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To Our Shareholders with Voting Rights

Tadao Hanagata, President

**KOA CORPORATION**

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

Head office: 14016, Oaza-Nakaminowa, Minowa-machi,

Kamiina-gun, Nagano Prefecture, Japan

**NOTICE OF CONVOCATION  
OF THE 95TH ORDINARY GENERAL MEETING  
OF SHAREHOLDERS**

Dear Shareholder:

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

This is to notify you of the 95th Ordinary General Meeting of Shareholders of KOA CORPORATION to be held as described below.

The Company takes measures for providing information that constitutes the content of reference documents for general meetings of shareholders, etc. (matters for which measures to provide information in an electronic format are taken) in an electronic format, and posts this information on each of the following websites. Please access any of the websites using the internet addresses shown below to review the information.

[The Company's website]

<https://www.koaglobal.com/ir/stock/soukai>

[Tokyo Stock Exchange (TSE) website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese only)

(Access the aforementioned TSE website and input "KOA" in the issue name (company name) field or "6999," the Company's security code, in the code field, and click "Search." When the company name is displayed, select "Basic information" and "Documents for public inspection/PR information" in that order. The information can be found under "Notice of convocation of general meetings of shareholders/materials for general meetings of shareholders" in the "Documents for public inspection.")

[Website dedicated for sharing materials for general meetings of shareholders]

<https://d.sokai.jp/6999/teiji/> (in Japanese only)

**Instead of attending the meeting in person, you may exercise your voting rights on the Internet or in writing (by mail). Please read the reference documents for the Ordinary General Meeting of Shareholders attached at the end and exercise your voting rights by 5 p.m., Friday, June 23, 2023 according to the instructions given on page 3.**

## Notice

1. **Date:** 10:00 a.m., Saturday, June 24, 2023 (Reception desk will open at 9:15 a.m.)
2. **Place:** **Large Hall, Shinshu INA Seminar House**  
9620 Misuzu, Ina-shi, Nagano Prefecture, Japan  
(Note that the venue is different from last year. Please refer to the General Meeting of Shareholders Site.)

### 3. Meeting Agenda

#### Matters to report:

1. The business report, consolidated financial statements as well as the Audit Reports of the Independent Auditors and Board of Corporate Auditors for consolidated financial statements for the 95th fiscal year (from April 1, 2022 to March 31, 2023)
2. The non-consolidated financial statements for the 95th fiscal year (from April 1, 2022 to March 31, 2023)

#### Matters to be resolved:

- Proposal 1: Appropriation of retained earnings
- Proposal 2: Partial amendment of the Articles of Incorporation
- Proposal 3: Election of twelve (12) directors
- Proposal 4: Election of two (2) corporate auditors

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•Following the amended Companies Act, in principle, shareholders are required to access any of the aforementioned websites to confirm the matters for which measures to provide information in an electronic format are taken. The paper-based documents will be sent in the mail to only shareholders who have requested to receive paper-based document by the record date. However, for this Ordinary General Meeting of Shareholders, the Company will send all shareholders paper-based documents that include the matters for which measures to provide information in an electronic format are taken, regardless of whether delivery of paper-based document is requested.

Among the matters for which measures to provide information in an electronic format are taken, the following matters are not provided in the paper-based documents to be sent out as provided for by the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company.

- (1) “Systems for Ensuring Proper Performance of Duties and the Operation of these Systems” and “Basic Policy Regarding the Control of the Company” of the business report
- (2) “Consolidated Statement of Changes in Shareholders’ Equity, etc.” and “Notes to the Consolidated Financial Statements” of the consolidated financial statements
- (3) “Non-consolidated Statement of Changes in Shareholders’ Equity, etc.” and “Notes to the Non-consolidated Financial Statements” of the non-consolidated financial statements

Accordingly, the business report, consolidated financial statements, and non-consolidated financial statements included in this document are part of the documents included in the scope of audits by the Independent Auditors in preparing the Independent Auditors’ Report and by the Board of Corporate Auditors in preparing the Audit Report.

- If changes occur to the matters for which measures to provide information in an electronic format are taken, a notice of the changes and the details of the matters before and after the changes will be posted on each of the aforementioned websites.
- The Company participates in the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
- This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translation.

## **Instructions on the Exercise of Your Voting Rights**

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

Please review the attached reference documents for the 95th Ordinary General Meeting of Shareholders and exercise your voting rights.

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

### **Attending the meeting in person**

Please turn in the voting form enclosed with this convocation notice at the reception desk at the venue.

Date for the meeting: 10:00 a.m., Saturday, June 24, 2023

### **Exercising voting rights via the Internet**

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

Deadline: The deadline for exercising your voting rights via the Internet is 5:00 p.m., Friday, June 23, 2023.

### **Exercising voting rights by mail**

Please indicate your approval or disapproval of each of the proposals on the voting form enclosed with this convocation notice and mail it.

Deadline: Voting forms that arrive by the deadline of 5:00 p.m., Friday, June 23, 2023 will be deemed valid.

## **How to indicate approval or disapproval on the voting form**

### **Proposals 1 and 2**

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

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

### **Proposals 3 and 4**

If you approve all candidates → Please mark a circle (○) in the “贊” (approval) section

If you disapprove all candidates → Please mark a circle (○) in the “否” (disapproval) section

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

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

•If there is no indication of approval or disapproval for any of the proposals in the voting form in which the voting right is exercised by writing (mail), we will deem it to be an indication of approval for the proposal.

(Attached documents with regard to the NOTICE OF CONVOCATION OF THE 95TH ORDINARY  
GENERAL MEETING OF SHAREHOLDERS)

## **BUSINESS REPORT**

(From April 1, 2022, to March 31, 2023)

### **1. Operating Performance**

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

##### 1) Process and results of operations

In the consolidated fiscal year ended March 31, 2023, the global economy faced a severe environment as the economic recovery slowed down mainly due to rising prices of commodities caused by surging resource prices and rising interest rates.

In the electronic parts industry, to which KOA CORPORATION (“the Company” or “we”) and its corporate group (“the Group” or “we”) belong, there continues to be a shift to environmentally friendly vehicles such as electric vehicles (EVs) due to the introduction of environmental regulations in various countries, and the automotive market is expected to expand in the medium to long term. In the fiscal year under review, overall demand remained at a high level, despite the effects such as production constraints caused by the shortage of semiconductors and China’s zero-COVID policy.

Within this environment, the Group is focusing on priority measures to realize our 2030 Vision and achieve the goals of the 2024 Medium-Term Management Plan, including the establishment of a supply system to support the growth of the mobility market including EVs and the industrial equipment market, evolution of KPS activities, introduction of Innovation Management System, introduction of renewable energy and reduction of electricity consumption, development of human capital to create the future, and new governance initiatives.

In the fiscal year under review, the Group posted consolidated net sales of ¥75,072 million, an increase of ¥10,116 million or 15.6% from the previous fiscal year. This reflects an increase in sales of products for automobiles, mainly in China and the US and the impact of depreciation of the yen.

On the profit front, consolidated operating income was ¥10,222 million, an increase of ¥4,500 million or 78.7% from the previous fiscal year, due in part to higher sales and the impact of depreciation of the yen. Ordinary income totaled ¥10,538 million, an increase of ¥3,679 million or 53.6% from the previous fiscal year. Net income attributable to owners of parent totaled ¥7,367 million, an increase of ¥2,595 million or 54.4% from the previous fiscal year, partly reflecting the recording of environmental expenses of ¥490 million and expenses for suspension of operation of ¥132 million in extraordinary losses.

With regard to segment results, in Japan, net sales were ¥61,860 million, an increase of ¥6,476 million from the previous fiscal year, and regional profit was ¥7,264 million, an increase of ¥2,760 million from the previous fiscal year. In Asia, net sales were ¥39,473 million, an increase of ¥6,103 million from the previous fiscal year, and regional profit was ¥1,814 million, an increase of ¥526 million from the previous fiscal year. In the United States, net sales were ¥12,945 million, an increase of ¥2,550 million from the previous fiscal year, and regional profit was ¥594 million, an increase of ¥76 million from the previous fiscal year. In Europe, net sales were ¥11,116 million, an increase of ¥2,211 million from the previous fiscal year, and regional profit was ¥429 million, an increase of ¥43 million from the previous fiscal year.

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

Product type	Net sales (millions of yen)	Percentage (%)
Resistors	68,189	90.8
ICs and IC-related equipment	1,275	1.7
Protective components	2,183	2.9
Others	3,423	4.6
Total	75,072	100.0

2) Capital expenditures

The capital expenditures in the fiscal year under review totaled ¥11,919 million, including those for plant constructions, quality improvements, development of new products and mass-production equipment, etc.

3) Financing activities

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

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

Not applicable.

5) Business transfers from other companies

Not applicable.

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

Not applicable.

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

Not applicable.

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

Item	92nd fiscal year (year ended March 31, 2020)	93rd fiscal year (year ended March 31, 2021)	94th fiscal year (year ended March 31, 2022)	95th fiscal year Consolidated fiscal year under review (year ended March 31, 2023)
Net sales	¥50,020 million	¥50,378 million	¥64,955 million	¥75,072 million
Ordinary income	¥1,727 million	¥2,939 million	¥6,859 million	¥10,538 million
Net income attributable to owners of parent	¥1,077 million	¥2,034 million	¥4,771 million	¥7,367 million
Net income per share	¥29.26	¥55.14	¥129.08	¥198.75
Total assets	¥75,858 million	¥81,340 million	¥94,989 million	¥112,768 million
Net assets	¥58,216 million	¥61,535 million	¥67,103 million	¥73,722 million
Net assets per share	¥1,579.85	¥1,665.85	¥1,810.99	¥1,988.46

- (Notes) 1. Net income per share is based on the average number of shares outstanding during the period, excluding treasury shares. Net assets per share are calculated based on the total number of issued shares at the end of the period excluding treasury shares.
2. Concerning the calculation of net income per share for the 92nd fiscal year to the 94th fiscal year, the Company's shares held by the Employee Stock Ownership Plan (ESOP) Trust were treated as treasury shares and therefore were not included in the average number of shares outstanding during the period. The Trust was terminated as of February 2022.
3. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the 94th fiscal year, and each figure for the 94th fiscal year and thereafter, is the figure after applying the accounting standard and relevant ASBJ regulations.

### (3) Status of Important Subsidiaries

#### 1) Status of important subsidiaries

Company name	Capital stock	Ratio of voting rights (%)	Principal business
KOA ELECTRONICS CO., LTD.	¥400 million	100.0	Manufacture of electronic parts
KASHIMA KOA DENKO CO., LTD.	¥300 million	100.0	Manufacture of electronic parts
KOA TRADING CO., LTD.	¥10 million	100.0	Sale of electronic parts
SANADA KOA Corporation	¥100 million	100.0	Manufacture of electronic parts
KOA SPEER HOLDING CORPORATION	US\$1,210	100.0	Sale of electronic parts
KOA DENKO (MALAYSIA) SDN. BHD.	M\$204,843 thousand	100.0	Manufacture of electronic parts
KOA DENKO (S) PTE. LTD.	US\$47,333	100.0	Sale of electronic parts
KOA ELECTRONICS (H.K.) LTD.	HK\$1,500 thousand	100.0	Sale of electronic parts
KOA Europe GmbH	EUR766,938	100.0	Sale of electronic parts
SHANGHAI KOA ELECTRONICS TRADING CO., LTD.	RMB1,659 thousand	100.0	Sale of electronic parts
KOA ELECTRONICS (TAICANG) CO., LTD.	RMB271 million	100.0	Manufacture of electronic parts

#### 2) Status of important affiliates

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

### (4) Our Tasks Ahead

The economic outlook is expected to remain extremely uncertain. This is partly because, despite the global economy being on a recovery trend due to the resumption of the Chinese economy and the recovery of supply chains, as well as receding disruptions in food and energy markets caused by the situation in Ukraine, financial system instability is increasing due to remaining high inflation rates and ongoing monetary tightening, which is impacting the global economy.

The electronic parts industry, of which the Group is a member, needs to take a cautious view on purchase order trends in the next fiscal year, while closely monitoring the ongoing restrictions on production in the automotive industry caused by the global semiconductor shortage and inventory adjustments by customers. On the profit front, moreover, causes for concern include rising prices of energy and raw materials, as well as exchange rate fluctuations.

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

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

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

**(5) Principal Business Activities (as of March 31, 2023)**

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

**(6) Principal Offices and Plants (as of March 31, 2023)**

1) Principal offices and plants of the Company

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

2) Subsidiaries

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



**(7) Employees (as of March 31, 2023)**

## 1) Employees in the Group

Number of employees	Year-on-year change
4,311 persons	+167 persons

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

## 2) Employees in the Company

Number of employees	Year-on-year change	Average age	Average length of service
1,622 persons	+ 69 persons	40.5 years of age	16.6 years

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

**(8) Major Lenders (as of March 31, 2023)**

Lenders	Borrowing amount
Syndicated loans	¥8,600 million
Nippon Life Insurance Company	¥4,000 million
The Hachijuni Bank, Ltd.	¥2,118 million

(Note) Syndicated loans are arranged by The Hachijuni Bank, Ltd. and MUFG Bank, Ltd.

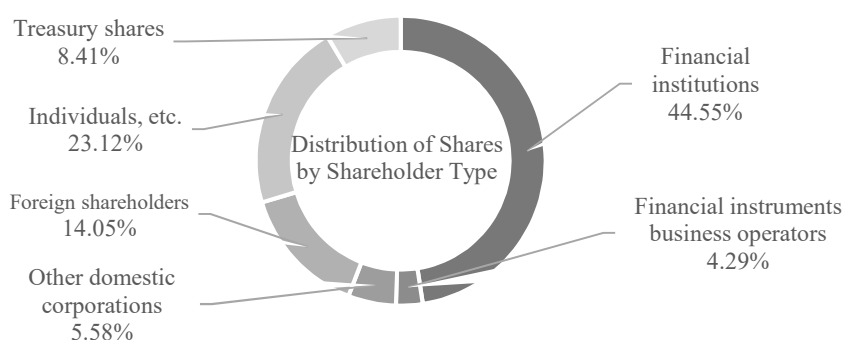
**(9) Other Important Notes on the Group's Circumstances**

Not applicable.

## 2. Status of the Company

### (1) Status of Shares (as of March 31, 2023)

- 1) Number of shares authorized to be issued by the Company: 150,000,000 shares  
 2) Number of outstanding shares: 40,479,724 shares  
 3) Number of shareholders: 11,950 persons



### 4) Major shareholders (top 10 shareholders)

Name	Number of shares held (thousand shares)	Ratio of equity participation (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,396	17.26
Custody Bank of Japan, Ltd. (trust account)	2,620	7.07
Nippon Life Insurance Company	2,226	6.01
The Hachijuni Bank, Ltd.	1,832	4.94
MUFG Bank, Ltd.	1,000	2.69
SBI SECURITIES Co., Ltd.	954	2.57
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	867	2.34
GOVERNMENT OF NORWAY	739	1.99
Mitsubishi UFJ Trust and Banking Corporation	700	1.88
KOITO MANUFACTURING CO., LTD.	680	1.83

- (Notes) 1. The Company holds 3,404,617 treasury shares, but it is excluded from the major shareholders shown above.  
 2. The treasury shares held by the Company are omitted from the figures for the ratio of equity participation.

5) Shares issued to officers of the Company as consideration for execution of duties during the fiscal year under review

	Number of shares	Recipients
Directors (excluding outside directors)	21,938	Seven
Outside directors	–	–
Corporate auditors	–	–

(Note) Details of compensation through the allotment of shares are described in “(5) Compensation, etc. paid to the directors and corporate auditors” on page 14.

6) Other important matters concerning shares

The Company has introduced a restricted share-based compensation plan based on a resolution at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022. In the fiscal year under review, the Board of Directors resolved on June 23, 2022 to dispose of treasury shares as restricted share-based compensation, and 21,938 shares of treasury shares were disposed of to seven directors (excluding outside directors) on July 12, 2022.

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

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

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

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

### (3) Status of Company Officers

#### 1) Directors and corporate auditors (as of March 31, 2023)

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

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

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

2) Overview of limited liability contracts

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

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

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

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

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

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

On June 18, the positions and tasks responsible of Directors were changed as follows:

Name	Before change	After change
Akira Nonomura	Managing director In charge of the Sales & Marketing Initiative, Management Administration Initiative, and Japan Sales Business Field	Managing director In charge of the Sales & Marketing Initiative and Japan Sales Business Field

- 5) Compensation, etc. paid to the directors and corporate auditors
- a. Policy for determining the details of compensations for directors (and other officers)

The Company resolved a policy concerning determination of content of officer compensation, etc. at the Board of Directors meeting held on May 31, 2022, and details of which are as follows.

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

1. The amount of basic compensation is determined according to their job title, their roles and responsibilities, etc.
2. Payment and value of officers' bonuses are determined based on consolidated financial results (net sales, operating profit margin and rate of return on equity), etc., for a relevant fiscal year.
3. Non-monetary compensation is granted to directors in the form of common shares of the Company in accordance with specified transfer limitation periods and the Company's specified conditions for acquisition without charge, etc. (hereinafter referred to as "Transfer-restricted Share"), the outline of which is as follows.
  - (1) The total amount of claims of monetary compensation provided as compensation as Transfer-restricted Share, etc., shall be up to ¥90 million in one year, in accordance with a resolution at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022, and shall be separate to the maximum amount of compensation for directors.
  - (2) Individually allocated shares shall be determined to be the most appropriate number to share the benefits and risks of share price fluctuations with shareholders and to enhance officers' motivation to contribute to increasing our share price and corporate value.
4. Regarding the timing of payment, basic compensation is paid monthly, while officers' bonuses and non-monetary compensation are paid or allocated at certain times.

Furthermore, decisions concerning establishment or revision of systems as well as values and number of shares allocated to individuals for each type of compensation have been delegated to the representative director and president by the Board of Directors on condition of receiving a recommendation from the Nomination and Compensation Committee, of which more than half the members are independent outside directors to the effect that it is suitable. The 94th Ordinary General Meeting of Shareholders held on June 18, 2022, approved the total amount of compensation for directors to be up to ¥450 million in one year (excluding employment salaries of directors who concurrently serve as employees).

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

(Millions of yen)

Position	Total amount of the compensation, etc.	Total amount of compensation by type			Number of recipient directors (and other officers)
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (of whom outside directors)	344 (27)	256 (27)	60 (-)	27 (-)	Twelve (five)
Corporate auditors (of whom outside corporate auditors)	67 (14)	57 (14)	10 (-)	- (-)	Four (two)
Total (of whom outside officers)	411 (41)	313 (41)	70 (-)	27 (-)	Sixteen (seven)

- (Notes)
1. The above includes one outside director who retired at the end of the 94th Ordinary General Meeting of Shareholders held on June 18, 2022.
  2. The above total amount of performance-linked compensation, etc. states the amounts of officers' bonuses recorded as accounts payable - other during the fiscal year under review.
  3. The amount of compensation paid to the directors does not include the amount paid to the directors who were also employees as employee's salaries.
  4. Non-monetary compensation, etc. consists mainly of shares of the Company, and the terms and conditions of allotment are described in "5) a. Policy for determining the details of compensations for directors (and other officers)" on page 14. The status of delivery during the fiscal year under review is described in "5) Shares issued to officers of the Company as consideration for execution of duties during the fiscal year under review" on page 11.
  5. The 94th Ordinary General Meeting of Shareholders held on June 18, 2022, resolved that the total amount of compensation for the directors should be up to ¥450 million in one year (excluding salaries as employees). The number of directors was eleven at the end of the said general meeting of shareholders (four of whom were outside directors).
  6. The 94th Ordinary General Meeting of Shareholders held on June 18, 2022, resolved that the total amount of restricted share-based compensation should be up to ¥90 million in one year. The number of directors was eleven at the end of the said general meeting of shareholders (four of whom were outside directors). Outside directors are not included in the scope of restricted share-based compensation.
  7. The 70th Ordinary General Meeting of Shareholders held on June 13, 1998, resolved that the total amount of compensation for the corporate auditors should be up to ¥70 million in one year. The number of corporate auditors was three at the end of the said general meeting of shareholders (one of whom was an outside corporate auditor).
  8. The retirement benefit system for directors and corporate auditors terminated upon a resolution at the 86th Ordinary General Meeting of Shareholders, held on June 14, 2014. We had an outstanding balance of ¥534 million as of the end of the fiscal year under review in the account payable for five directors (0 of whom was an outside director) due to the change in the retirement benefit system for directors and corporate auditors. The benefits will be paid upon the retirement of those officers.

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

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

6) Matters regarding the outside officers

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

The important concurrent positions are as described in “1) Directors and corporate auditors (as of March 31, 2023)” on page 12.

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

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

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



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

- (Notes)
1. In addition to the aforementioned number of times that meetings of the Board of Directors were held, based on Article 370 of the Companies Act and Article 28 of the Company's Articles of Incorporation, there was one written resolution that was deemed a resolution by the Board of Directors.
  2. Because Koji Takahashi and Hitoshi Ozawa were appointed as directors at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022, the number of Board of Directors meetings available for their attendance differs from the other directors.

#### (4) Status of the Independent Auditor

1) Name:

Grant Thornton Taiyo LLC

2) Amount of compensation, etc.

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

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

3) Non-auditing services  
Not applicable.

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

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

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

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

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

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

- 1) Systems for ensuring that the performance of duties by directors and employees of the Company and its subsidiaries (hereafter, "the Group") is compatible with laws and regulations and the Articles of Incorporation
  - The Group has established the KOA Mind (code of conduct and behavior guidelines), a management philosophy laid down as internal regulations, with which all of the Group's officers and employees comply.
  - The Group promptly recognizes and deals with inappropriate, illegal, and anti-social behavior by organizations or individuals, based on the Whistleblower System Regulation.
  - The Operations Audit Center strives to work with corporate auditors and audit the overall Group, including subsidiaries, based on the Whistleblower System Regulation and other internal-related regulations. The results are reported to the audited divisions and the Company president.
  
- 2) System for keeping and managing information about the fulfillment of the directors' duties  
The information about the fulfillment of the directors' duties is recorded on paper or electromagnetic media and is kept and managed properly and securely in accordance with the "Regulations of Document Management."
  
- 3) Regulations for the management of the risk of losses and other related systems
  - The possible risks of the Group are analyzed, the risk management system has been created to cope with each risk, the "Risk Management Regulations" have been established as the basic policy for risk management, and efforts are made to prevent losses in advance.
  - Each director responsible promotes improvement in the risk management system in each section and reports the activities of the system to the Board of Directors.
  
- 4) System for ensuring that the directors' duties are efficiently fulfilled
  - The Company makes decisions on important matters at its board meetings and supervises the conduct of business by the directors. To strengthen the functions of the Board of Directors and to increase its business efficiency, the Company holds management strategy meetings, where it makes decisions flexibly on matters concerning the conduct of business and on important matters. In addition, it holds consolidated management strategy meetings where responsible people in the subsidiaries attend, as well. The subjects discussed and decided at these meetings include how to achieve the goals, checking of the conduct of business and steps to solve the management problems common to the Group.
  - As for the conduct of daily business, the Company delegates authority to the sections concerned according mainly to the Regulations for Division of Duties so that the responsible person at each stage of the organization can conduct business efficiently.

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

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

10) System for ensuring the reliability of financial reports

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

11) Systems to eradicate anti-social forces

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

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

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

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

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

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

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

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

Management of Affiliates.”

The Operations Audit Center receives reports from throughout the Group through the “KOA Hotline” internal reporting mechanism, and reports to the Ethics and Compliance Committee as necessary, depending on the importance of the content of the report. In the fiscal year under review, there were 6 domestic reports and 1 overseas report and they were dealt with as appropriate.

#### **4. Basic Policy Regarding the Control of the Company**

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

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

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

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

## Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current Assets</b>	<b>63,430</b>	<b>Current Liabilities</b>	<b>17,480</b>
Cash and deposits	28,638	Notes and accounts payable - trade	5,623
Notes and accounts receivable - trade	15,859	Electronically recorded obligations - operating	1,262
Electronically recorded monetary claims - operating	2,572	Short-term borrowings	228
Securities	1,008	Accrued income taxes	1,473
Merchandise and finished goods	5,021	Accrued expenses	1,687
Work in process	5,361	Accrued employees' bonuses	2,156
Raw materials and supplies	3,523	Provision for loss on order received	553
Corporation tax refunds receivable, etc.	84	Other current liabilities	4,493
Other current assets	1,415	<b>Fixed Liabilities</b>	<b>21,565</b>
Allowance for doubtful accounts	-55	Long-term borrowings	16,754
<b>Fixed Assets</b>	<b>49,337</b>	Long-term accounts payable - other	1,559
<b>Tangible fixed assets</b>	<b>40,100</b>	Deferred tax liabilities	712
Buildings and structures	13,424	Net defined benefit liability	1,921
Machinery, equipment and vehicles	11,803	Other fixed liabilities	617
Tools, furniture and fixtures	908		
Land	6,798	<b>Total Liabilities</b>	<b>39,045</b>
Construction in progress	6,499		
Other tangible fixed assets	665	<b>Net Assets</b>	
<b>Intangible fixed assets</b>	<b>737</b>	<b>Shareholders' Equity</b>	<b>70,316</b>
<b>Investments and other assets</b>	<b>8,499</b>	Capital stock	6,033
Investments in securities	4,313	Capital surplus	9,211
Deferred tax assets	1,232	Retained earnings	57,453
Long-term loans receivable	125	Treasury shares	-2,381
Long-term deposits	882	<b>Total Amount of Other Comprehensive Income</b>	<b>3,406</b>
Insurance reserve fund	1,569	Valuation difference on available for sale securities	1,563
Other investments	407	Foreign currency translation adjustments	2,234
Allowance for doubtful accounts	-31	Remeasurements of defined benefit plans	-391
		<b>Total Net Assets</b>	<b>73,722</b>
<b>Total Assets</b>	<b>112,768</b>	<b>Total Liabilities and Net Assets</b>	<b>112,768</b>

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

## Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>75,072</b>
<b>Cost of sales</b>		<b>49,380</b>
<b>Gross profit</b>		<b>25,691</b>
<b>Selling, general and administrative expenses</b>		<b>15,469</b>
<b>Operating income</b>		<b>10,222</b>
<b>Non-operating income</b>		
Interest income	84	
Dividends income	60	
Investment profit by the equity method	146	
Foreign exchange gains	84	
Other	792	1,168
<b>Non-operating expenses</b>		
Interest expense	86	
Commission for syndicated loans	482	
Other	283	852
<b>Ordinary income</b>		<b>10,538</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	24	
Other	5	29
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	100	
Loss on sale of non-current assets	12	
Impairment loss	22	
Expenses for suspension of operation	132	
Environmental expenses	490	
Other	2	759
<b>Income before income taxes</b>		<b>9,808</b>
Income taxes current	2,647	
Income taxes deferred	-206	2,440
<b>Net income</b>		<b>7,367</b>
<b>Net income attributable to owners of parent</b>		<b>7,367</b>

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



## Consolidated Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,033	9,191	51,753	-2,395	64,582
Changes during current period					
Dividends of surplus			-1,667		-1,667
Net income attributable to owners of parent			7,367		7,367
Treasury shares acquired				-0	-0
Disposal of treasury shares		19		15	34
Net changes in items other than shareholders' equity during current period					
Total changes during current period	-	19	5,699	14	5,733
Balance at the end of current period	6,033	9,211	57,453	-2,381	70,316

	Total amount of other comprehensive income				Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total amount of other comprehensive income	
Balance at the beginning of current period	1,559	1,299	-338	2,520	67,103
Changes during current period					
Dividends of surplus					-1,667
Net income attributable to owners of parent					7,367
Treasury shares acquired					-0
Disposal of treasury shares					34
Net changes in items other than shareholders' equity during current period	3	934	-52	885	885
Total changes during current period	3	934	-52	885	6,619
Balance at the end of current period	1,563	2,234	-391	3,406	73,722

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

## Notes to the Consolidated Financial Statements

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

#### (1) Scope of Consolidation

##### 1) Consolidated subsidiaries

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

##### 2) Non-consolidated subsidiaries

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

#### (2) Application of the Equity Method

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

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

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

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

##### 3) Special notes regarding the application of the equity method

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

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

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

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

(4) Accounting Policies

1) Valuation basis and methods for significant assets

a. Held-to-maturity securities:

Amortized cost method

b. Available-for-sale securities

- Those other than shares etc. with no market prices

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

- Shares etc. with no market prices

Cost method based on the moving-average method

c. Derivative transactions:

Market value method

d. Inventories:

Mainly the cost method based on the moving-average method

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

2) Depreciation method of significant depreciable assets

a. Tangible fixed assets (excluding lease assets):

Mainly the declining-balance method

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

b. Intangible fixed assets (excluding lease assets):

Straight-line method

c. Lease assets:

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

3) Accounting standards for significant allowances

a. Allowance for doubtful accounts:

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

b. Accrued employees' bonuses:

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

c. Provision for loss on order received

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

4) Recognition standard for revenues and expenses

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

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

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

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

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

a. Method of accounting for retirement benefits

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

i.) Method of attributing estimated retirement benefits

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

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

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

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

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

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

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

b. Accounting treatment for hedges

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

(5) Accounting Estimates

1) Inventory valuation

Merchandise and finished goods: ¥5,021 million

Work in process: ¥5,361 million

Raw materials and supplies: ¥3,523 million

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

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

2) Impairment of fixed assets

Tangible fixed assets: ¥40,100 million

Intangible fixed assets: ¥737 million

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

## 2. Notes to the Consolidated Balance Sheet

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

Notes receivable - trade ¥325 million

Accounts receivable - trade ¥15,534 million

(2) Total Amount of Depreciation of Tangible Fixed Assets ¥57,006 million

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

Amount of Discounts of Electronically Recorded Monetary Claims - Operating ¥151 million

(4) Contingent Liability

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

YAMATOWA Co., LTD.

¥27 million

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

#### (1) Total Number of Issued Shares

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

#### (2) Number of Treasury Shares

Type of shares	Number of shares at the beginning of the consolidated fiscal year under review	Number of shares increased in the consolidated fiscal year under review	Number of shares decreased in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Common shares	3,426,197 shares	358 shares	21,938 shares	3,404,617 shares

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

A component of the increase is as follows:

Purchase request for shares less than one unit 358 shares

A component of the decrease is as follows:

Payment of compensation through the allotment of restricted shares 21,938 shares

#### (3) Appropriation of Retained Earnings

##### 1) Dividends paid, etc.

a. Matters concerning dividends based on resolutions at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022

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

b. Dividends decided at a Board of Directors meeting held on October 25, 2022

- Total amount of dividends: ¥926 million
- Amount of dividends per share: ¥25.00
- Date of record: September 30, 2022
- Effective date: December 1, 2022

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

At the 95th Ordinary General Meeting of Shareholders scheduled for June 24, 2023, we will propose the payment of dividends as follows:

- Total amount of dividends: ¥926 million
- Funds for dividends: Retained earnings
- Amount of dividends per share: ¥25.00
- Date of record: March 31, 2023
- Effective date: June 26, 2023

#### 4. Notes on Financial Instruments

##### (1) Status of Financial Instruments

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

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

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

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

##### (2) Market Value of Financial Instruments, etc.

The amount posted in the consolidated balance sheet, market value and difference between them as of March 31, 2023 (consolidated closing date for the fiscal year under review) are as shown in the table below. Note that shares, etc. with no market prices (consolidated balance sheet carrying amount of ¥1,108 million) are not included in "Other securities." In addition, notes on cash are omitted. Notes on deposits, notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating, securities, notes payable - trade, accounts payable - trade, electronically recorded obligations - operating, and short-term borrowings are also omitted as they are settled within a short period of time, and fair value approximates carrying amount.

(Millions of yen)

	Amount recorded in the consolidated balance sheet (*1)	Market value (*1)	Difference
1) Investments in securities			
Available-for-sale securities	3,205	3,185	-19
2) Long-term loans receivable	125	114	-10
3) Long-term borrowings (including portion to be repaid within one year)	(16,794)	(15,848)	-945
4) Derivative transactions (*2)	-66	-66	-

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

(\*2) Net credit or liability arising from derivative transactions is shown.

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

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

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

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

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

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

1) Investments in securities

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

(Available-for-sale securities)

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

(Millions of yen)

	Type	Acquisition cost	Amount posted in the consolidated balance sheet	Difference
Available-for-sale securities with an amount posted in the consolidated balance sheet higher than the acquisition cost	Stocks	592	2,860	2,268
Available-for-sale securities with an amount posted in the consolidated balance sheet below the acquisition cost	Stocks	368	344	-24
Total		960	3,205	2,244

The “acquisition cost” stated in the table above is the book value after applying impairment accounting. In conjunction with the sale of a portion of the bonds payable held by the Company as held-to-maturity securities, the classification of the purpose for holding said securities was changed to available-for-sale securities during the consolidated fiscal year under review. This effect is ¥344 million.

2) Long-term loans receivable

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



### 3) Long-term borrowings

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

### 4) Derivative transactions

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

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

Those to which hedge accounting is not applied

Currency

(Millions of yen)

Classification	Transaction type	Contract amount etc.	Contract amount etc. over 1 year	Current market price	Appraisal of profit/loss
Transaction other than market transaction	Forward exchange transaction				
	Short position				
	U.S. dollar	1,194	—	-7	-7
	Euros	1,368	—	-59	-59

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

(Millions of yen)

	Redeemable within one year	Redeemable over one year but within five years	Redeemable over five years but within ten years
Notes receivable, accounts receivable, and electronically recorded monetary claims - operating	18,377	—	—
Securities and investments in securities			
Available-for-sale securities with maturity			
Corporate bonds	—	—	344
Other	1,008	—	—
Total	19,385	—	344

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

(Millions of yen)

	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	188	–	–	–	–	–
Long-term borrowings	39	387	1,247	4,677	1,377	9,065

## 5. Notes on revenue recognition

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

(Millions of yen)

	Japan	Asia	the United States	Europe	Subtotal	Adjustment (Note) 1	Total
Net sales							
Sales to external customers	24,931	26,097	12,926	11,116	75,072	–	75,072
Inter-segment sales or transfers	36,928	13,375	18	–	50,323	-50,323	–
Total	61,860	39,473	12,945	11,116	125,395	-50,323	75,072
Segment income	7,264	1,814	594	429	10,102	120	10,222

(Notes) 1) The adjustment of segment profit (operating income) of ¥120 million for the consolidated fiscal year under review includes cancellation of inter-segment transactions of ¥114 million and inventory adjustment, etc., of ¥5 million.

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

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

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

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

## 6. Notes on the Information about Amounts per Share

(1) Amount of Net Assets per Share	¥1,988.46
(2) Net Income per Share	¥198.75

## 7. Other Notes

(1) Expenses for suspension of operation

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

(2) Environmental expenses

Soil contamination was found in a portion of the land owned by the Company, and the wastes and contaminated soil were replaced. Accordingly, the Company reported replacement expenses of ¥490 million as environmental expenses under extraordinary losses.

## Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current Assets</b>	<b>31,355</b>	<b>Current Liabilities</b>	<b>12,603</b>
Cash and deposits	8,188	Electronically recorded obligations - operating	1,443
Notes receivable - trade	323	Accounts payable - trade	4,785
Electronically recorded monetary claims - operating	2,519	Accounts payable - other	2,267
Accounts receivable - trade	14,808	Income taxes payable	1,165
Merchandise and finished goods	362	Accrued employees' bonuses	1,504
Work in process	2,744	Provision for loss on order received	288
Raw materials and supplies	1,620	Other current liabilities	1,150
Other current assets	787	<b>Fixed Liabilities</b>	<b>15,190</b>
<b>Fixed Assets</b>	<b>48,127</b>	Long-term borrowings	13,700
<b>Tangible fixed assets</b>	<b>21,859</b>	Long-term accounts payable - other	534
Buildings	6,601	Allowance for employees' retirement benefits	842
Structures	323	Other fixed liabilities	114
Machinery and equipment	5,380	<b>Total Liabilities</b>	<b>27,793</b>
Vehicles	0	<b>Net Assets</b>	
Tools, furniture and fixtures	148	<b>Shareholders' Equity</b>	<b>50,204</b>
Land	4,444	<b>Capital stock</b>	<b>6,033</b>
Construction in progress	4,951	<b>Capital surplus</b>	<b>11,454</b>
Other tangible fixed assets	9	Legal capital surplus	11,261
<b>Intangible fixed assets</b>	<b>342</b>	Other capital surplus	192
Software	299	<b>Retained earnings</b>	<b>35,097</b>
Software in progress	6	Legal retained earnings	916
Other intangible fixed assets	36	Other retained earnings	34,180
<b>Investments and other assets</b>	<b>25,925</b>	Reserve for advanced depreciation of fixed assets	801
Investments in securities	3,122	General reserve	16,040
Investments in stocks of subsidiaries	16,706	Retained earnings brought forward	17,338
Deferred tax assets	407	<b>Treasury shares</b>	<b>-2,381</b>
Long-term loans receivable for subsidiaries	3,600	<b>Valuation and translation adjustments</b>	<b>1,485</b>
Other investments	2,095	Valuation difference on available for sale securities	1,485
Allowance for doubtful accounts	-7	<b>Total Net Assets</b>	<b>51,689</b>
<b>Total Assets</b>	<b>79,482</b>	<b>Total Liabilities and Total Net Assets</b>	<b>79,482</b>

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

## Non-consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>60,542</b>
<b>Cost of sales</b>		<b>45,902</b>
<b>Gross profit</b>		<b>14,639</b>
<b>Selling, general and administrative expenses</b>		<b>7,097</b>
<b>Operating income</b>		<b>7,541</b>
<b>Non-operating income</b>		
Interest income	23	
Dividends income	1,242	
Foreign exchange gains	470	
Other	423	2,159
<b>Non-operating expenses</b>		
Interest expense	43	
Commission for syndicated loans	482	
Other	156	682
<b>Ordinary income</b>		<b>9,018</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	5	5
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	43	
Loss on valuation of stocks of subsidiaries	94	
Impairment loss	21	
Environmental expenses	490	
Other	2	650
<b>Income before income taxes</b>		<b>8,373</b>
Income taxes current	1,866	
Income taxes deferred	-137	1,728
<b>Net income</b>		<b>6,644</b>

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

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

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	6,033	11,261	173	11,435	916	809	16,040	12,354	30,120	-2,395	45,193
Changes during current period											
Dividends of surplus								-1,667	-1,667		-1,667
Reversal of reserve for advanced depreciation of fixed assets						-7		7	-		-
Net income								6,644	6,644		6,644
Treasury shares acquired										-0	-0
Disposal of treasury shares			19	19						15	34
Net changes in items other than shareholders' equity during current period											
Total changes during current period	-	-	19	19	-	-7	-	4,984	4,976	14	5,011
Balance at the end of current period	6,033	11,261	192	11,454	916	801	16,040	17,388	35,097	-2,381	50,204

	Valuation and translation adjustments	Total net assets
	Valuation difference on available for sale securities	
Balance at the beginning of current period	1,478	46,671
Changes during current period		
Dividends of surplus		-1,667
Reversal of reserve for advanced depreciation of fixed assets		-
Net income		6,644
Treasury shares acquired		-0
Disposal of treasury shares		34
Net changes in items other than shareholders' equity during current period	6	6
Total changes during current period	6	5,017
Balance at the end of current period	1,485	51,689

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

## Notes to the Non-consolidated Financial Statements

### 1. Notes on Matters Relating to the Important Accounting Policies

#### (1) Valuation Basis and Methods for Assets

##### 1) Securities of subsidiaries and affiliates:

Cost method based on the moving-average method

##### 2) Held-to-maturity securities

Amortized cost method

##### 3) Available-for-sale securities

- Those other than shares etc. with no market prices

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

- Shares etc. with no market prices

The cost method based on the moving-average method

##### 4) Derivatives

Market value method

##### 5) Inventories

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

The cost method based on the moving-average method

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

- Stores:

The cost method based on the last invoice cost method

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

#### (2) Depreciation Method of Fixed Assets

##### 1) Tangible fixed assets (excluding lease assets):

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

##### 2) Intangible fixed assets

- Software for own use:

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

- Other intangible fixed assets:

The straight-line method

##### 3) Lease assets:

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

#### (3) Accounting Standards for Allowances

##### 1) Allowance for doubtful accounts:

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



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

2) Accrued employees' bonuses:

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

3) Allowance for employees' retirement benefits:

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

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

i.) Method of attributing expected retirement benefits

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

ii.) Method of amortizing actuarial gains or losses

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

4) Provision for loss on order received

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

(4) Recognition standard for revenues and expenses

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

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

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

1) Method of accounting for retirement benefits

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

2) Accounting treatment for hedges

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

(6) Accounting Estimates

1) Inventory valuation

Merchandise and finished goods: ¥362 million

Work in process: ¥2,744 million

Raw materials and supplies: ¥1,620 million

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

2) Impairment of non-current assets

Tangible fixed assets: ¥21,859 million

Intangible fixed assets: ¥342 million

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

## 2. Notes to the Non-consolidated Balance Sheet

(1) Total Amount of Depreciation of Tangible Fixed Assets ¥29,156 million

(2) Contingent Liability

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

Koa Kasei Co., LTD. ¥259 million

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

YAMATOWA Co., LTD. ¥27 million

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

1) Short-term monetary claims ¥9,583 million

2) Short-term monetary liabilities ¥2,823 million

3) Long-term monetary claims ¥3,600 million

## 3. Note to the Statement of Income

The Company's transactions with its affiliates:

1) Operating transactions (income) ¥40,955 million

2) Operating transactions (expenses) ¥24,067 million

3) Non-operating transactions (income) ¥1,315 million

4) Non-operating transactions (expenses) ¥1 million

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

Number of treasury shares

Type of shares	Number of treasury shares at the beginning of the fiscal year under review	Number of treasury shares increased in the fiscal year under review	Number of treasury shares decreased in the fiscal year under review	Number of treasury shares at the end of the fiscal year under review
Common shares	3,426,197 shares	358 shares	21,938 shares	3,404,617 shares

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

A component of the increase is as follows:

Purchase request for shares less than one unit 358 shares

A component of the decrease is as follows:

Payment of compensation through the allotment of restricted shares 21,938 shares

## 5. Note on Tax Effect Accounting

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



## 9. Other Notes

(1) Loss on valuation of stocks of subsidiaries

We recorded a loss on valuation of stocks of subsidiaries of ¥94 million due to the loss on valuation of the stock of VIA electronic GmbH, a consolidated subsidiary.

(2) Environmental expenses

Soil contamination was found in a portion of the land owned by the Company, and the wastes and contaminated soil were replaced. Accordingly, the Company reported replacement expenses of ¥490 million as environmental expenses under extraordinary losses.

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

**INDEPENDENT AUDITORS' REPORT**

May 10, 2023

To the Board of Directors  
KOA CORPORATION

Grant Thornton Taiyo LLC  
Tokyo Headquarters  
Tetsuya Ishihara, CPA Seal  
Designated Partner, Engagement Partner  
Daisuke Yamada, CPA Seal  
Designated Partner, Engagement Partner

**Audit opinion**

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements for the consolidated fiscal year from April 1, 2022 to March 31, 2023 of KOA CORPORATION; that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to the consolidated financial statements.

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

**Basis for audit opinion**

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

**Other stated information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

factors.

**Interests**

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



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

**INDEPENDENT AUDITORS' REPORT**

May 10, 2023

To the Board of Directors  
KOA CORPORATION

Grant Thornton Taiyo LLC  
Tokyo Headquarters  
Tetsuya Ishihara, CPA Seal  
Designated Partner, Engagement Partner  
Daisuke Yamada, CPA Seal  
Designated Partner, Engagement Partner

**Audit opinion**

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements for the 95th fiscal year from April 1, 2022 to March 31, 2023 of KOA CORPORATION; that is, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to the non-consolidated financial statements as well as their supporting schedules (hereinafter referred to as "financial statements, etc.>").

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of KOA CORPORATION applicable to the 95th fiscal year from April 1, 2022 to March 31, 2023 in conformity with accounting principles generally accepted in Japan.

**Basis for audit opinion**

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

**Other stated information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interests

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

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

### AUDIT REPORT

Regarding the performance of duties by the Directors for the 95th fiscal year beginning on April 1, 2022, and ending on March 31, 2023, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the reports prepared by the respective corporate auditors.

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

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

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

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

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

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

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

## 2. Audit Results

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

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

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

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

### (3) Audit Results of the Consolidated Financial Statements

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

May 12, 2023

Board of Corporate Auditors of KOA CORPORATION:

Masashi Gomi

Full-time Corporate Auditor Seal

Tsuyoshi Yajima

Full-time Corporate Auditor Seal

Tetsuro Kamijikkoku

Corporate Auditor Seal

Yoshiko Iinuma

Corporate Auditor Seal

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

## Reference Documents for the 95th Ordinary General Meeting of Shareholders

### Proposal 1: Appropriation of retained earnings

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

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

We hereby propose the distribution of the term-end dividends for the 95th fiscal year as follows, in consideration of our basic policy mentioned above, as well as business results for the fiscal year under review, future business plans and other factors:

Matters regarding the term-end dividends

#### (1) Type of dividend assets

The dividend assets are those in money.

#### (2) Allocation and total amount of dividend assets

We propose that the amount of dividends per the Company's common share be ¥25.00.

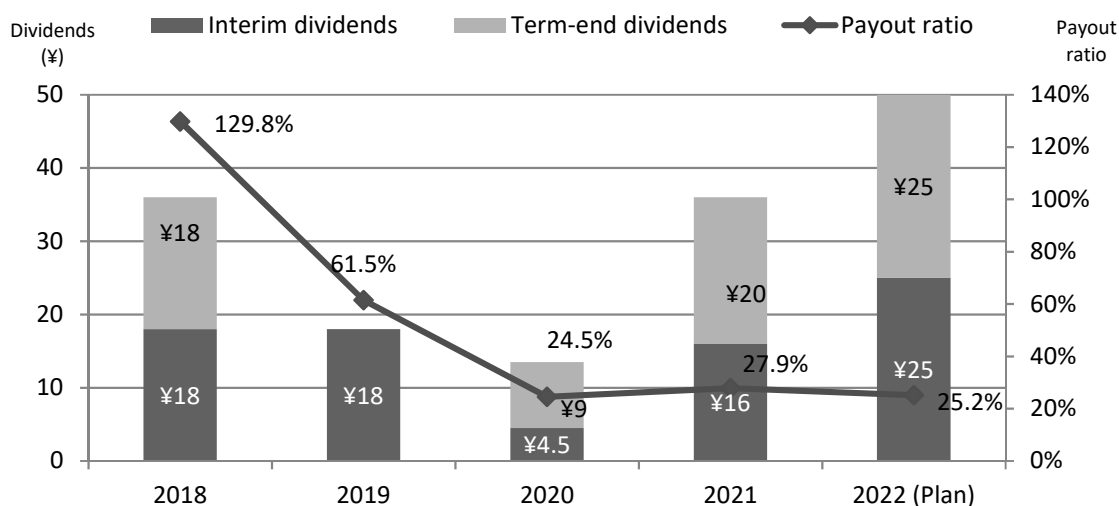
The total proposed dividend amounts to be ¥926,877,675.

The proposed annual dividend for the fiscal year under review (including the interim dividend) is ¥50.00 per share.

#### (3) Date when the dividends of surplus become effective

We propose to make this date June 26, 2023.

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



	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 (plan)
Annual dividend	¥36	¥18	¥13.5	¥36	¥50
Payout ratio	129.8%	61.5%	24.5%	27.9%	25.2%
Dividends on equity (DOE)	2.2%	1.1%	0.8%	2.1%	2.6%

**Proposal 2:** Partial amendment of the Articles of Incorporation

1. Reason for the proposal

The current number of Directors is eleven (11). If Proposal 3 “Election of twelve (12) directors” is approved and resolved as originally proposed, the number of Directors will be twelve (12), which is the upper limit of the number of Directors provided in Article 20 of the current Articles of Incorporation. Article 20 (Number of Directors) of the current Articles of Incorporation shall be amended from up to twelve (12) to up to thirteen (13) so that the Company can appropriately carry out future business plans as well as enhance the effectiveness of the Board of Directors and its corporate governance through means such as increasing the number of outside directors.

2. Details of proposed amendments

The proposed amendments are as follows:

(Amendments shown by underlines.)

Current Articles	Proposed Amendments
(Number of Directors) Article 20. The number of the Directors of the Company shall not exceed <u>twelve (12)</u> .	(Number of Directors) Article 20. The number of the Directors of the Company shall not exceed <u>thirteen (13)</u> .

**Proposal 3:** Election of twelve (12) directors

The term of all of the eleven directors will expire at the end of this ordinary general meeting of shareholders. We propose to increase the number of outside directors by one female outside director to strengthen the management structure and corporate governance and to ensure the diversity of the Board of Directors, including in terms of gender and internationality. Accordingly, the election of twelve directors (of which five are outside directors) is proposed.

The Board of Directors decides candidates for directors after consulting with the Nomination and Compensation Committee (see page 68), a majority of whose members are composed of independent outside directors.

Five candidates for outside directors satisfy the Company's "Standard for Determining Independence" (see page 68).

The candidates for directors are as follows:

No.	Candidate name	Type of appointment	Position in the Company	Time of office (as of the close of the General Meeting)	Fields where candidates are expected to show strengths									
					(*1)	(*2)	(*3)	(*4)	(*5)	(*6)	(*7)	(*8)	(*9)	
1	Koichi Mukaiyama	Reappointment	Director and chairman	47 years	●				●					●
2	Tadao Hanagata	Reappointment	Representative director and president	15 years	●	●	●					●		
3	Akira Nonomura	Reappointment	Managing director	11 years	●	●		●						●
4	Katsuhiko Momose	Reappointment	Director	12 years	●		●		●	●				
5	Etsuji Yamaoka	Reappointment	Director	11 years	●		●					●		
6	Toshihiro Kojima	Reappointment	Director	6 years	●	●	●	●				●		
7	Kosei Mukaiyama	Reappointment	Director	2 years	●	●		●					●	●
8	Michael John Korver	Reappointment Independent outside director	Outside director	15 years	●	●				●	●			
9	Toru Kitagawa	Reappointment Independent outside director	Outside director	6 years	●	●			●	●				●
10	Koji Takahashi	Reappointment Independent outside director	Outside director	1 year	●		●					●		
11	Hitoshi Ozawa	Reappointment Independent outside director	Outside director	1 year	●			●						●
12	Sachiko Sumi	New appointment Independent outside director	—	—	●								●	●

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



- |      |  |      |  |
|------|--|------|--|
| (*1) | Corporate management                         | (*2) | Global experience                      |
| (*3) | Quality Assurance, technology, manufacturing | (*4) | Sales, marketing                       |
| (*5) | Finance, accounting                          | (*6) | Legal, compliance                      |
| (*7) | IT, digital                                  | (*8) | Human resources development, diversity |
| (*9) | ESG, sustainability                          |      |  |

[Ensuring that the Board of Directors functions effectively]

The membership of the Board of Directors of the Company comprises directors who have abundant experience and knowledge in various fields. It also includes outside directors, who are independent and have abundant experience and insight in corporate strategy and corporate management. The membership represents a balance of knowledge, experience, and skills. We will continue to consider the composition of the Board of Directors to ensure that its diversity, including in terms of gender and internationality.

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
1	Koichi Mukaiyama (September 13, 1948)  74 years old  Reappointment  Attendance at Board of Directors meetings (13/13) (100%)	March 1972      Joined the Company June 1976      Director of the Company December 1977   Representative director and president of the Company  October 2001   In charge of the Environmental Business Field of the Company April 2013      Representative director and chairman of the Company June 2018      Director and chairman of the Company (present position) (Important concurrent positions) Director and chairman, KOA TRADING CO., LTD. Vice Director, DAH HSING ELECTRIC CO., LTD.	394,842 shares
		Reason for nomination as a director: Mr. Koichi Mukaiyama has abundant executive experience and knowledge as a manager stemming from his long years of service since assuming office as director of the Company, and he has duly fulfilled his duties. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value as director and chairman.	
2	Tadao Hanagata (January 28, 1956)  67 years old  Reappointment  Attendance at Board of Directors meetings (13/13) (100%)	March 1979      Joined the Company April 2000      General manager of the Discrete Product Block, Resistor Production Dept. of the Company  October 2001    General manager of the Quality Improvement Center of the Global Quality Assurance Initiative of the Company October 2003    Representative of the Kamiina Business Field of the Manufacturing Initiative of the Company June 2008      Director of the Company In charge of the Manufacturing Initiative and Kamiina Business Field of the Company April 2009      In charge of the Shimoina Business Field and Minowa Business Field of the Company April 2013      Representative director and president of the Company (present position) June 2015      In charge of the KPS-3 Initiative of the Company (present responsibility) January 2017    In charge of the Quality Assurance Initiative of the Company (Important concurrent positions) -	20,334 shares
		Reason for nomination as a director: Mr. Tadao Hanagata has abundant experience and knowledge in a range of business operations; since joining the Company, he has engaged in technological operations, as well as in various other internal operations, including as manufacturing, quality assurance, and overseas subsidiary of manufacturing management. As representative director, Mr. Hanagata has supervised the entire company with steadfast leadership. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.	

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
3	<p data-bbox="320 528 491 584">Akira Nonomura (August 5, 1960)</p> <p data-bbox="347 618 464 651">62 years old</p> <p data-bbox="331 685 480 719">Reappointment</p> <p data-bbox="300 752 512 875">Attendance at Board of Directors meetings (13/13) (100%)</p>	<p data-bbox="539 282 1182 360">March 1983    Joined the Company October 2003    Representative of the Japan Sales Business Field of the Company</p> <p data-bbox="539 371 1182 427">December 2009    Managing director of KOA DENKO (S) PTE. LTD.</p> <p data-bbox="539 439 1182 517">April 2012    General manager of the Marketing Center of the Business Structure Reform Initiative of the Company</p> <p data-bbox="539 528 1182 607">June 2012    Director of the Company In charge of the Business Structure Reform Initiative of the Company</p> <p data-bbox="539 618 1182 719">June 2015    In charge of the Sales &amp; Marketing Initiative (present responsibility) In charge of the Japan Sales Business Field of the Company (present responsibility)</p> <p data-bbox="539 730 1182 786">April 2018    Managing director of the Company (present position)</p> <p data-bbox="539 797 1182 853">June 2018    In charge of the Management Administration Initiative of the Company</p> <p data-bbox="539 864 1182 1133"><b>(Important concurrent positions)</b> Representative director and president, KOA TRADING CO., LTD. Director, KOA SPEER HOLDING CORPORATION Managing Director, KOA Europe GmbH Director, KOA DENKO (S) PTE.LTD. Director, KOA ELECTRONICS (H.K.) LTD. Vice Director, SHANGHAI KOA ELECTRONICS TRADING CO., LTD. Director, DAH HSING ELECTRIC CO., LTD.</p>	10,834 shares
	<p data-bbox="304 1144 663 1167">Reason for nomination as a director:</p> <p data-bbox="304 1178 1190 1391">Mr. Akira Nonomura has abundant experience and knowledge in domestic and overseas business administration; since joining the Company, having been engaged primarily in the Company's marketing operations and having been appointed to the manager at its overseas sales companies. As a member of top management of the Sales &amp; Marketing Initiative and officer in charge of the Japan Sales Business Field, Mr. Nonomura supervises marketing operations, and he is working to further develop sales channels. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>		

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
4	<p>Katsuhiko Momose (November 10, 1962)</p> <p>60 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>March 1985      Joined the Company</p> <p>July 1996      General manager of the KPS Division of the Company</p> <p>October 2003    General manager of the Management Strategy Center of the Management Administration Initiative of the Company</p> <p>June 2011      Director of the Company (present position) In charge of the Management Administration Initiative of the Company</p> <p>April 2013      In charge of the Kamiina Business Field of the Company</p> <p>June 2015      In charge of the Manufacturing Initiative (present responsibility) In charge of the Shimoina Business Field of the Company (present responsibility) In charge of the China Business Field of the Company</p> <p>January 2017    In charge of the Kamiina Business Field of the Company (present responsibility)</p> <p>June 2017      In charge of the Minowa Business Field of the Company (present responsibility)</p> <p>(Important concurrent positions)</p> <p>Director, KOA ELECTRONICS CO., LTD.</p> <p>Director, KASHIMA KOA DENKO CO., LTD.</p> <p>Director, SANADA KOA Corporation</p> <p>Vice Director, KOA ELECTRONICS (TAICANG) CO., LTD.</p> <p>Chairman, KOA DENKO (MALAYSIA) SDN. BHD.</p>	25,334 shares
	<p>Reason for nomination as a director:</p> <p>Mr. Katsuhiko Momose has abundant experience and knowledge in business strategy; since joining the Company, he has engaged primarily in the Company's business strategy. Now he supervises manufacturing operations as manager of the manufacturing field, and he is working to further improve productivity and to develop a system for increasing the Company's production capabilities with respect to high-performance products. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>		

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
5	<p>Etsuji Yamaoka (October 2, 1963)</p> <p>59 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1986      Joined the Company</p> <p>April 2007      General manager of the Fundamental Technology Commercialization Center of the Manufacturing Initiative of the Company</p> <p>June 2012      Director of the Company (present position) In charge of the Manufacturing Initiative of the Company</p> <p>April 2013      In charge of the Shimoina Business Field of the Company</p> <p>June 2013      In charge of the Minowa Business Field of the Company</p> <p>June 2015      In charge of the Research &amp; Development Initiative of the Company (present responsibility)</p> <p>March 2018     General manager of Research &amp; Development Initiative Research &amp; Development Strategy Center of the Company</p> <p>June 2018      In charge of the Quality Assurance Initiative of the Company (present responsibility)</p> <p>April 2023      General manager of the Research &amp; Development Center of the Research &amp; Development Initiative of the Company (present position)</p>	12,634 shares
		<p>Reason for nomination as a director: Mr. Etsuji Yamaoka has abundant experience and knowledge in technology; since joining the Company, he has been engaged primarily the Company's technological operations. He currently supervises both technological and quality assurance operations as a member of top management of the Research &amp; Development Initiative and the Quality Assurance Initiative. He leads new product and technology projects that leverage core technologies and activities to improve the quality and reliability, such as "Building Zero Defect Flows." We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>	
6	<p>Toshihiro Kojima (January 22, 1964)</p> <p>59 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1986      Joined the Company</p> <p>April 2007      General manager of the Product Management Center of the Business Structure Reform Initiative of the Company</p> <p>June 2011      General manager of the Marketing Center of the Business Structure Reform Initiative of the Company</p> <p>June 2012      Managing director of KOA DENKO (S) PTE. LTD.</p> <p>June 2015      General manager of the Product Roadmap Development Center of the KPS-3 Initiative of the Company</p> <p>June 2017      Director of the Company (present position) In charge of the KPS-3 Initiative (present responsibility)</p> <p>March 2018     General manager of the New Application Research Center of the KPS-3 Initiative of the Company</p>	8,634 shares
		<p>Reason for nomination as a director: Mr. Toshihiro Kojima has abundant experience and knowledge in technological and marketing and in foreign countries; since joining the Company, he has engaged primarily in these operations and has been assigned to the manager at its overseas sales companies. Now in charge of new business development, Mr. Kojima devotes himself to forging new markets. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>	

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
7	<p>Kosei Mukaiyama (March 6, 1977)</p> <p>46 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 2005      Joined the Company</p> <p>June 2015      Director of KOA TRADING CO., LTD. (present position)</p> <p>August 2018    Managing Director of KOA DENKO (S) PTE.LTD.</p> <p>March 2021     General manager commissioned to Top Management in charge of the Management Administration Initiative of the Company</p> <p>June 2021      Director of the Company (present position) In charge of the Management Administration Initiative of the Company (present responsibility)</p> <p>Reason for nomination as a director: Mr. Kosei Mukaiyama has abundant experience and knowledge in domestic and overseas business administration; since joining the Company, he has been engaged primarily in the Company's marketing operations and has held management positions at its domestic and overseas sales companies. We are therefore confident that, if elected, he will contribute toward the Company's growth and corporate value through his sales experience at the Company and abundant experience and knowledge in business of the Group.</p>	83,134 shares

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
8	<p>Michael John Korver (September 17, 1954)</p> <p>68 years old</p> <p>Reappointment</p> <p>Independent outside director</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>July 1983      Obtained an attorney's certificate in California, U.S.A.</p> <p>July 1987      Obtained an attorney's certificate in New York, U.S.A.</p> <p>June 1996      Director of Global Venture Capital Inc.</p> <p>April 2004      Outside director of BJIT Inc. (present position)</p> <p>June 2004      Professor at the Graduate School of International Corporate Strategy Research, Hitotsubashi University</p> <p>May 2006      Outside director of Really English.com Limited</p> <p>June 2006      Representative director of Global Venture Capital Inc.</p> <p>October 2006    Outside director of Geovector Corporation</p> <p>June 2008      Outside director of the Company (present position)</p> <p>September 2011   Representative director of Real English Broadband Co., Ltd.</p> <p>July 2013      Representative director of Durafizz Holdings Corporation</p> <p>(Important concurrent positions) Outside director, BJIT Inc.</p>	12,500 shares
<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Michael John Korver is a highly experienced corporate strategist and business administrator, as well as a distinguished scholar. Since becoming a director of the Company, Mr. Korver has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise election for candidates of Directors and determination of officer compensation of the Company from an objective and neutral standpoint.</p>			
<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>			

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
9	<p>Toru Kitagawa (August 4, 1960)</p> <p>62 years old</p> <p>Reappointment</p> <p>Independent outside director</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1983      Joined Kanematsu-Gosho, Ltd. (current KANEMATSU CORPORATION)</p> <p>November 1999      Joined Japan Communications Inc. as General manager of Corporate Planning Office</p> <p>February 2001      Joined Baltimore Technologies Japan Co., Ltd. (current Cybertrust Japan Co., Ltd.) as Senior executive financial officer</p> <p>January 2002      Joined Levi Strauss Japan K.K. as Finance Controller</p> <p>September 2006      Joined Starbucks Coffee Japan, Ltd. as Officer in charge of supervising finance infrastructure and CFO</p> <p>March 2016      Outside director [chairperson of the Audit Committee, member of the Compensation Committee] of Cookpad Inc.</p> <p>October 2016      Outside director, Nippon Ski Resort Development, Co., Ltd.</p> <p>June 2017      Outside director of the Company (present position)</p> <p>March 2018      Outside director [chairman of Audit Committee, member of the Nomination Committee] of Cookpad Inc.</p> <p>March 2018      Outside Director, Audit and Supervisory Committee Member, KAYAC Inc. (present position)</p> <p>March 2022      Outside director [chairperson of the Audit Committee, member of the Compensation Committee] of Cookpad Inc.</p> <p>January 2023      Outside director [chairperson of the Audit Committee, chairperson of the Compensation Committee] of Cookpad Inc. (present position)</p> <p>(Important concurrent positions) Outside Director [chairperson of the Audit Committee, chairperson of the Compensation Committee], Cookpad Inc. Outside Director, Audit and Supervisory Committee Member, KAYAC Inc.</p>	0 shares
<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Toru Kitagawa has in-depth knowledge and experience in accounting and corporate management, much of which stems from his service as a chief financial officer and corporate planning manager at a publicly listed company. Since becoming a director of the Company, Mr. Kitagawa has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise election for candidates of officers and determination of officer compensation of the Company from an objective and neutral standpoint.</p>			
<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>			



No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
10	<p>Koji Takahashi (February 14, 1956)</p> <p>67 years old</p> <p>Reappointment</p> <p>Independent outside director</p> <p>Attendance at Board of Directors meetings (11/11) (100%) (Note)</p>	<p>April 1980      Joined Alps Electric Co., Ltd. (current ALPS ALPINE CO., LTD.)</p> <p>March 1988      Joined Tohoku Kinzoku Kogyo Co., Ltd. (current TOKIN Corporation)</p> <p>October 1995      General Manager of Product Development Department of Electronic Devices Division of Tohoku Kinzoku Kogyo Co., Ltd.</p> <p>April 1998      General Manager of Magnetic Actuator Division of Tohoku Kinzoku Kogyo Co., Ltd.</p> <p>April 2001      Joined Tokyo Weld Co., Ltd.</p> <p>April 2007      General Manager of Technical Planning Office Division and General Manager of Technical Center of Tokyo Weld Co., Ltd.</p> <p>June 2009      Director of Tokyo Weld Co., Ltd.</p> <p>June 2013      Managing Director and Chief Technology Officer of Tokyo Weld Co., Ltd.</p> <p>March 2021      Advisor of Tokyo Weld Co., Ltd. (present position)</p> <p>June 2022      Outside director of the Company (present position)</p>	0 shares
		<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Koji Takahashi has a wealth of experience and knowledge, having held important positions mainly as an engineer in the electronic components industry. Since becoming a director of the Company, Mr. Takahashi has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively, and therefore have continued to nominate him as an outside director.</p>	
		<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer. (Note) As the candidate was elected as a director at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022, the number of meetings of the Board of Directors subject to attendance differs from that of other directors.</p>	

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
11	Hitoshi Ozawa (May 13, 1963)	April 1986      Joined Recruit Cosmos Co., Ltd. (current Cosmos Initia Co., Ltd.)	0 shares
	60 years old	May 1992      Joined Nanken Corporation (current Forest Corporation)	
	Reappointment	April 1996      President and Representative Director of Nanken Corporation (present position)	
	Independent outside director	September 2000      President and Representative Director of Rent Life Corporation (present position)	
	Attendance at Board of Directors meetings (11/11) (100%) (Note)	June 2005      Auditor of Nanshinkouei Co., Ltd. (present position)	
		June 2022      Outside director of the Company (present position)	
		(Important concurrent positions) President and Representative Director, Forest Corporation President and Representative Director, Rent Life Corporation Auditor, Nanshinkouei Co., Ltd.	
		Reason for nomination as an outside director and a summary of expected roles: Mr. Hitoshi Ozawa has a wealth of experience and knowledge as a corporate manager. Since becoming a director of the Company, Mr. Ozawa has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise election for candidates of officers and determination of officer compensation of the Company from an objective and neutral standpoint, and therefore have continued to nominate him as an outside director.	
		[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's "Standard for Determining Independence." The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer. (Note) As the candidate was elected as a director at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022, the number of meetings of the Board of Directors subject to attendance differs from that of other directors.	

No.	Name (Date of birth)	Brief personal history and position and tasks responsible in the Company (Important concurrent positions)	Number of the Company's shares held
12	Sachiko Sumi (March 8, 1951)  72 years old  New appointment  Independent outside director	<p>April 1972      Joined Japan Airlines Co., Ltd.</p> <p>September 1982      Established SUMI Human Resource Development Inst., Representative (present position)</p> <p>April 1989      Part-time lecturer of Kaetsu Women's College (current Kaetsu University)</p> <p>April 1991      Part-time lecturer of Josai University Women's Junior College (current Josai Base College)</p> <p>April 1997      Part-time lecturer of Iwate Prefectural Miyako College (current Iwate Prefectural University, Miyako Junior College)</p> <p>(Important concurrent positions) Representative, SUMI Human Resources Education &amp; Development Laboratory</p>	0 shares
	Reason for nomination as an outside director and a summary of expected roles: Ms. Sachiko Sumi is qualified as a psychoanalyst, labor manager, and industrial counselor. She also has expert knowledge and deep insight regarding human resources development as the representative of the SUMI Human Resources Education & Development Laboratory. The Company expects that she will make use of her experience and expertise in measures to improve employee satisfaction and promote the advancement of women in the Company, and therefore has nominated her as an outside director.		
	<p>[Notes regarding independence]</p> <p>The Company has a consulting contract with the consulting company managed by the candidate. However, the annual consulting fee is no more than ¥5 million, and the Company recognizes the candidate as independent, since she satisfies the Company's "Standard for Determining Independence."</p> <p>The candidate also satisfies the requirements for independence standards prescribed by the Tokyo Stock Exchange and Nagoya Stock Exchange. If the candidate's election is approved, the Company will register her as an independent officer with both of the stock exchanges.</p>		

- (Notes) 1. There is no special interest between each nominee and the Company.
2. Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, Mr. Hitoshi Ozawa, and Ms. Sachiko Sumi are nominees for outside director.
3. Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, and Mr. Hitoshi Ozawa are now the Company's outside directors, and their term of office as an outside director for the Company will be 15 years, six years, one year, and one year, respectively, as of the end of this ordinary general meeting of shareholders.
4. The Company signed a limited liability contract with Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, and Mr. Hitoshi Ozawa for limiting the liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the same Act. The upper limit to the liability for damages under such a contract shall be the amount of ¥5 million or the amount provided for in the laws and ordinances, whichever is higher. If the reelection of Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, and Mr. Hitoshi Ozawa is approved, we will continue the existing limited liability contract with them. In addition, if the election of Ms. Sachiko Sumi is approved, then we will enter into the same limited liability contract with her.
5. The Company has entered into an officer liability insurance (D&O insurance) contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Details of the said insurance contract are described on page 13. If the election of candidates for directors is approved, they will continue to be covered as the insured under the said insurance contract. Furthermore, the insurance contract will be renewed with the same contents at the time of the next renewal.

[Reference]

1. Standard for determining independence of outside directors and outside corporate auditors

To ensure proper corporate governance, the Company prioritizes independence when selecting outside officers. The Company has established the following standard to guide such selections.

Standard for Determining Independence

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

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

2. Nomination and Compensation Committee

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

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

**Proposal 4:** Election of two (2) corporate auditors

The term of corporate auditors Mr. Tsuyoshi Yajima and Ms. Yoshiko Inuma will expire at the end of this ordinary general meeting of shareholders. Thus, we would like to propose that two corporate auditors be elected.

We have obtained the consent of the Board of Corporate Auditors to this proposal.

The nominees for corporate auditors are as follows:

No.	Name (Date of birth)	Brief personal history and position in the Company (Important concurrent positions)	Number of the Company's shares held
1	Tsuyoshi Yajima (December 7, 1958)  64 years old  Reappointment  Attendance at Board of Corporate Auditors meetings (13/13) (100%)	February 2001      Joined K-TECH DEVICES CORPORATION (current KOA CORPORATION) January 2002      General manager of the General Affairs Department of K-TECH DEVICES CORPORATION July 2004          Transferred to the Company April 2007          General manager of the General Affairs Center of the Management Administration Initiative of the Company June 2019          Full-time corporate auditor of the Company (present position)	1,900 shares
	Reason for nomination as a corporate auditor: Mr. Tsuyoshi Yajima has abundant experience and knowledge in general affairs and accounting; since joining a subsidiary of the Company, he has been engaged primarily in the general affairs and administration operations. In addition, since transferring to the Company, he has held positions as general manager of the General Affairs Center and has knowledge and experience necessary for sound and appropriate management of the Company. We are therefore confident that, if elected, he will continue to duly fulfill duties as a corporate auditor.		
2	Yoshiko Inuma (February 13, 1963)  60 years old  Reappointment  Independent outside Director  Attendance at Board of Corporate Auditors meetings (13/13) (100%)	April 1985          Joined Showa Audit Corporation (current Ernst & Young ShinNihon LLC) September 1986      Joined YOKOYAMA ACCOUNTING FIRM May 1991            Registered as a certified tax accountant September 1991      Joined Inuma Accounting Firm June 1998            Established Mirai Keiei, Director (present position) August 2011          Established Mirai Keiei Tax Accountant Office, Partner (present position) June 2019            Full-time corporate auditor of the Company (present position)  (Important concurrent positions) Director, Mirai Keiei Partner, Mirai Keiei Tax Accountant Office	1,000 shares
	Reason for nomination as an outside corporate auditor: Ms. Yoshiko Inuma has expert knowledge and abundant experience in finance and accounting as a certified tax accountant. We are therefore confident that, if elected, she will continue to play roles in overseeing and supervising management of the Company from a professional and neutral standpoint.		
	[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since she satisfies the Company's "Standard for Determining Independence." The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register her as an independent officer.		

- (Notes)
1. There is no special interest between each nominee and the Company.
  2. Ms. Yoshiko Inuma is a nominee for outside corporate auditor.
  3. Ms. Yoshiko Inuma is now the Company's outside corporate auditor, and her term of office as a corporate auditor for the Company will be four years, as of the end of this ordinary general meeting of shareholders.
  4. The Company signed a limited liability contract with Mr. Tsuyoshi Yajima and Ms. Yoshiko Inuma for limiting the liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the same Act. The upper limit to the liability for damages under such a contract shall be the amount of ¥5 million or the amount provided for in the laws and ordinances, whichever is higher. If the reelection of Mr. Tsuyoshi Yajima and Ms. Yoshiko Inuma is approved, we will continue the existing limited liability contract with them.
  5. The Company has entered into an officer liability insurance (D&O insurance) contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Details of the said insurance contract are described on page 13. If the election of candidates for corporate auditors is approved, they will continue to be covered as the insured under the said insurance contract. Furthermore, the insurance contract will be renewed with the same contents at the time of the next renewal.

## Guidance on the exercise of your voting rights on the Internet

### 1. Decoding the QR code

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

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

### 2. Entering the log-in ID and tentative password

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

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

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

<p>Securities Business Division (Help desk), Mitsubishi UFJ Trust and Banking Corporation 0120-173-027 (Toll free/9 a.m.-9 p.m.)</p>
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Institutional investors can utilize the electronic voting platform for institutional investors operated by ICJ, Inc.