversified expertise, one of whom is a female director and two of whom are foreign directors from Europe and China, where the Company does a relatively large proportion of its business. The Company has been working to further strengthen corporate governance including such structure of the Board of Directors.

(iii) Pursuing CSR

CSR (corporate social responsibility) is one of the top priority issues to the Group. The Sumida Group performs business based on the principles of integrity, discipline and common sense and fulfills its social responsibilities to the expectations and requirements of the society toward ESG (Environment, Society and Governance), aiming for the creation of a better society and sustainable development of companies. We are also active in various issues such as the reinforcement of the legal and compliance functions to address social problems.

<b>Environment (E)</b>	
<p><b>Take care of the earth and its resources</b></p> <ul style="list-style-type: none"> <li>i. Improve energy efficiency</li> <li>ii. Reduce waste and recycle resources</li> <li>iii. Adopt sustainable energy</li> <li>iv. Use sustainable resources</li> <li>v. Prevent pollution</li> </ul>	    
<b>Society (S)</b>	
<p><b>Become a company that is respected by society</b></p> <ul style="list-style-type: none"> <li>i. Labor and human rights</li> <li>ii. Develop new technologies and solutions for a sustainable future</li> <li>iii. Recruit, develop and retain talented personnel</li> <li>iv. Consolidate a responsible supply chain</li> <li>v. Contribute to society</li> </ul>	   
<b>Governance (G)</b>	
<p><b>Conduct business activities with high integrity and durability</b></p> <ul style="list-style-type: none"> <li>i. Compliance and risk management</li> <li>ii. Product quality and security</li> <li>iii. IT security</li> <li>iv. Transparency</li> <li>v. CSR promotion and training</li> </ul>	  

**(5) Major business lines (as of December 31, 2022)**

The Company's main business line is the design, manufacture and sale of coil-related parts and module products, which are used in a wide range of applications, including automobiles, home appliances, clean energy, industrial equipment and medical equipment, and the Company's main products are as follows.

- |                                                                                                                                                      |                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▶ <b>Power Inductors &amp; RF Inductors</b><br>Surface Mount, Through Hole, LPF Coils for Digital Amplifiers, RF Chip Inductors                      | ▶ <b>Sensors &amp; Actuators</b><br>Rotor Position Sensors, ABS Coils, Solenoid Coils                                                                                    |
| ▶ <b>Power Transformers</b><br>Surface Mount, Through Hole, PoE Transformers, Switching Mode Power Supplies, Reactors, Wireless Power Transfer Coils | ▶ <b>Automotive Modules</b><br>Xenon Ignitors, Choke Modules for Inverters, Module Components, Component Carriers, Power Conversion, Components & Modules                |
| ▶ <b>Signal Magnetics</b><br>RF/Communication, RFID, Antennas, Others                                                                                | ▶ <b>Magnetic Materials, Ceramics, EMS &amp; Flexible Connections</b><br>Ceramic based Passive Components, Electronic Manufacturing Services (EMS), Flexible Flat Cables |
| ▶ <b>EMC Coils</b><br>AC Powerline, DC Powerline, Normal Mode Chokes, Common Mode Chokes                                                             | ▶ <b>Components for Medical Equipment</b><br>Network Isolation Transformer, Isolation Transformer                                                                        |

**(6) Major business offices of the Sumida Group (as of December 31, 2022)**

**Headquarters:** Chuo-ku, Tokyo (the Company)

**Business supervising companies:**

SUMIDA Europe GmbH (Germany), SUMIDA AG (Germany), Sumida Corporate Service Incorporated (Chuo-ku [Tokyo]), Sumida Finance B.V. (Netherlands), SUMIDA INSURANCE CORPORATION (Micronesia), SUMIDA AMERICA HOLDINGS INC. (U.S.)

**Domestic sales offices:**

Sumida Electric Co., Ltd. (Natori-shi [Miyagi], Chuo-ku [Tokyo], Saitama-shi [Saitama], Kawasaki-shi [Kanagawa], Komoro-shi [Nagano], Nagoya-shi [Aichi], Osaka-shi [Osaka])

**Overseas sales offices:**

Sumida Electric (H.K.) Company Limited (Hong Kong), SUMIDA TRADING PTE. LTD. (Singapore), Sumida America Inc. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA TRADING (SHANGHAI) COMPANY LIMITED (China), SUMIDA Components & Modules GmbH (Germany), vogtronics GmbH (Germany), SUMIDA Lehesten GmbH (Germany), SUMIDA flexible connections GmbH (Germany), SUMIDA TRADING (KOREA) COMPANY LIMITED (South Korea), TAIWAN SUMIDA TRADING COMPANY LIMITED (Taiwan), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA electronic Shanghai Co., Ltd. (China), Sumida Electric (India) Private Limited (India)

**Domestic production bases:**

Sumida Electric Co., Ltd. (Mutsu-shi [Aomori], Komoro-shi [Nagano])

**Overseas production bases:**

Sumida Electric (H.K.) Company Limited (Hong Kong), Dongguan Sumida (Tai Ping) Electric Co., Ltd. (China), SUMIDA Components GmbH (Germany), SUMIDA Components & Modules GmbH (Germany), SUMIDA ROMANIA S.R.L. (Romania), SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V. (Mexico), SUMIDA Slovenija, d.o.o. (Slovenia), SUMIDA Lehesten GmbH (Germany), SUMIDA electronic Shanghai Co., Ltd. (China), SUMIDA flexible connections GmbH (Germany), SUMIDA ELECTRIC (GUANGXI) CO., LTD. (China), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L. (Romania), SUMIDA ELECTRONIC VIETNAM CO., LTD. (Vietnam), Sumida Electric (JI'AN) Co., Ltd. (China), Sumida Electric (Changde) Co., Ltd. (China), Guangzhou Sumida Electric Co., Ltd. (China), SUMIDA Electronic SuQian Co., Ltd. (China), SUMIDA ELECTRONIC QUANG NGAI CO., LTD. (Vietnam), Sumida America Inc. (U.S.)

**Domestic R&D centers:**

Sumida Electric Co., Ltd. (Natori-shi [Miyagi], Chuo-ku [Tokyo], Komoro-shi [Nagano])

**Overseas R&D centers:**

Sumida Electric (H.K.) Company Limited (Hong Kong), Sumida America Inc. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA Components & Modules GmbH (Germany), SUMIDA flexible connections GmbH (Germany)

**(7) Employees (as of December 31, 2022)****(i) Employees of the Sumida Group**

Business segments	Number of employees	Changes from the end of the previous fiscal year
Asia Pacific Business	15,036	Decrease by 553
EU Business	2,855	Increase by 21
Company-wide (common)	94	Decrease by 4
Total	17,985	Decrease by 536

Notes:

1. The number of employees is the number of persons who engage in work in the Sumida Group.
2. “Company-wide (common)” indicates the number of employees posted in Sumida Corporate Service Incorporated which carries out a headquarter and support function, in Sumida Electric (H.K.) Company Limited and in the Service Department of Sumida Electric Co., Ltd.
3. The number of employees includes those in the consigned processing companies.

**(ii) Employees of the Company**

The Company is a pure holding company and it has no employees.

**(8) Major lenders (as of December 31, 2022)**

Lenders	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	22,232
MUFG Bank, Ltd.	10,786
Mizuho Bank, Ltd.	8,822
Sumitomo Mitsui Trust Bank, Limited	3,443
The 77 Bank, Ltd.	2,800
Resona Bank, Limited	1,879



**(9) Basic strategy for capital policy and policy on determination of dividends of surplus**

(i) Basic strategy for capital policy

Using the Cash Conversion Cycle (CCC), Return on Invested Capital (ROIC), Return on Equity (ROE) and Net D/E Ratio as target management benchmarks in the Mid-Term Business Plan, the Company will strive to increase profits by executing the strategies in the Mid-Term Business Plan as well as to maximize corporate value through the effective use of shareholders' equity.

	FY2022 actual	FY2023 target
Cash Conversion Cycle (CCC)	106 days	87 days
Return on Invested Capital (ROIC)	6.5%	6.08%
Return on Equity (ROE)	12.0%	10.69%
Net D/E Ratio	1.08	1.02

Actual ROIC was 6.5% in FY2022, despite impacts including the spread of COVID-19, a tight supply of semiconductors, high prices of raw materials and disruptions of distribution. The target in the Mid-Term Business Plan is 6.08%. The cost of shareholders' equity is currently seen as 5.3%.

In addition, finance charges such as interest expenses and foreign exchange gains and losses continue to have a large impact on net profits, so we believe ROE is also an important benchmark to be monitored. Actual ROE in FY2022 was 12.0% while the target in the Mid-Term Business Plan was 10.69%.

Since Net D/E Ratio is anticipated to temporarily rise with the success of an M&A, it has been set at 1.02 times, the target in the Mid-Term Business Plan. The actual Net D/E Ratio at the end of FY2022 was 1.08 times.

(Demand for funds)

The automotive-related business requires investment 2 to 3 years in advance, but it forecasts to generate stable profit over the long term. The consumer electronics business quickly starts to recover following investment, but the business cycle is short and the period for forecast profit is also short. Therefore, in relative terms, the consumer electronics business has a higher investment recovery risk than the automotive-related business. In terms of the contraction in operating capital, since these are B to B businesses it is difficult to obtain the merit from initiatives to improve Days Sales Outstanding (DSO) and Days Payable Outstanding (DPO), so effort is made to improve DIO (Days Inventory Outstanding). As a practical initiative for DIO management, monitoring is done of products by month and region. In FY2021, in addition to supply chain disruptions during the COVID-19 pandemic, holdups in the supply of semiconductors applied the brakes to certain customers' production and that led to delays in deliveries for our products, actual DIO was 108 days. By implementing thorough product inventory management, actual DIO in FY2022 was held to 92 days. The target for FY2023 is set at 80 days.

(Fund procurement)

The Company is expanding its options for fund procurement methods by obtaining a credit rating, in order to do that, it is improving medium-term profitability and strengthen its financial structure.

(Funds on hand)

There are 35 consolidated subsidiaries in Japan and overseas and a minimum amount of funds on hand for major subsidiaries is set to ensure that capital efficiency is not reduced due to funds stagnating at each company. The funds on hand for the entire group are monitored by comparing that set amount with the actual amount of funds on hand each month. By doing so, we are working to reduce the surplus funds and reduce loans payable.

(ii) Source of capital and liquidity of funds

The Sumida Group's main fund requirements are for operating expenses such as personnel expenses, and selling, general and administrative expenses as well as for investment in non-current assets, etc. Fund requirements are mainly covered by the Company's own funds, with loans from banks, etc. raised as required.

1) The state of the Sumida Group's funds

As at the end of the current fiscal year, the Sumida Group's liquidity was at an adequate level.

The Sumida Group creates steady operating cash flow and is securing a broad-range of fund procurement methods with the aim of always securing appropriate funds for business activities, maintaining liquidity and having a sound financial position. Operating funds and capital investment funds needed for the future to maintain growth are mainly procured through loans payable in addition to cash on hand and cash flows from operating activities. For loans from banks, etc. we are aiming for a benchmark Net D/E Ratio of 1.0 to 1.1.

For liquidity, the target for cash and cash equivalents is 3,000 million yen. Although we took into consideration the impact of COVID-19 and other factors and retained a large amount of cash and deposits, cash and cash equivalents fell 1,292 million yen from the end of the previous fiscal year to 2,944 million yen due to the shift to the with COVID-19 era, and net interest bearing debts were up by 4,648 million yen due to the impact of the depreciation of the yen.

Note that the Sumida Group conducts meetings regularly and has built a good relationship with key banks.

2) Main details of demand for funds

The main items in the Sumida Group's demand for operating funds are the purchase of materials and components for products manufactured by the Sumida Group as well as operating expenses such as manufacturing costs and selling, general and administrative expenses. The Sumida Group's R&D expenses are recorded as part of operating expenses, but the personnel expenses for employees involved in R&D account for a major portion of R&D expenses.

3) Financial policy

Although there are currently no problems in the Company's financial position, the Company focuses on the cash flows in each country and is continuing the following initiatives.

- The Company conducts global cash management to enable management of funds on a global base such as the movement of funds and the outstanding balances at group

companies, promoting the visualization of funds, as it has in the past.

- Since gradual increase is forecast for sales, the Company forecasts an increase in operating capital. Kyriba (SaaS), which the Company uses for global cash management, updates the cash flow forecast for 3 months on a company-wide base, while monitoring the aggregate outstanding bank loans payable in 6 currencies for the Sumida Group on a weekly basis.

(iii) Policy on determination of dividends of surplus

The Company's basic policy for the return of profits to shareholders is to deliver dividends in consideration of a consolidated dividend payout ratio (25% to 30%) with top priority on the profit distribution through dividends.

When it is inappropriate to deliver dividends in accordance with the basic policy based on consolidated business results for the current fiscal year, the Company will work to enhance shareholder returns up to the amount of distributable surplus after considering Dividend on Equity (DOE) and other measures.

The Company stipulates in the Articles of Incorporation that it may allocate dividends of surplus upon a resolution of the Board of Directors, and it is the Company's basic policy to pay dividends twice a year, once at the interim and once at the end of the fiscal year.

Regarding the payment method of dividends, the Company pays dividends twice a year, once at the interim and once at the end of the fiscal year. In addition, the Company's policy is to pay year-end dividend to have annual dividend in line with the above dividend policy.

The Company will utilize internal reserve funds to strengthen its financial structure and keep growth power for the future.

Details of dividends of surplus for the current fiscal year are as follows:

Date of Board of Directors resolution	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Date of commencement of payment
July 29, 2022	380	14.00	June 30, 2022	August 26, 2022
February 22, 2023	897	33.00	December 31, 2022	March 3, 2023

Note:

Pursuant to Article 459 of the Companies Act, the Company stipulates in the Articles of Incorporation that it shall be entitled to allocate dividends of surplus on predetermined record dates (June 30 and December 31) by a resolution of the Board of Directors.

**(10) Other important matters concerning the Sumida Group**

There were no relevant issues.

## 2. Matters Concerning the Company

### (1) Shares of the Company (as of December 31, 2022)

- (i) Number of shares issuable: 70,000,000 shares
- (ii) Total number of shares issued: 27,444,317 shares (including treasury shares)
- (iii) Number of shareholders as of December 31, 2022: 6,121
- (iv) Major shareholders (top 10 shareholders, excluding treasury shares)

Name of shareholders	Number of shares held (thousand shares)	Ratio of the number of shares held (%)
Custody Bank of Japan, Ltd. (Trust Account)	6,441	23.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,676	20.87
Yawata Building Co., Ltd.	1,112	4.09
Yawata Zaidan Limited	959	3.53
GOVERNMENT OF NORWAY	642	2.36
JUNIPER	500	1.84
MSCO CUSTOMER SECURITIES	494	1.82
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	406	1.49
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	349	1.29
JPMorgan Securities Japan Co., Ltd.	326	1.20

Note:

The ratio of the number of shares held has been calculated excluding treasury shares (250,742 shares).

- (v) Other significant matters concerning shares

There were no relevant issues at the end of the current fiscal year.

**(2) Matters concerning the Company's share acquisition rights**

- (i) Share acquisition rights granted to and held by two (2) executive officers of the Company as compensation for exercise of their duties at the end of the current fiscal year

Date of resolution to issue	March 25, 2021 Resolution at the Compensation Committee
Category and number of grantees	2 executive officers of the Company
Class of share subject to share acquisition rights	Ordinary shares
Number of shares subject to share acquisition rights	111,700 shares
Amount to be paid in per share upon exercise of share acquisition rights	1 yen
Exercise period of share acquisition rights	from April 1, 2024 through March 31, 2033
Issue price and amount to be accounted for as stated capital in the case shares are issued upon exercise of share acquisition rights (yen)	Issue price: 994.75 yen Amount to be accounted for as stated capital: 497.38 yen
Terms and conditions for exercising share acquisition rights	(Note)
Status of holding	Number of share acquisition rights: 1,117 units Number of shares subject to share acquisition rights: 111,700 shares

Note:

Terms and conditions for exercising share acquisition rights

- (a) Provided that the three conditions of (i) the operating profit recorded in the consolidated statement of profit or loss in the annual securities report (hereinafter referred to as "Performance Assessment Level") reaches 6,400 million yen or more, in any fiscal year of the Company, from the fiscal year ended December 31, 2021 to the fiscal year ending December 31, 2023 (hereinafter referred to as "Target Fiscal Years"), and (ii) the average return on invested capital during the Target Fiscal Years was 4.9% or higher, are met, the maximum number of share acquisition rights that each holder of the share acquisition rights may exercise shall be the number of share acquisition rights held by each holder multiplied by the exercisable ratio (calculated by dividing the largest amount achieved during the Target Fiscal Years (the Performance Assessment Level can only be a maximum of 10,000 million yen even if the operating profit recorded in the consolidated statement of profit or loss in the annual securities report exceeds 10,000 million yen) by 10,000 million yen (any fraction of less than one (1) unit shall be discarded)). However, if a significant change occurs in the concept of index to be referred to, the Board of Directors shall determine another index to be referred to.
- (b) Holder of the share acquisition rights must be in a position of executive officer or director of the Company or director or employee of the Company's subsidiaries (collectively, the "Required Position") until the time of exercise of the share acquisition rights on a continuing basis.
- (c) With regard to holders of the share acquisition rights, there must not be a situation where dismissal of director has been adopted at a General Meeting of Shareholders of the relevant subsidiary of the Company, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiary, or a similar situation, as of the time of exercise of the share acquisition rights.
- (d) Notwithstanding (b) above, share acquisition rights may be exercised even when a holder of the share acquisition rights has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at

the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which two (2) years have elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period. However, if the date of loss of the Required Position is prior to the commencement date of the Exercise Period, the number of share acquisition rights that can be exercised is calculated based on the following formula (any fraction of less than one (1) unit shall be discarded):

$$\text{Number of exercisable share acquisition rights} = \text{Limit number of (a) above} \times \frac{\text{The number of days from the allotment date to the date of loss of the Required Position}}{\text{The number of days from the allotment date to the day immediately preceding the commencement date of the Exercise Period of the share acquisition rights}}$$

- (e) Share acquisition rights may not be exercised by inheritors of share acquisition rights.
- (f) Any fraction of a share acquisition right less than one (1) may not be exercised.

- (ii) Share acquisition rights granted to employees, etc. as compensation for exercise of their duties during the current fiscal year  
There were no relevant issues.
  
- (iii) Other important matters concerning share acquisition rights  
There were no relevant issues.

### (3) Matters concerning corporate officers of the Company

#### (i) Directors and executive officers (as of December 31, 2022)

Position at the Company	Name	Duties at the Company and important concurrent occupations or positions at other organizations
Director	Shigeyuki Yawata	Chairman of the Board of Directors Member of the Nomination Committee, Compensation Committee and Risk Management Committee
Director (Independent director)	Atsushi Kato	Chairman of the Audit Committee and member of the Risk Management Committee Certified Public Accountant, Atsushi Kato Certified Public Accountant Office
Director (Independent director)	Michael Mühlbayer	Member of the Nomination Committee and Compensation Committee
Director (Independent director)	Masako Miyatake	Member of the Audit Committee and Risk Management Committee Attorney Special Counsel, Blakemore & Mitsuki Professor, Keio University Law School Deputy Secretary-General, Japan International Dispute Resolution Center Outside Director, Nippon Sanso Holdings Corporation
Director (Independent director)	Tatsuo Umemoto	Chairman of the Nomination Committee and Compensation Committee Visiting Professor at Graduate School of Social Design Studies, Rikkyo University Representative Director, iGRAM Inc. Outside Director, Forum Engineering Inc.
Director	Tomoharu Suseki	Member of the Nomination Committee and Compensation Committee, and Chairman of the Risk Management Committee Outside Director, MISUMI Group Inc.
Director (Independent director)	Gen Ikegami	Member of the Audit Committee Representative and Certified Public Accountant, Gen Ikegami Certified Public Accountant Office Outside Statutory Auditor, TEIJIN LIMITED Outside Director, TAC Co., Ltd.
Director (Independent director)	Yan Hok Fan	Member of the Nomination Committee and Compensation Committee Independent Non-executive Director, Hysan Development Company Limited (Hong Kong) Independent Non-executive Director, China Everbright Environment Group Limited (Hong Kong) Independent Non-executive Director, First Pacific Company Limited (Hong Kong) Independent Non-executive Director, China Aircraft Leasing Group Holdings Limited (Hong Kong)
Director (Independent director)	Ryo Hayakawa	Member of the Audit Committee Representative Director, A1 Consulting Ltd. Representative Director and Managing Partner, AKSUS Advisors Inc. Outside Director, UDC Finance Limited (Auckland, New Zealand) Investment Banking Lecturer, Institute for Business and Finance, Waseda University
Representative Executive Officer and CEO	Kanji Hori	Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH Managing Director, SUMIDA AMERICA HOLDINGS INC.



Position at the Company	Name	Duties at the Company and important concurrent occupations or positions at other organizations
Representative Executive Officer and CFO	Yoshiyuki Honda	Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH External Auditor, McDonald's Holdings Company (Japan), Ltd.

Notes:

1. Mr. Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Gen Ikegami, Yan Hok Fan and Ryo Hayakawa are outside directors set forth in Article 2, item (xv) of the Companies Act.
2. Mr. Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Gen Ikegami, Yan Hok Fan and Ryo Hayakawa have been designated as independent directors of the Company in accordance with the rules of the Tokyo Stock Exchange and their names have been notified to the said stock exchange.
3. Aside from statutory committees (Nomination, Audit and Compensation Committees), the Company has voluntarily set up a Risk Management Committee.
4. Mr. Ryo Hayakawa, member of the Audit Committee, has been involved in running several companies and Mr. Atsushi Kato, Chairman of the Audit Committee, and Mr. Gen Ikegami are certified public accountants. As such, all three members of the Audit Committee have considerable financial and accounting knowledge. Furthermore, Dr. Masako Miyatake, member of the Audit Committee, is an Attorney and has considerable legal knowledge on international transactions, litigation and compliance.
5. As all four members of the Audit Committee are outside directors, the Company has not appointed any standing members of the said Committee. Therefore, although none of them serve on a full-time basis, the Corporate Office and Internal Audit Office take charge of internal control of not only the Company, but also the Group and oversees compliance and risk management operations, while Internal Audit Office performs internal audits working closely with the Audit Committee in order to enhance the effectiveness of the audit.

(ii) Directors who retired during the current fiscal year

Name	Date of retirement	Reason for retirement	Position and duties at the Company and important concurrent occupations or positions at other organizations at the time of retirement
Pak Hong Auyang	March 25, 2022	Expiration of his term of office	Director and Chairman of the Nomination Committee and Compensation Committee Director and CEO, Computime Group Limited Independent Non-executive Director, Lever Style Corporation
Yukihiro Moroe	March 25, 2022	Expiration of his term of office	Director and Member of the Nomination Committee and Compensation Committee Representative Director, YUME Capital Co., Ltd. Representative Director, Itohan Japan Co., Ltd. External auditor, Oisix ra daichi Inc.

(iii) Executive officers who retired during the current fiscal year

Name	Date of retirement	Reason for retirement	Position and duties at the Company and important concurrent occupations or positions at other organizations at the time of retirement
Shigeyuki Yawata	March 25, 2022	Expiration of his term of office	Director (Chairman of the Board of Directors), Representative Executive Officer and CEO, and Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH

(iv) Policy to determine the amount of compensation for directors and executive officers by the Compensation Committee

The Company, as a company with nomination committee, etc., determines compensation for its directors and executive officers in a fair and appropriate manner, having established a Compensation Committee, a majority of which consists of outside directors, and appointed an outside director as its chairman to ensure transparency.

The Company's officer compensation system, in accordance with the management policies, aims to further motivate its executive officers to continuously improve the business performance over the medium to long term and to contribute to the increase of overall corporate value of the Sumida Group, so that the Company can meet the expectations of its shareholders.

The Company targets a level of compensation sufficient for securing and maintaining talented human resources who will lead its development.

In line with this objective, the Compensation Committee has decided on the policy to determine individual compensation for directors and executive officers as follows, and determines the amounts of individual compensation for directors and executive officers in accordance with this policy.

The content of individual compensation for directors and executive officers of the Company in the current fiscal year has been decided after appropriate deliberation in the Compensation Committee in accordance with the policy resolved by the Compensation Committee, and is judged to conform with the policy.

1. Scope of decision and extent of disclosure

"The amount of individual compensation for directors and executive officers" that the Compensation Committee defines and discloses shall be the total amount of compensation paid by the Sumida Group in order to enhance its transparency. It shall be disclosed separately for directors and executive officers.

2. Directors' compensation

The directors' compensation shall be determined by reflecting the position and responsibility of each director, and in consideration of the economic trends and the business environment of the Company. Directors' compensation is composed of the following three elements and this will not be paid to those who serve as executive officer concurrently.

- 1) Basic compensation  
Compensation for the responsibilities as director (including the compensation for the responsibilities of the members of the Nomination and Compensation Committees)
  - 2) Compensation of Audit Committee members  
Compensation for the responsibilities as the member of the Audit Committee
  - 3) Compensation of Committee Chairmen  
Compensation for the duties as Chairman of the Audit Committee, Chairman of the Nomination Committee and the Compensation Committee
3. Executive officers' compensation
- For executive officers' compensation, incentive compensation (corporate performance-linked compensation) shall be adopted in addition to the basic compensation (fixed compensation) in order to maintain and raise the motivation for the execution of operations. Executive officers' compensation is composed of the following five elements:
- 1) Basic compensation  
Basic compensation shall be on a fixed basis in consideration of the position and responsibility as an executive officer within the Company, and any additional post as an officer at subsidiaries. The amount of compensation shall be determined by taking into account the previous operational performance and comparison with the actual compensation for the previous fiscal year.
  - 2) Short-term incentives  
These compensations are intended to maintain and raise the short-term motivation, and the base amount shall be determined depending on the position and responsibility of each executive officer. The amount to be paid will be changed in accordance with the target performance set at the beginning of the term and the actual performance and execution of duties of the Group as a whole or the function in charge. Additional bonuses may be paid to any distinguished achievement for which the Compensation Committee gives credit.
  - 3) Stock options  
The Company shall grant performance-linked share acquisition rights (stock options) in accordance with the Mid-Term Business Plan.
  - 4) Long-term incentives  
The Company shall grant this compensation to maintain and raise the medium- and long-term motivation of executive officers, and to prevent the loss of such officers.
  - 5) Pension plans  
The Company shall grant this compensation as additional benefit to public pension in consideration of their service period in order to help eligible retired executive officers have stable lives after retirement.
4. Total compensation and fixed compensation shall be set at appropriate levels in consideration of each rank and value of duties while periodically referring to external objective data and evaluation data.
  5. Compensation for directors (excluding those concurrently serving as executive officers) and outside directors shall not include a portion that reflects short-term performance in light of

their position to supervise management, and only the basic compensation on a fixed basis, as well as the compensation of Committee Chairmen for chairmen of committees and compensation of Audit Committee members for members of the Audit Committee, shall be paid.

(v) Total amount of compensation paid to directors and executive officers  
(Period: January 1 to December 31, 2022)

Category	Number of payees (person)	Basic compensation (million yen)	Short-term incentive (million yen)	Long-term incentive (million yen)	Bonus Stock options (million yen)	Pension plan (million yen)	Fringe benefits (million yen)	Total (million yen)
Executive officers	3	82	65	20	–	–	1	170
Inside directors	2	23	–	–	–	–	14	38
Outside directors	9	46	–	–	–	–	–	46
Total	13	152	65	20	–	–	16	255

Notes:

- During the current fiscal year, the Company has three executive officers, two inside directors and nine outside directors. One of the three executive officers served as directors concurrently. Accordingly, the total number of officers is thirteen. Directors' compensations are not paid to those who concurrently serve as executive officer and director, and therefore, they are included in the figures shown in the row of executive officers and excluded from the figures indicated in the row of directors. The above row of executive officers includes an amount paid over the period from January 2022 to March 2022 to one executive officer who retired at the conclusion of the 67th Annual General Meeting of Shareholders, held on March 25, 2022.
- The figures are consolidated compensation of the Group. Compensation relating to the Group consists of 82 million yen for three executive officers, 23 million yen for two inside directors, and 46 million yen for nine outside directors. The above row of outside directors includes an amount paid from January 2022 to March 2022 to two outside directors who retired at the conclusion of the 67th Annual General Meeting of Shareholders, held on March 25, 2022.
- Short-term incentive compensation  
The amount paid was calculated in accordance with the achievement rate of consolidated operating profit target for the current fiscal year. The performance indicator for the "short-term incentive" is the consolidated operating profit target set at the beginning of the fiscal year (5.5 billion yen for the fiscal year ended December 31, 2022), and its actual result was 8.1 billion yen. The reason why the Company selected this indicator is because it judged that the amount of operating profit is one of the most appropriate indicators to measure the performance responsibility to be fulfilled by the executive officers, and it aims to achieve sustainable growth and increase corporate value by achieving a higher level of operating profit. The amount of compensation is calculated by multiplying the basic compensation by the coefficient set for each position and the payment rate according to the degree of achievement of the indicator.
- Long-term incentive compensation  
Phantom stocks depending on the positions of the executive officers for the next fiscal year shall be granted, with underlying assets calculated by multiplying the total amount of dividends for the current fiscal year by the rate designated by the Company. The reason for selecting the total amount of dividends for the current fiscal year as the performance indicator for long-term incentive compensation is that it was judged to be appropriate as an indicator of the return of profits to shareholders. The result was 20 million yen.
- The cell of outside directors in the basic compensation column indicates the sum of basic compensation, compensation of the Audit Committee members, and compensation of Committee Chairmen.
- Stock options without contribution and pensions  
There were no relevant issues.
- Fringe benefits  
In addition to the above compensations, the Group paid fringe benefits totaling 16 million yen (including one million yen paid by the Company) to two eligible executive officers and one inside director.
- In addition to the above compensation, a retirement bonus totaling 337 million yen was paid in cash to one executive officer who retired at the conclusion of the 67th Annual General Meeting of Shareholders, held on March 25, 2022. (including 101 million yen paid by the Company).

(vi) Outline of liability limitation contracts

In order to obtain excellent directors from outside, the Company has made provisions limiting liability for damages under Article 423, paragraph (1) of the Companies Act in the Articles of Incorporation pursuant to the provisions under Article 427, paragraph (1) of the said act. In accordance with the aforementioned provisions, the Company has entered into liability limitation contracts with seven outside directors. The limit of liability for damages under such contracts has been set at the minimum liability provided for under Article 425, paragraph (1) of the Companies Act. However, liability limitation is applied only when the relevant outside directors have carried out their duties, for which they are supposed to assume liability, in good faith or without gross negligence.

(vii) Outline of insurance contract covering officer liability for damages

The Company has entered into an insurance contract covering officer liability for damages with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The insurance contract will cover damages to be borne by the insured, including compensation, judgment amounts decided by the court, settlement money, amounts paid in out-of-court settlements and legal costs, which may arise in relation to damage compensation claims. All of the directors, executive officers, and employees who manage, supervise, and give directions and orders are insured by the said insurance contract. Furthermore, insurance premiums for the said insurance contract are fully paid by the Company, based on an approval of the Board of Directors and a unanimous consent of outside directors.

(viii) Matters concerning outside directors

1. Important concurrent occupations or positions at other organizations

This is as described in the list of (i) Directors and executive officers above. There are no business relationships between the Company and other organizations where they hold the additional posts.

2. Relatives of managing members of the Company or business operators that have specific relations with the Company such as main clients

- 1) None of the outside directors have been managing members of the Company or business operators that have specific relations with the Company in the past.
- 2) None of the outside directors have relatives in the third degree or closer with managing members of the Company or business operators that have specific relations with the Company.

3. Main activities during the current fiscal year

1) Attendance of outside directors

Name	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Risk Management Committee meetings
Atsushi Kato	6/6 (100%)	15/15 (100%)	–	–	4/4 (100%)
Michael Mühlbayer	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	–
Masako Miyatake	6/6 (100%)	15/15 (100%)	–	–	4/4 (100%)
Tatsuo Umemoto	6/6 (100%)	5/5 (100%)	6/6 (100%)	6/6 (100%)	–
Gen Ikegami	6/6 (100%)	15/15 (100%)	–	–	–
Yan Hok Fan	5/5 (100%)	–	5/5 (100%)	5/5 (100%)	–
Ryo Hayakawa	5/5 (100%)	10/10 (100%)	–	–	–

Notes:

1. The Company established the Risk Management Committee. Members include executive officers, chairman of the Audit Committee and members of the Audit Committee.
2. Mr. Tatsuo Umemoto's attendance at Audit Committee meetings is presented until March 25, 2022, when he retired from the Audit Committee.
3. For Messrs. Yan Hok Fan and Ryo Hayakawa, the attendance after their appointments as directors on March 25, 2022 is presented.

2) The status of statements by outside directors and an outline of the duties concerning the expected roles of outside directors

	The status of statements and an outline of the duties concerning the expected roles of outside directors
<p style="text-align: center;">Outside Director Atsushi Kato</p>	<p>Mr. Atsushi Kato has proactively expressed his opinions in deliberations at meetings of the Board of Directors, mainly from his perspective as an accounting expert. He has adequately fulfilled his role and responsibilities as an outside director such as highly effective supervision of the Company's management based on his extensive experience and insights, particularly as a certified public accountant.</p> <p>In addition, as chairman of the Audit Committee, he made necessary remarks in deliberations on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value. As a former auditor of a firm that is not the Company's independent auditors, he provides advice and guidance from an independent standpoint to the Internal Audit Office and Audit Committee.</p> <p>In addition, at the Risk Management Committee, he made necessary remarks in relation to risk identification and planning of risk-averse measures on a timely basis.</p>
<p style="text-align: center;">Outside Director Michael Mühlbayer</p>	<p>Dr. Michael Mühlbayer made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his point of view as a corporate business executive. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his knowledge and experience as a corporate executive in the field of corporate finance, and his insight into the automobile and electric and electronics industries, particularly in the European and U.S. markets.</p> <p>In addition, at the Nomination Committee, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board of Directors and executive officers and the desired images of directors and executive officers that are appropriate and required for the business development of the Company.</p> <p>In addition, at the Compensation Committee, he made necessary remarks in deliberations on a timely basis from the perspective of determining fairly and properly the compensation bases for directors and executive officers.</p>



	The status of statements and an outline of the duties concerning the expected roles of outside directors
<p style="text-align: center;">Outside Director Masako Miyatake</p>	<p>Dr. Masako Miyatake made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from her point of view as a lawyer. She has adequately fulfilled her role and responsibilities as an outside director such as by strengthening the Board of Directors function from an independent perspective and supervising business execution based on her extensive experience and broad-ranging insights, particularly as an international lawyer. She has provided proper advice when implementing training for officers and managers during the current fiscal year. She has also provided necessary advice from time to time when inspecting and revising the status of implementation for day-to-day compliance response such as internal reporting.</p> <p>In addition, at the Audit Committee, she made necessary remarks in deliberations on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.</p> <p>In addition, at the Risk Management Committee, she made necessary remarks in relation to risk identification and planning of risk-averse measures on a timely basis.</p>
<p style="text-align: center;">Outside Director Tatsuo Umemoto</p>	<p>Mr. Tatsuo Umemoto made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his point of view as a management consultant and corporate executive. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his extensive knowledge and experience in business strategy, business planning, new business development, organization personnel, competency development, and marketing and branding in particular.</p> <p>In addition, at meetings of the Audit Committee held prior to his retirement as a member of the Audit Committee on March 25, 2022, he made necessary remarks in deliberations on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.</p> <p>In addition, as chairman of the Nomination Committee, he has made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board of Directors and executive officers and the desired images of directors and executive officers that are appropriate and required for the business development of the Company.</p> <p>In addition, as chairman of the Compensation Committee, he has made necessary remarks in deliberations on a timely basis from the perspective of determining fairly and properly the compensation bases for directors and executive officers.</p>

	The status of statements and an outline of the duties concerning the expected roles of outside directors
<p>Outside Director Gen Ikegami</p>	<p>Mr. Gen Ikegami made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his point of view as an expert in accounting. He has adequately fulfilled his role and responsibilities as an outside director such as highly effective supervision of the Company's management based on his extensive experience and broad-ranging insight, particularly as a certified public accountant.</p> <p>In addition, he has made necessary remarks in deliberations at the Audit Committee on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value. As a former auditor of a firm that is not the Company's independent auditors, he provides advice and guidance from an independent standpoint to the Internal Audit Office and Audit Committee.</p>
<p>Outside Director Yan Hok Fan</p>	<p>Mr. Yan Hok Fan has, since being appointed an outside director on March 25, 2022, made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his perspective as a corporate business executive and director, primarily in China and Hong Kong. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his knowledge and experience as a global corporate executive, and his insight into the Asian market.</p> <p>In addition, since being appointed a member of the Nomination Committee on March 25, 2022, he has made necessary remarks in deliberations at the Nomination Committee on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board of Directors and executive officers and the desired images of directors and executive officers that are appropriate and required for the business development of the Company.</p> <p>In addition, since being appointed a member of the Compensation Committee on March 25, 2022, he has made necessary remarks in deliberations at the Compensation Committee on a timely basis from the perspective of determining fairly and properly the compensation bases for directors and executive officers.</p>
<p>Outside Director Ryo Hayakawa</p>	<p>Mr. Ryo Hayakawa has, since being appointed an outside director on March 25, 2022, made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his perspective as a corporate business executive. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his extensive experience and insights as a global corporate executive, particularly in relation to the financial industry.</p> <p>In addition, since being appointed a member of the Audit Committee on March 25, 2022, he has made necessary remarks in deliberations at the Audit Committee on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.</p>

4. Total amount of compensations received from the subsidiaries  
There were no relevant issues.
  
5. Criteria and policy relating to independence  
Outside directors of the Company who do not fall under any of the following items are to be judged to have independence.
  1. Person who is currently a managing member of the Company, one of its subsidiaries, or affiliates (hereinafter the “Sumida Group”), or who has been a managing member at any point in the ten years prior to appointment as a director.  
 “Managing Member” refers to the following persons. The same shall apply hereinafter.
    - (a) Managing director, executive officer, or officer who executes business of other corporations.
    - (b) Member who executes business, person who is to execute duties specified in Article 598, paragraph (1) of the Companies Act, or other person who is in an equivalent position.
    - (c) Employee
  2. Person whose spouse or relative is within the second degree of kinship is currently a managing member of the Sumida Group, or held a position of managing member at any time during the five years prior to the assumption of office as director.
  3. Person who is a major shareholder of the Company or a managing member thereof.  
 “Major shareholder” refers to a shareholder who holds 10% or more of the voting rights of the Company either directly or indirectly.
  4. Major business partner of the Sumida Group or a managing member thereof or a person whose major business partner is the Sumida Group or a managing member thereof.  
 “Major business partner” refers to a corporation, etc. which received from or made payments to the Sumida Group in the amount of 2% or more of consolidated revenue of the Sumida Group or the corporation, etc. in any one of the past five fiscal years.
  5. Person who receives from the Sumida Group a large amount of monetary payment or other property benefits other than officer compensation (such as lawyer, accounting or tax specialist, and consultant). If the receiver of a large amount of monetary payment or other property benefits is an organization, such as a corporation or association, a person belonging to the organization.  
 “A large amount” refers to the case where the annual amount of monetary payment or other property benefits exceeded 5 million yen in any one of the past three fiscal years (hereinafter the same).
  6. Person who receives from the Sumida Group a large amount of donations in monetary payment or other property benefits, or a person belonging to the organization, such as a corporation or association that receives such donations.
  7. Spouse or relative within the second degree of kinship of the person who falls under the preceding four items.

8. Any other person who possesses potential conflicts of interest with ordinary shareholders of the Company and is deemed to be under circumstances that affect the fulfillment of duties as an independent outside director.

**(4) Independent auditors**

(i) Name: KPMG AZSA LLC

(ii) Amount of compensations:

	Amount to be paid (million yen)
Amount of compensations for the current fiscal year	65
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to independent auditors	65

Note:

Since in the audit agreement concluded between the Company and the independent auditor, compensation for audits is not clearly classified into compensation based on the Companies Act and compensation in accordance with the Financial Instruments and Exchange Act, and since that compensation cannot substantially be divided either, the item “Amount of compensations for the current fiscal year” shows the sum of these amounts.

(iii) Basis of consent to the amount of compensations for independent auditor by the Audit Committee

The Audit Committee of the Company, based upon the Practical Guidelines for Cooperation with Independent Auditors released by the Japan Audit & Supervisory Board Members Association, conducted confirmation of auditing system and auditing plans of the independent auditor, the status of execution of duties by the independent auditor, the status of quality control system of the audit corporation, the grounds for calculation of compensation estimates and other matters, and having investigated these, gave consent to compensation, etc. for the independent auditor in accordance with Article 399, paragraph (1) of the Companies Act, upon judging it to be a rational level for maintaining and improving audit quality.

(iv) Auditing of consolidated subsidiaries

Subsidiaries of the Company, such as Sumida Electric (H.K.) Company Limited and SUMIDA AG, were audited by either a certified public accountant or an auditing firm who is not an independent auditor at the Company.

(v) Policy on determination of dismissal or non-reappointment of the independent auditor

The Audit Committee will annually discuss whether to reappoint the independent auditor in consideration of the quality of the audit performed by the independent auditor and the effectiveness and efficiency of its audit performance. When dismissal or non-reappointment of the independent auditor is deemed appropriate, the Audit Committee will determine the content of an agenda to be proposed to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the independent auditor based on the rules of the Audit Committee.

When the Audit Committee finds that any of the items in Article 340, paragraph (1) of the Companies Act apply to the independent auditor, after adequate deliberations with respect to the appropriateness of the dismissal, that independent auditor shall be dismissed with the consent of all the committee members. In such case, a member of the Audit Committee designated by the said Committee shall report the dismissal of the independent auditor and the reason for it at the

first General Meeting of Shareholders convened after the dismissal.

**(5) System to secure properness of operations and operation status of the system**

- (i) System to ensure that executive officers, and, directors and employees of the Group comply with the applicable laws, regulations and the Articles of Incorporation with regard to their duties

The Group has established “Sumida Business Principles (hereinafter, the ‘Principles’)” which embodies the Group’s vision, management principles, commitment, code of conduct, corporate governance principles, and environment policy. Representative executive officers shall build up a system to monitor for compliance which enables to ensure that the executive officers, and, directors and employees of the Group perform their duties in accordance with the Principles. Details are as follows:

- (a) All directors, officers and employees shall always be reminded to understand and embody the Principles. The Principles, which is written in three languages, Japanese, English, and Chinese, is permanently posted on the Group’s intranet, so that all members of the Group can check and confirm the Principles. The Corporate Office\* and Internal Audit Office shall be responsible for monitoring and verifying how the Principles have been observed.
- (b) While compliance is recognized as the base of corporate governance, SUMIDA regards it in a more proactive manner rather than simply limiting the issue to the observance of laws and regulations, by defining it as activities to positively fulfill our Corporate Social Responsibility (CSR) based on integrity, discipline and common sense. The Corporate Office and Internal Audit Office shall be primarily responsible for the enhancement of the Group’s overall system and monitoring its activities.
- (c) The Corporate Office and Internal Audit Office shall report the situation of the aforementioned activities to the representative executive officers and the Audit Committee, and a summary of which shall be reported to the Board of Directors.
- (d) Representative executive officers shall verify the effectiveness of internal control, including compliance, and shall send reports to the Board of Directors.

\* The Corporate Office is under direct control of representative executive officers and made up of the Risk Management Office and Compliance Office.

- (ii) System regarding the preservation and management of information pertaining to the performance of duties by executive officers

Representative executive officers shall centrally manage important information related to execution of duties with clarifying the level of importance of information as well as the period and place of safekeeping, in accordance with the rules and regulations regarding information and document management. Documents are available to the directors at all times.

- (iii) System regarding the reporting of matters concerning the performance of duties by directors of subsidiaries

Directors of subsidiaries shall report regularly the financial information, matters concerning risk and compliance and other material matters of subsidiaries to the Company in accordance with group company management rules.

- (iv) System and regulations with regard to risk management of the Group

Representative Executive Officer and CEO as the Chief Risk Management Officer who takes the

highest responsibility for risk management, has established the Risk Management Committee, which is responsible for overseeing risk management, and set up the Risk Management Office, which is responsible for executing the duties of said Committee, within the Corporate Office. The Risk Management Office has set out the internal risk management rules and thereby identifies and analyzes potential risks and formulates and manages preventive measures from a global business perspective through placement of a risk management monitoring system in major business bases of the Group including overseas sites. In the event that a risk materializes, the Risk Management Office shall discuss countermeasures to minimize losses. Executive officers, and, directors and employees of the Group shall perform their duties in compliance with the rules. The Corporate Office and Internal Audit Office shall monitor and evaluate the implementation of the above, and shall report the situation to the representative executive officers and the Audit Committee, and deliver a summary to the Board of Directors.

- (v) System to ensure the effectiveness and efficiency of the performance of duties by the executive officers, and, directors and employees of the Group  
Executive officers shall set up a system based on the Principles to ensure a proper decision-making process of the Group and surveillance of individual activities and thereby enhance the operating efficiency. Details are as follows:
  - (a) Representative executive officers shall set up an Advisory Board as the need arises, with whom they shall consult and engage in sufficient discussion when making important decisions.
  - (b) Representative executive officers shall set out the authority and regulations for decision-making process of the Group and conduct regular reviews of the situation.
  - (c) Representative executive officers shall make regular reviews of the achievement and progress of businesses they are responsible for decision-making of the Group thereof and ensure further propriety and efficiency of management and execution of operation by giving feedback of the results of the review.
  - (d) Representative executive officers shall ensure a proper and quick decision-making process by smoothly collecting, analyzing, communicating, sharing and archiving the necessary information on SUMIDA's business activities.
  
- (vi) System to ensure the propriety of business of the Group  
SUMIDA CORPORATION is a pure holding company with business activities conducted by its group companies. In light of this, executive officers and directors of the Group shall always perform their duties with the view of group governance. The Corporate Office oversees compliance and risk management operations. The Internal Audit Office performs internal audits and then submits the results to the representative executive officers and the Audit Committee as internal audit reports. The Audit Committee shall carry out its audit in cooperation with the Internal Audit Office. The Corporate Office and Internal Audit Office shall take charge of internal control of the entire Group.

- (vii) Matters concerning employees who assist the Audit Committee, matters concerning the independence of those employees from executive officers and to ensure effectiveness of instruction of the Audit Committee to those employees

The Corporate Office shall be responsible for the secretariat of the Audit Committee. However, any decisions with regard to changes or transfers of personnel, reorganization or any other considerations shall require the prior approval of the Audit Committee. Furthermore, when employees who assist the Audit Committee receive the instruction of the Audit Committee, those employees exclusively follow its directions and instructions.

- (viii) System whereby executive officers, and, directors and employees of the Group report to the Audit Committee, and to ensure individuals who make the reports are not treated unfavorably

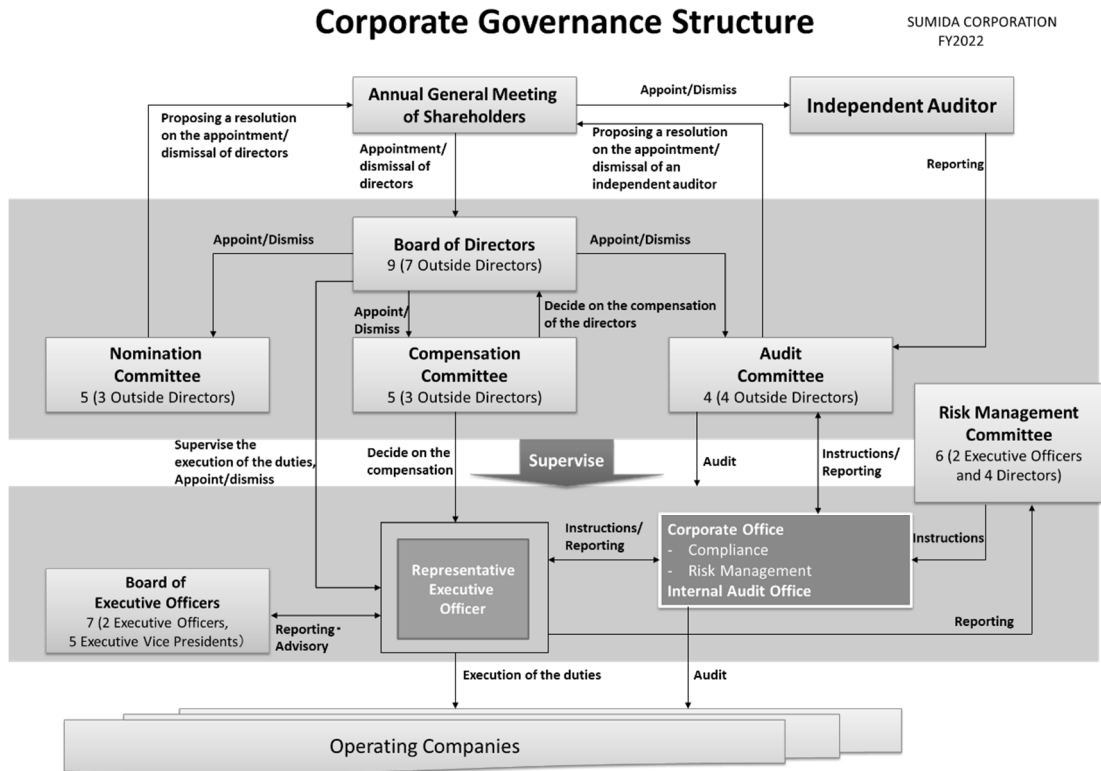
The rules that Representative executive officers, executive officers, and directors and employees of the Group are to report the following matters to the Audit Committee shall be set out and thereby the matters shall be reported to the Audit Committee. Furthermore, the prohibition of disadvantageous treatment of the individuals who make the reports for making those reports shall be stipulated in the rules and disseminated to all parties involved. A summary of the report shall be reported to the Board of Directors.

- (a) Incidents, which may cause material losses and/or gains to, or material damage and/or benefit to, the Company
  - (b) When there arises any material fact or possibility thereof involving misconduct or malpractice, breach of laws and regulations or Articles of Incorporation in relation to the execution of duties of the directors or executive officers, such fact
  - (c) Monthly accounting statements on a consolidated basis
  - (d) Internal audit report
  - (e) Monthly reports from the main operating divisions
  - (f) Other important matters
- (ix) Procedures for prepayment or reimbursement of costs arising from the execution of duties of the Audit Committee members and other matters concerning policy related to the handling of costs or liabilities arising from the execution of such duties
- When the Company is asked by the Audit Committee members to prepay expenses for the execution of their duties as provided for in Article 404, paragraph (4) of the Companies Act, the Company shall promptly handle the costs or liabilities, except in cases where it can prove the costs or liabilities were unnecessary for the execution of duties by the claiming Audit Committee members.
- (x) System to ensure the effectiveness of audits executed by the Audit Committee members
- (a) The Internal Audit Office shall have prior consultations with the Audit Committee when setting out the annual audit policies and plans. The Internal Audit Office shall also report the progress and results of internal audit to the Audit Committee. The Audit Committee may request the Internal Audit Office for an additional audit if necessary.
  - (b) Independent auditors shall explain to the Audit Committee its auditing plan at the outset of the fiscal year and report to the Audit Committee the progress of its interim audit and the end-term audit results, etc. Furthermore, the independent auditors may have consultations and discussions with the Audit Committee if needed.

- (c) In order to ensure the independence of independent auditors from the executive officers, as well as to guarantee the implementation of the audit activities, decisions on the independent auditors' compensation shall require the Audit Committee's prior consent.
- (xi) Evaluation of the implementation of system to ensure the propriety of business of the Group  
The Board of Directors shall make regular reviews of the implementation of system to ensure the propriety of business of the Group.
- (xii) Basic policy toward exclusion of antisocial forces  
The Company shall take a firm stance against antisocial forces that threaten the social order or safety of civil society.
- (xiii) Overview of the implementation of system to ensure properness of operations  
The Board of Directors held six meetings in the current fiscal year and strove to strengthen and put into practice its supervisory function through such actions as formulating basic management policies, making decisions on prescribed legal matters and conducting regular reviews of the status of operating execution. The Nomination Committee held six meetings, and it formulated the election criteria for director candidates and decided the candidates for director. The Audit Committee held 15 meetings; it carried out audits related to various matters, including the suitability of the process for preparing financial statements related to financial results of regular accounting periods, the internal audit and internal control system, the information disclosure system, the risk management system, and the compliance system; and it reported the results of these audits to the Board of Directors. The Compensation Committee held six meetings, and it decided the policy for deciding compensation for directors and executive officers as well as the compensations, etc. for each individual. It was confirmed that the Company and the Board of Directors will undertake the following initiatives to further increase the effectiveness of the Board of Directors.
- To further enhance discussions by the Board of Directors concerning strategic matters and other key management issues, efforts will be made to improve the quality of information provided, by such means as increasing the time spent on discussions and devising materials for distribution beforehand.
  - To enable outside directors to gain a deeper understanding of the business of the Company and the Group, more creative approaches will be taken in the provision of information concerning business and the status of the execution of duties.



(Reference) Corporate governance system (as of December 31, 2022)



Note: The amounts of money and the numbers of shares described in this Business Report are rounded down to the nearest units.

Consolidated Financial Statements (IFRS) and  
Non-consolidated Financial Statements (Japanese GAAP)  
for the 68th term  
(January 1 to December 31, 2022)

Consolidated Statement of Financial Position  
Consolidated Statement of Profit or Loss  
Consolidated Statement of Changes in Equity  
Non-consolidated Balance Sheet  
Non-consolidated Statement of Income  
Non-consolidated Statement of Changes in Shareholders' Equity

Kanji Hori  
Representative Executive Officer and CEO  
SUMIDA CORPORATION

## Consolidated Statement of Financial Position

(Millions of yen)

	68th term As of December 31, 2022	(Reference) 67th term As of December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,944	4,237
Trade and other receivables	30,069	22,557
Inventories	30,143	26,584
Other current assets	5,272	4,210
<b>Total current assets</b>	<b>68,431</b>	<b>57,590</b>
<b>Non-current assets</b>		
Property, plant and equipment	46,416	41,452
Right-of-use asset	4,885	4,664
Goodwill	4,916	4,425
Intangible assets	6,935	6,379
Financial assets	589	735
Deferred tax assets	2,345	2,114
Other non-current assets	325	363
<b>Total non-current assets</b>	<b>66,415</b>	<b>60,135</b>
<b>Total assets</b>	<b>134,846</b>	<b>117,725</b>

Note: The amounts of money described above are rounded down to the nearest million yen.

## Consolidated Statement of Financial Position

(Millions of yen)

	68th term As of December 31, 2022	(Reference) 67th term As of December 31, 2021
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	14,906	12,757
Short-term interest bearing debts	23,607	19,067
Current portion of long-term debt	12,697	6,516
Current portion of lease obligations	1,040	895
Provisions	415	160
Income taxes payable	1,246	573
Accrued expenses	3,822	3,158
Other current liabilities	2,591	1,489
<b>Total current liabilities</b>	<b>60,327</b>	<b>44,618</b>
<b>Non-current liabilities</b>		
Long-term interest bearing debts	17,330	24,695
Lease obligations	3,872	3,590
Retirement benefit liability	1,287	1,508
Provisions	21	47
Deferred tax liabilities	1,441	1,655
Other non-current liabilities	1,688	1,509
<b>Total non-current liabilities</b>	<b>25,641</b>	<b>33,006</b>
<b>Total liabilities</b>	<b>85,969</b>	<b>77,624</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of parent</b>		
Capital stock	10,150	10,150
Capital surplus	9,898	9,898
Other equity instruments	4,850	4,850
Retained earnings	18,530	14,440
Share acquisition rights	290	105
Treasury shares	(520)	(519)
Accumulated other comprehensive income	3,630	(586)
<b>Total equity attributable to owners of parent</b>	<b>46,829</b>	<b>38,338</b>
<b>Non-controlling interests</b>	<b>2,047</b>	<b>1,762</b>
<b>Total equity</b>	<b>48,877</b>	<b>40,101</b>
<b>Total liabilities and equity</b>	<b>134,846</b>	<b>117,725</b>

Note: The amounts of money described above are rounded down to the nearest million yen.

## Consolidated Statement of Profit or Loss

(Millions of yen)

	68th term Year ended December 31, 2022	(Reference) 67th term Year ended December 31, 2021
<b>Revenue</b>	138,600	104,920
Cost of sales	(119,298)	(89,563)
<b>Gross profit</b>	<b>19,302</b>	<b>15,357</b>
Selling, general and administrative expenses	(11,319)	(9,688)
Other operating income	293	186
Other operating expenses	(86)	(529)
<b>Operating profit</b>	<b>8,189</b>	<b>5,326</b>
Finance income	129	18
Finance expenses	(1,784)	(1,446)
<b>Net profit before taxes</b>	<b>6,534</b>	<b>3,898</b>
Income taxes	(1,366)	(1,202)
<b>Net profits for the year</b>	<b>5,168</b>	<b>2,695</b>
<b>Attributable to:</b>		
Owners of parent	5,099	2,629
Non-controlling interests	68	66

Note: The amounts of money described above are rounded down to the nearest million yen.

**Consolidated Statement of Changes in Equity**  
**Year ended December 31, 2022**

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Share acquisition rights	Treasury shares
Balance as of Jan. 1, 2022	10,150	9,898	4,850	14,440	105	(519)
Cumulative effect of accounting change				(102)		
Restated balance	10,150	9,898	4,850	14,338	105	(519)
Net profits for the year				5,099		
Other comprehensive income						
Total comprehensive income for the year	-	-	-	5,099	-	-
Dividends				(679)		
Distribution to owners of other equity instruments				(228)		
Purchase of treasury shares						(0)
Disposal of treasury shares						
Transfer of difference on disposal of treasury shares						
Share-based payments					185	
Total transactions with owners	-	-	-	(908)	185	(0)
Balance as of Dec. 31, 2022	10,150	9,898	4,850	18,530	290	(520)

Note: The amounts of money described above are rounded down to the nearest million yen.

(Millions of yen)

	Equity attributable to owners of parent					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Accumulated other comprehensive income				Total accumulated other comprehensive income/ (loss)			
	Remeasurements of defined benefit plans	Gains or losses on financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of Jan. 1, 2022	(590)	41	(79)	41	(586)	38,338	1,762	40,101
Cumulative effect of accounting change					-	(102)		(102)
Restated balance	(590)	41	(79)	41	(586)	38,235	1,762	39,998
Net profits for the year					-	5,099	68	5,168
Other comprehensive income	192	0	113	3,910	4,216	4,216	217	4,433
Total comprehensive income for the year	192	0	113	3,910	4,216	9,316	285	9,601
Dividends					-	(679)		(679)
Distribution to owners of other equity instruments					-	(228)		(228)
Purchase of treasury shares					-	(0)		(0)
Disposal of treasury shares					-	-		-
Transfer of difference on disposal of treasury shares					-	-		-
Share-based payments					-	185		185
Total transactions with owners	-	-	-	-	-	(722)	-	(722)
Balance as of Dec. 31, 2022	(397)	41	34	3,952	3,630	46,829	2,047	48,877

Note: The amounts of money described above are rounded down to the nearest million yen.

## Non-consolidated Balance Sheet

(Millions of yen)

	68th term As of December 31, 2022	(Reference) 67th term As of December 31, 2021
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	208	158
Prepaid expenses	86	150
Short-term loans receivable	8,615	11,272
Other	412	156
<b>Total current assets</b>	<b>9,322</b>	<b>11,738</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment</b>		
Buildings	741	774
Structures	3	4
Tools, furniture and fixtures	0	0
Vehicles	4	6
Land	503	503
<b>Total property, plant and equipment</b>	<b>1,252</b>	<b>1,289</b>
<b>Intangible assets:</b>		
Telephone subscription right	3	3
<b>Total intangible assets</b>	<b>3</b>	<b>3</b>
<b>Investments and other assets:</b>		
Shares of subsidiaries and associates	30,365	25,052
Long-term loans receivable	6,380	11,119
Deferred tax assets	112	-
Other	143	396
<b>Total investments and other assets</b>	<b>37,002</b>	<b>36,569</b>
<b>Total non-current assets</b>	<b>38,258</b>	<b>37,861</b>
<b>Total assets</b>	<b>47,580</b>	<b>49,600</b>

Note: The amounts of money described above are rounded down to the nearest million yen.



## Non-consolidated Balance Sheet

(Millions of yen)

	68th term As of December 31, 2022	(Reference) 67th term As of December 31, 2021
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Short-term borrowings	4,834	3,072
Current portion of long-term borrowings	7,581	1,543
Accounts payable - other	93	59
Accrued expenses	31	22
Income taxes payable	362	157
Other	986	640
<b>Total current liabilities</b>	<b>13,890</b>	<b>5,495</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	7,057	18,520
Deferred tax liabilities	-	1,130
Other	75	82
<b>Total non-current liabilities</b>	<b>7,132</b>	<b>19,733</b>
<b>Total liabilities</b>	<b>21,023</b>	<b>25,228</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Share capital	10,150	10,150
Capital surplus	9,963	9,963
Legal capital surplus	9,963	9,963
Retained earnings	7,148	4,815
Legal retained earnings	264	264
Other retained earnings	6,884	4,551
Retained earnings brought forward	6,884	4,551
Treasury shares	(520)	(519)
<b>Total shareholders' equity</b>	<b>26,742</b>	<b>24,409</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(476)	(142)
<b>Total valuation and translation adjustments</b>	<b>(476)</b>	<b>(142)</b>
<b>Share acquisition rights</b>	<b>290</b>	<b>105</b>
<b>Total net assets</b>	<b>26,557</b>	<b>24,371</b>
<b>Total liabilities and net assets</b>	<b>47,580</b>	<b>49,600</b>

Note: The amounts of money described above are rounded down to the nearest million yen.

## Non-consolidated Statement of Income

(Millions of yen)

	68th term Year ended December 31, 2022	(Reference) 67th term Year ended December 31, 2021
<b>Operating revenue</b>	<b>3,704</b>	<b>1,498</b>
<b>Operating expenses</b>	<b>1,100</b>	<b>873</b>
<b>Operating profit</b>	<b>2,603</b>	<b>625</b>
<b>Non-operating income:</b>		
Interest income	316	331
Other	17	2
<b>Total non-operating income</b>	<b>333</b>	<b>334</b>
<b>Non-operating expenses:</b>		
Interest expenses	540	458
Commission expenses	98	99
Foreign exchange losses	102	53
Other	1	1
<b>Total non-operating expenses</b>	<b>742</b>	<b>613</b>
<b>Ordinary profit</b>	<b>2,194</b>	<b>345</b>
<b>Extraordinary income:</b>	<b>8</b>	<b>0</b>
Gain on sale of non-current assets	-	0
Gain on liquidation of subsidiaries	8	-
<b>Extraordinary losses:</b>	<b>0</b>	<b>19</b>
Loss on retirement of non-current assets	0	19
<b>Profit before income taxes</b>	<b>2,203</b>	<b>326</b>
Income taxes - current	286	190
Income taxes - deferred	31	1
<b>Profit</b>	<b>1,885</b>	<b>134</b>

Note: The amounts of money described above are rounded down to the nearest million yen.

**Non-consolidated Statement of Changes in Shareholders' Equity**  
**Year ended December 31, 2022**

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings	
						Retained earnings brought forward		
Balance at beginning of period	10,150	9,963	-	9,963	264	4,551	4,815	(519)
Cumulative effects of error corrections	-	-	-	-	-	1,127	1,127	-
Restated balance at beginning of period	10,150	9,963	-	9,963	264	5,678	5,942	(519)
Changes during period	-	-	-	-	-	-	-	-
Profit	-	-	-	-	-	1,885	1,885	-
Dividends of surplus	-	-	-	-	-	(679)	(679)	-
Purchase of treasury shares	-	-	-	-	-	-	-	(0)
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during period	-	-	-	-	-	1,205	1,205	(0)
Balance at end of period	10,150	9,963	-	9,963	264	6,884	7,148	(520)

Note: The amounts of money described above are rounded down to the nearest million yen.

(Millions of yen)

	Shareholders' equity	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	24,409	(142)	(142)	105	24,371
Cumulative effects of error corrections	1,127	-	-	-	1,127
Restated balance at beginning of period	25,536	(142)	(142)	105	25,499
Changes during period	-	-	-	-	-
Profit	1,885	-	-	-	1,885
Dividends of surplus	(679)	-	-	-	(679)
Purchase of treasury shares	(0)	-	-	-	(0)
Net changes in items other than shareholders' equity	-	(333)	(333)	185	(147)
Total changes during period	1,205	(333)	(333)	185	1,057
Balance at end of period	26,742	(476)	(476)	290	26,557

Note: The amounts of money described above are rounded down to the nearest million yen.

## **(Translation)**

### **Audit Report**

The Audit Committee has audited the performance of duties by directors and executive officers for the 68th term from January 1, 2022 to December 31, 2022. We report the methods and the results of the audit as follows.

#### **1. Methods used in audits and content of audits**

With respect to the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 416, paragraph (1), item (i), (b) and (e) of the Companies Act and the status of the system based on said resolutions (internal control systems), the Audit Committee received reports from directors, executive officers, employees and others periodically, requested explanations on those reports, when necessary, expressed an opinion concerning the establishment and operation of the system, and conducted audits using the following methods.

(i) The Audit Committee inspected in cooperation with the internal control division the process and content of the decision making at significant meetings, the content of the major authorization documents and other important documents related to business operations, the business performance of the executive officers, and the Company's operation and condition of property in accordance with the auditing policies established by the Audit Committee, the segregation of duties and others. With respect to subsidiaries, the Audit Committee took steps to facilitate communication with the directors and others of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses.

(ii) The Audit Committee also monitored and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Audit Committee also received notification from the independent auditor that it implemented the "system for ensuring the proper execution of its duties" (as enumerated in items of Article 131 of the Regulation on Corporate Accounting) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, the Audit Committee requested explanations on the notification.

Based on the foregoing methods, the Audit Committee also examined the Business Report, the Consolidated Financial Statements (Consolidated Statement of Financial Position prepared with some disclosure items required under IFRS omitted pursuant to the provisions of the latter part of Article 120, paragraph (1) of the Regulation on Corporate Accounting, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity, and notes to Consolidated Financial Statements), and the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Shareholders' Equity, and notes to Non-consolidated Financial Statements) and supporting schedules related to the fiscal year.

## 2. Results of the audit

### (1) Results of audit of Business Report

- (i) In our opinion, the Business Report and supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws and regulations, and the Articles of Incorporation.
- (ii) Neither improper actions in the execution of duties by directors and executive officers, nor material facts in violation of the provisions of applicable laws and regulations or the Articles of Incorporation, were found.
- (iii) In our opinion, the content of the resolution by the Board of Directors regarding internal control systems was appropriate; furthermore, nothing was pointed out regarding the contents of the Business Reports with respect to executing internal control systems and the execution of duties by directors and executive officers.

### (2) Results of the audit of Consolidated Financial Statements

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

### (3) Results of the audit of Non-consolidated Financial Statements and supporting schedules

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

February 20, 2023

Audit Committee  
SUMIDA CORPORATION

Atsushi Kato  
Member of the Audit Committee

Masako Miyatake  
Member of the Audit Committee

Gen Ikegami  
Member of the Audit Committee

Ryo Hayakawa  
Member of the Audit Committee

Note: The four members of the Audit Committee are outside directors as stipulated in Article 2, item (xv) and Article 400, paragraph (3) of the Companies Act.