



NOTICE OF THE 69TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Time and Date:

11:00 a.m., Tuesday, March 26, 2024 (JST)

(The reception desk will open at 10:30 a.m., JST.)

(Please note that the start time is different from the last meeting.)

Venue:

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

Items to be resolved:

Agenda 1: Partial amendment to the Articles of Incorporation

Agenda 2: Election of seven (7) directors

Agenda 3: Issuance of performance-linked share acquisition rights

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

SUMIDA CORPORATION

Stock Code: 6817

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

(Stock Code: 6817)

March 5, 2024

NOTICE OF THE 69TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

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

We also wish to extend our deepest sympathies to all those who have been affected by the 2024 Noto Peninsula Earthquake.

SUMIDA CORPORATION (the “Company”) hereby would like to inform you that the 69th Annual General Meeting of Shareholders will be held as outlined on the following pages.

We believe in the importance of our shareholders’ rights to vote. Please review the Reference Materials for Annual General Meeting of Shareholders from p.5 to p.23 below, and indicate your approval or disapproval of the proposals on the voting form sent out with this convocation notice and return it to us by mail by 5:00 p.m. on Monday, March 25, 2024 (JST), or exercise your voting rights via the specified voting site (<https://evote.tr.mufg.jp/>) (in Japanese) by the above deadline. We do request for exercising your rights in order to ensure that our shareholders’ intention is reflected on management.

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

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

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

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

Tokyo Stock Exchange (TSE) website:

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

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

Yours faithfully,

Shigeyuki Yawata

Director

SUMIDA CORPORATION

7th floor, KDX Ginza East Building

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

1. Time and Date: 11:00 a.m., Tuesday, March 26, 2024 (JST)
(The reception desk will open at 10:30 a.m., JST.)
(Please kindly note that the opening time differs from that of the previous meeting.)

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

3. Meeting Agenda:

- Items to be reported

1. Business Report, Consolidated Financial Statements and reports on the audited results of the Consolidated Financial Statements by the independent auditors and the Audit Committee for the 69th term (January 1 to December 31, 2023)
2. Non-consolidated Financial Statements for the 69th term (January 1 to December 31, 2023)

- Items to be resolved

- | | |
|-----------|---|
| Agenda 1: | Partial amendment to the Articles of Incorporation |
| Agenda 2: | Election of seven (7) directors |
| Agenda 3: | Issuance of performance-linked share acquisition rights |

4. Decisions Made for the Meeting:

- (1) If a shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right via the Internet etc. or in writing, the Company will treat such cases as indications of acceptance.
- (2) In the event that a shareholder exercises a voting right on multiple occasions via the Internet etc., the Company will treat the shareholder's final vote as the effective exercise of the voting right.
- (3) In the event that a shareholder exercises a voting right via the Internet etc., even if the voting form is returned to us by mail, the Company will treat the shareholder's vote via the Internet etc. as the effective exercise of the voting right.
- (4) If a shareholder exercises a voting right in writing, the shareholder is requested to return the voting form to us by mail by 5:00 p.m. on Monday, March 25, 2024 (JST).
- (5) If a shareholder exercises a voting right via the Internet etc., the shareholder is requested to do so by 5:00 p.m. on Monday, March 25, 2024 (JST).
- (6) In the event that a shareholder exercises voting rights diversely, the shareholder is requested to submit his/her intention to do so and the reason for the diverse exercise of voting rights to the Company in writing or by electromagnetic method by three days before the meeting.

*For this General Meeting of Shareholders, we have delivered documents which include matters for which measures for providing information in electronic format will be taken to all shareholders, regardless of whether or not they have requested them. In addition, please be sure to bring this convocation notice with you as reference documents for the meeting.

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

*Notes to Consolidated Financial Statements and notes to Non-consolidated Financial Statements are not included in the documents under laws and regulations and the Company's Articles of Incorporation. Accordingly, the Consolidated Financial Statements and Non-consolidated Financial Statements included in the documents are part of the documents which have been audited by the independent auditors and the Audit Committee in preparing the Audit Report and the Accounting Audit Report.

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

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

<Concerning the Exercise of Voting Rights>

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

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

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

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

Votes to be given by: 5:00 p.m., Monday, March 25, 2024 (JST)

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

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

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

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

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

[Exercising Voting Rights by Mail (in Writing)]

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

Votes to be received by: 5:00 p.m., Monday, March 25, 2024 (JST)

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

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

Reference Materials for Annual General Meeting of Shareholders

Agenda 1: Partial amendment to the Articles of Incorporation

1. Reasons for the amendments

Change in the minimum number of Representative Executive Officers

The Company wishes to set the minimum number of Representative Executive Officers to be determined by resolution of the Board of Directors as one (1) to ensure greater flexibility in the number of Representative Executive Officers in order to realize an optimal business execution structure in response to changes in the environment surrounding the Company.

2. Details of the amendments

The details of the amendments are as follows.

(Underlined portions are to be amended.)

Current Articles of Incorporation	Amended Articles of Incorporation
Articles 1 – 40 (Text omitted)	Articles 1 – 40 (Unchanged)
<p>Article 41 Representative Executive Officers and Executive Officers Holding Statutory Names</p> <p>1. The Board of Directors shall appoint <u>two (2)</u> or more Representative Executive Officers by resolution of the Board of Directors.</p> <p>2. The Board of Directors may appoint Executive Officer(s) Holding Statutory Name(s) by resolution of the Board of Directors.</p>	<p>Article 41 Representative Executive Officers and Executive Officers Holding Statutory Names</p> <p>1. The Board of Directors shall appoint <u>one (1)</u> or more Representative Executive Officers by resolution of the Board of Directors.</p> <p>2. The Board of Directors may appoint Executive Officer(s) Holding Statutory Name(s) by resolution of the Board of Directors.</p>
Articles 42 – 52 (Text omitted)	Articles 42 – 52 (Unchanged)

Agenda 2: Election of seven (7) directors

The terms of office of seven (7) directors will expire at the conclusion of this Annual General Meeting of Shareholders. The Company hereby requests the election of seven (7) directors including five (5) outside directors as nominated by the Nomination Committee.

The candidates for the directors' positions are as follows. Five (5) of the candidates for director, namely Messrs. Tatsuo Umemoto, Yan Hok Fan, Ryo Hayakawa, Dr. Albert Kirchmann and Ms. Sawako Ueno seek the positions as outside directors as stipulated in Article 2, paragraph (3), item (vii) of the Regulations for Enforcement of the Companies Act.

[Reference] List of candidates

No.	Name	Positions and duties at the Company	
1	Shigeyuki Yawata	Director (Chairman of the Board of Directors), member of the Nomination Committee and Compensation Committee, and Chairman of the Risk Management Committee	[Re-election]
2	Tatsuo Umemoto	Director (Vice Chairman of the Board of Directors) and Chairman of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
3	Yan Hok Fan	Director and member of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
4	Ryo Hayakawa	Director and member of the Audit Committee	[Re-election] [Outside] [Independent]
5	Albert Kirchmann		[New election] [Outside] [Independent]
6	Sawako Ueno		[New election] [Outside] [Independent]
7	Yoshiyuki Honda	Representative Executive Officer and CFO, and member of the Risk Management Committee	[New election]

Candidates' attendance to meetings

Name	Number of years in office	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Risk Management Committee meetings
Shigeyuki Yawata	–	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	4/4 (100%)
Tatsuo Umemoto	5	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	–
Yan Hok Fan	2	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	–
Ryo Hayakawa	2	6/6 (100%)	14/14 (100%)	–	–	–
Albert Kirchmann	–	–	–	–	–	–
Sawako Ueno	–	–	–	–	–	–
Yoshiyuki Honda	–	–	–	–	–	4/4 (100%)

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

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
1 Re-election	Shigeyuki Yawata (October 28, 1951) Rate of attendance at the Board of Directors meetings in FY2023: 6/6	<p>(Brief personal profile)</p> <p>Nov. 1977 Joined the Company Mar. 1988 Director Mar. 1990 Representative Director and Senior Managing Director Apr. 1991 Representative Director and Vice President Mar. 1992 Representative Director and President Apr. 2003 Representative Executive Officer and CEO Apr. 2003 Director (To date) Dec. 2005 Managing Director, Sumida Holding Germany GmbH (Currently SUMIDA Europe GmbH)</p> <p>(Positions and duties at the Company)</p> <p>Director (Chairman of the Board of Directors), member of the Nomination Committee and Compensation Committee, and Chairman of the Risk Management Committee</p>	0 (Note)

<Reasons for the election of candidate nominated for director>

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

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
2 Re-election/ Outside/ Independent	Tatsuo Umemoto (September 14, 1956) Rate of attendance at the Board of Directors meetings in FY2023: 6/6	<p>(Brief personal profile)</p> <p>Apr. 1979 Joined Nippon Telegraph and Telephone Public Corporation (Currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION)</p> <p>Aug. 1985 Joined Bain & Company Japan, Inc.</p> <p>Sep. 1991 Joined Schroeder PTV Partners Co., Ltd.</p> <p>Apr. 1995 Joined SAZABY Inc. (Currently SAZABY LEAGUE, Ltd.) as Director of Corporate Planning Office Project Leader for start-up of Starbucks Coffee Japan Co., Ltd. Corporate Leader for the “second startup” (business re-establishment activities) project Chief Planning Officer (From 2000)</p> <p>Jan. 2005 Established iGRAM Inc., Representative Director (To date)</p> <p>Aug. 2011 Established LEAGUE MILLION INC., Representative Director</p> <p>Apr. 2015 Specially Appointed Professor at Graduate School of Social Design Studies, Rikkyo University</p> <p>Jun. 2015 Councilor, THE KIYOSHI HAYAKAWA FOUNDATION</p> <p>Apr. 2017 Outside Director, Forum Engineering Inc. (To date)</p> <p>Mar. 2019 Outside Director of the Company (To date)</p> <p>Apr. 2020 Specially Appointed Professor at Graduate School of Media and Governance, Keio University</p> <p>Apr. 2020 Visiting Professor at Graduate School of Social Design Studies, Rikkyo University (To date)</p> <p>(Positions and duties at the Company) Director (Vice Chairman of the Board of Directors) and Chairman of the Nomination Committee and Compensation Committee</p> <p>(Important concurrent occupations or positions at other organizations) Visiting Professor at Graduate School of Social Design Studies, Rikkyo University Representative Director, iGRAM Inc. Outside Director, Forum Engineering Inc.</p>	0

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

Mr. Tatsuo Umemoto has accumulated a wealth of international experience as a management consultant and corporate executive over many years. He has played leading roles in the launches of multiple companies, including Starbucks Coffee Japan Co., Ltd., and he currently works as an advisor in various fields and as a Visiting Professor at Graduate School of Social Design Studies, Rikkyo University. The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on his insight which is especially informed by his experience in business strategy, business planning, new business development, organization personnel, competency development, and marketing and branding. He currently serves as outside director of the Company. The length of his service as outside director will be five (5) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
3 Re-election / Outside/ Independent	Yan Hok Fan (September 5, 1949) Rate of attendance at the Board of Directors meetings in FY2023: 6/6	<p>(Brief personal profile)</p> <p>Oct. 1976 Joined Nigerian Spanish Engineering LTD. (Nigeria)</p> <p>Nov. 1979 Managing Director, Mayor Engineering Ltd. (Nigeria)</p> <p>Sep. 1984 Joined Pfizer MSP KK, Materials Engineering Department (Hong Kong)</p> <p>Jan. 1994 Representative Director, CITIC Pacific Limited (Hong Kong)</p> <p>Nov. 1997 Representative Director and General Manager, China Everbright International Limited (Currently China Everbright Environment Group Limited) (Hong Kong)</p> <p>Jan. 2010 Independent Non-executive Director, Hysan Development Company Limited (Hong Kong) (To date)</p> <p>Dec. 2012 Independent Non-executive Director, China Everbright Environment Group Limited (Hong Kong) (To date)</p> <p>Dec. 2012 Independent Non-executive Director, First Pacific Company Limited (Hong Kong) (To date)</p> <p>Sep. 2013 Independent Non-executive Director, China Aircraft Leasing Group Holdings Limited (Hong Kong)</p> <p>Sep. 2016 Independent Non-executive Director, PFC Device Inc. (Hong Kong)</p> <p>Mar. 2022 Outside Director of the Company (To date)</p> <p>(Positions and duties at the Company)</p> <p>Director and member of the Nomination Committee and Compensation Committee</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Independent Non-executive Director, Hysan Development Company Limited (Hong Kong)</p> <p>Independent Non-executive Director, China Everbright Environment Group Limited (Hong Kong)</p> <p>Independent Non-executive Director, First Pacific Company Limited (Hong Kong)</p>	0

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

Mr. Yan Hok Fan has worked as a manager and a director of Asian companies over many years, primarily in China and Hong Kong. The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on the knowledge and experience as a manager that he has accumulated throughout his career, and his insight into the Asian market. He currently serves as outside director of the Company. The length of his service as outside director will be two (2) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
4 Re-election / Outside/ Independent	Ryo Hayakawa (December 17, 1962) Rate of attendance at the Board of Directors meetings in FY2023: 6/6	<p>(Brief personal profile)</p> <p>May 1985 Joined Darroch Industrial Consultants, Ltd. (Auckland, New Zealand)</p> <p>Apr. 1989 Joined Investment Banking Division, Tokyo Branch, Goldman Sachs Japan Co., Ltd.</p> <p>Nov. 1992 Vice President, Corporate Finance Department, Investment Banking Division, Goldman Sachs Japan Co., Ltd. (promoted in June 1996)</p> <p>Dec. 1997 Vice President, Advisory Group, Investment Banking Division, Goldman Sachs Japan Co., Ltd.</p> <p>Feb. 2000 Vice President, Equity Capital Markets, Investment Banking Division, Goldman Sachs Japan Co., Ltd.</p> <p>Apr. 2002 Director, Equity Capital Markets, Investment Banking Division, Deutsche Securities Inc.</p> <p>Mar. 2007 Representative Director, A1 Consulting Ltd. (To date)</p> <p>Oct. 2007 Investment Banking Lecturer, Institute for Business and Finance, Waseda University (To date)</p> <p>Mar. 2008 Managing Director and General Manager, Equity Capital Markets, Investment Banking Division, Macquarie Capital Securities (Japan) Limited</p> <p>Apr. 2008 Executive Council, Australian and New Zealand Chamber of Commerce</p> <p>Sep. 2014 Representative Director and Managing Partner, AKSUS Advisors, Inc. (To date)</p> <p>Sep. 2020 Outside Director, UDC Finance Limited (Auckland, New Zealand)</p> <p>Mar. 2022 Outside Director of the Company (To date)</p> <p>(Positions and duties at the Company) Director and member of the Audit Committee</p> <p>(Important concurrent occupations or positions at other organizations) Representative Director, A1 Consulting Ltd. Representative Director and Managing Partner, AKSUS Advisors Inc. Investment Banking Lecturer, Institute for Business and Finance, Waseda University</p>	0

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

Mr. Ryo Hayakawa has accumulated a wealth of experience in the financial industry over many years, and currently engages in management and serves as director at several companies. The Company proposed him as a candidate for outside director because he is expected to oversee and check management based on the experience and insight that he has accumulated throughout his career. He currently serves as outside director of the Company. The length of his service as outside director will be two (2) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
5 New election/ Outside/ Independent	Albert Kirchmann (December 16, 1956)	<p>(Brief personal profile)</p> <p>Aug. 1984 Joined Daimler-Benz AG (Currently Mercedes-Benz Group AG and Daimler Truck Holding AG) In charge of business in Germany and Spain</p> <p>Jul. 2004 Executive Vice President, Finance & Controlling, Business and Product Planning, Daimler Trucks & Buses, Daimler AG (Currently Daimler Truck Holding AG) and Director, Mitsubishi Fuso Truck and Bus Corporation</p> <p>Jun. 2009 President and Chief Executive Officer, Mitsubishi Fuso Truck and Bus Corporation</p> <p>Jul. 2010 Chief Representative, Representative Office in Japan, Daimler AG</p> <p>Apr. 2013 Executive Director, Japan Automobile Manufacturers Association</p> <p>Jun. 2013 Board Member, German Chamber of Commerce and Industry in Japan, and Member of the Executive Board, the European Business Council</p> <p>Aug. 2013 Head of Daimler Trucks Asia, Daimler AG and President and Chief Executive Officer, Mitsubishi Fuso Truck and Bus Corporation</p> <p>Jul. 2014 Vice President, German Chamber of Commerce and Industry in Japan</p> <p>Apr. 2015 Chairman of the Board, Mitsubishi Fuso Truck and Bus Cooperation and Chairman, Daimler Trucks Asia</p> <p>Jan. 2017 Retired from Daimler AG</p> <p>Jan. 2019 Outside Director, TRATON SE (To date)</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Outside Director, TRATON SE</p>	0

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

Dr. Albert Kirchmann has accumulated a wealth of international experience over many years including senior leadership roles with responsibility for finance & controlling, business and product planning within the commercial vehicle business of Daimler Truck Holding AG, as well as holding positions including Representative Director and CEO for Mitsubishi Fuso Truck and Bus Corporation. The Company proposed him as a candidate for outside director because he is expected to oversee and check management given his knowledge and experience as well as the insight he brings in relation to automobiles and the European, Japanese and Asian markets as an international manager cultivated throughout his career. He is a new candidate for outside director.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
6 New election/ Outside/ Independent	Sawako Ueno (August 12, 1964)	<p>(Brief personal profile)</p> <p>Apr. 1988 Joined The Dai-Ichi Kangyo Bank, Limited (Currently Mizuho Bank, Ltd.)</p> <p>Oct. 1996 Joined Showa Ota & Co. (Currently Ernst & Young ShinNihon LLC)</p> <p>Oct. 2008 Partner, Ernst & Young ShinNihon LLC</p> <p>Sep. 2017 Partner, Deloitte Touche Tohmatsu LLC</p> <p>Sep. 2019 Director, Deloitte Touche Tohmatsu LLC</p> <p>Jan. 2021 Joined Financial Services Agency; Securities Transaction Special Inspector, Executive Bureau, Securities and Exchange Surveillance Commission</p> <p>Apr. 2023 Representative, Sawako Ueno CPA Office (To date)</p> <p>Jun. 2023 Outside Auditor, Morinaga & Co., Ltd. (To date)</p> <p>Jun. 2023 Outside Auditor, Airport Facilities Co., Ltd. (To date)</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Representative, Sawako Ueno CPA Office</p> <p>Outside Auditor, Morinaga & Co., Ltd.</p> <p>Outside Auditor, Airport Facilities Co., Ltd.</p>	0

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

Ms. Sawako Ueno has been involved in audit, strengthening governance, and transformation of business models, as well as digitization of domestic and foreign corporations over many years as a certified public accountant, and held positions as partner and director in major audit firms. In addition, Ms. Ueno has accumulated abundant experience as a Securities Transaction Special Inspector at the Securities and Exchange Surveillance Commission. The Company proposed her as a candidate for outside director because she is expected to contribute to maintaining and improving the Company's compliance based on her knowledge and experience cultivated throughout her career. She is a new candidate for outside director.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
7 New election	Yoshiyuki Honda (January 8, 1956)	<p>(Brief personal profile)</p> <p>Nov. 1980 Joined Tokyo Office, Coopers & Lybrand LLP. (Currently PricewaterhouseCoopers)</p> <p>Sep. 1985 Chicago Office, Coopers & Lybrand LLP.</p> <p>Apr. 1992 Partner, Chicago Office, Coopers & Lybrand LLP.</p> <p>Jul. 1992 Joined PepsiCo, Inc. in New York</p> <p>Nov. 1993 Joined Pepsi Cola Japan Co., Ltd.; General Manager of Corporate Planning</p> <p>Jul. 1995 General Manager of Finance, Pepsi Cola Japan Co., Ltd.</p> <p>Feb. 1998 Joined Cisco Systems G. K. in Japan; General Manager of Finance</p> <p>Sep. 1999 Director and General Manager of Administrative Headquarter, Cisco Systems G. K. in Japan</p> <p>Aug. 2002 Joined D & M Holdings Inc.; CFO</p> <p>Jun. 2003 Executive Officer, D & M Holdings Inc.</p> <p>Feb. 2005 Joined RHJ international Japan Inc. (former Ripplewood Japan); CFO</p> <p>Jun. 2005 Representative Director, RHJ international Japan Inc.</p> <p>Oct. 2007 Joined D & M Holdings Inc.; CFO</p> <p>Jun. 2009 Representative Director and Vice President, D & M Holdings Inc.</p> <p>Nov. 2009 Retired from D & M Holdings Inc.</p> <p>Mar. 2011 Joined SUMIDA Group</p> <p>Aug. 2011 Executive Officer, SUMIDA CORPORATION</p> <p>Mar. 2012 Representative Executive Officer and CFO, SUMIDA CORPORATION (To date)</p> <p>Mar. 2016 Outside Auditor, McDonald's Holdings Company (Japan), Ltd. (To date)</p> <p>(Positions and duties at the Company) Representative Executive Officer and CFO and member of the Risk Management Committee</p> <p>(Important concurrent occupations or positions at other organizations) Managing Director, SUMIDA Europe GmbH Outside Auditor, McDonald's Holdings Company (Japan), Ltd. Certified Public Accountant in Japan and US</p>	1,000

<Reasons for the election of candidate nominated for director>

Mr. Yoshiyuki Honda has been involved in global corporations' finance, audit, internal control, and international financial reporting standards (IFRS), etc. over many years, and held positions including Partner and Chief Financial Officer (CFO). Mr. Honda has also served for many years as a Representative Executive Officer and CFO in the Group, and demonstrated strong leadership as a manager. The Company proposed him as a candidate for director because he is expected to oversee and check management given his experience, particularly the knowledge and experience as an international manager he has cultivated in the field of finance. He is a new candidate for director.

Notes:

1. The candidate Mr. Shigeyuki Yawata concurrently serves as Director of Yawata Building Co., Ltd., and the aforementioned company is a major shareholder of the Company. There are no special interest relationships between the Company and the aforementioned company.
2. The candidate Mr. Shigeyuki Yawata concurrently serves as Director of Yawata Zaidan Limited, and the aforementioned company is a major shareholder of the Company. There are no special interest relationships between the Company and the aforementioned company.
3. There are no special interest relationships between the candidates for the directors' positions and the Company.
4. If the five (5) candidates for outside director, Messrs. Tatsuo Umemoto, Yan Hok Fan, Ryo Hayakawa, Dr. Albert Kirchmann and Ms. Sawako Ueno are elected as originally proposed, the Company plans that these persons will be independent directors in accordance with the provisions of the Tokyo Stock Exchange.
5. The Company has entered into an insurance contract covering officer liability for damages ("D&O insurance contract") with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The insurance contract will cover damages to be borne by the insured, including compensation, judgment amounts decided by the court, settlement money, amounts paid in out-of-court settlements and legal costs, which may arise in relation to damage compensation claims. All of the directors, executive officers, and employees who manage, supervise, and give directions and orders are insured by the said insurance contract. In addition, such insurance contract is expected to be renewed with the same contents at the next renewal. The following candidates for director will be included in those insured under the said insurance contract: Messrs. Shigeyuki Yawata, Tatsuo Umemoto, Yan Hok Fan, Ryo Hayakawa, Dr. Albert Kirchmann, Ms. Sawako Ueno and Mr. Yoshiyuki Honda.

Reasons for the election:

Three (3) of the candidates nominated for director, Messrs. Tatsuo Umemoto, Yan Hok Fan and Ryo Hayakawa have sufficiently served as directors who determine basic management policies and supervise operations. The Company therefore requests to reelect them as outside directors. Furthermore, the Company believes that Dr. Albert Kirchmann, Ms. Sawako Ueno and Mr. Yoshiyuki Honda will sufficiently serve as director who determines basic management policies and supervises operations, and therefore requests to newly elect them as directors.

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

1. Reasons for the election of candidates nominated for outside director
The Company is a company employing a committee-based corporate governance structure, called a company with nomination committee, etc. At a company with nomination committee, etc., the board of directors specializes in supervising management, while a committee, a majority of which consists of outside directors, is established to improve the transparency of management and executive officers are installed as an organ to work full-time for the execution of operations. Thus, a company with nomination committee, etc. clearly separates "supervision of management" from "execution of operations" to make them function effectively. Such a company generally needs to elect multiple outside directors. To further enhance the functions of the board of directors, the Company is to make outside directors account for a majority of directors, and hereby requests the election of five (5) outside directors.
2. Independence of candidates for outside director
 - (i) None of the candidates for outside director have been managing members of the Company or business operators that have specific relations with the Company in the past.
 - (ii) None of the candidates for outside director have received or plan to receive a large amount of money or other property from the Company or business operators that have specific relations with the Company.
 - (iii) None of the candidates for outside director have relatives in the third degree or closer with managing members of the Company or business operators that have specific relations with the Company.

3. Liability limitation contracts with outside directors

The Company has entered into liability limitation contracts with outside directors of the Company, Messrs. Tatsuo Umemoto, Yan Hok Fan and Ryo Hayakawa. (Outline of the contracts is stated on “2. (3) (vi) Outline of liability limitation contracts” of the Business Report.) In case of their re-election, the Company will continue the above liability limitation contracts with them. In case of election of Dr. Albert Kirchmann and Ms. Sawako Ueno, the Company will also enter into liability limitation contracts of the same content as the above liability limitation contract with them.

Major fields of experience and expertise of Directors

		Corporate management	Related industries and businesses	Global businesses	Finance and accounting	Legal and compliance	Governance and risk management	New businesses and M&A
Shigeyuki Yawata	Director	●	●	●			●	●
Tatsuo Umemoto	Outside Director	●		●			●	●
Yan Hok Fan	Outside Director	●	●	●			●	●
Ryo Hayakawa	Outside Director	●	●	●	●		●	●
Albert Kirchmann	Outside Director	●	●	●	●		●	●
Sawako Ueno	Outside Director			●	●	●	●	
Yoshiyuki Honda	Director	●	●	●	●		●	●

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

Agenda 3: Issuance of performance-linked share acquisition rights

The Company requests approval for the determination of offering terms for share acquisition rights to be issued as share options to directors and employees of the Company's subsidiaries in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act, to be entrusted to the board of directors of the Company (the "Board of Directors") or to the executive officer of the Company delegated by resolution of the Board of Directors.

1. Reasons for the need to solicit subscribers for share acquisition rights on particularly favorable terms

In aiming for the Sumida Group to achieve the targets for the three-year period from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026, realize sustainable growth, and enhance medium- to long-term corporate value, the Company will issue share acquisition rights without contribution to directors and employees of the Company's subsidiaries, upon exercise of which shares are delivered on stipulation that the value of property to be contributed upon exercise of the share acquisition rights is one (1) yen per share, as a medium-term incentive plan.

These share acquisition rights may be exercised only when the conditions stipulated in 2. (3) "(viii) Terms and conditions for exercising share acquisition rights" below are fulfilled, and the extent to which they become exercisable shall be determined by the level of fulfillment. Therefore, their contents include commitments toward the Group's business results targets to be assumed by the directors and employees of the Company's subsidiaries eligible to receive the share acquisition rights.

2. Details of, maximum number of, and matters regarding payment for share acquisition rights for which offering terms may be determined based on the decision of this Annual General Meeting of Shareholders

- (1) Maximum number of share acquisition rights for which offering terms may be determined based on this entrustment

The maximum number of the share acquisition rights under the terms specified in (3) below shall be 8,000.

The maximum number of shares to be granted upon exercise of the share acquisition rights shall be 800,000 shares of ordinary shares of the Company. In the event that the number of such shares to be granted is adjusted pursuant to (3) (i) below, the maximum number of shares to be granted upon exercise of share acquisition rights shall be the number obtained by multiplying the number of shares granted after adjustment by the maximum number of share acquisition rights as provided for above.

- (2) Amount to be paid in for share acquisition rights for which offering terms may be determined based on this entrustment

Monetary payment is not required for the share acquisition rights as they are issued without contribution.

- (3) Details of the share acquisition rights for which offering terms may be determined based on this entrustment

- (i) Class and number of shares to be delivered upon exercise of share acquisition rights

The class of shares to be delivered upon exercise of the share acquisition rights shall be ordinary

shares and the number of shares to be delivered upon exercise of one (1) share acquisition right (hereinafter the “Number of Shares Granted”) shall be 100.

Notwithstanding the foregoing, in the event that the Company carries out a share split (including any allotment of shares without contribution; the same shall apply hereinafter) or a share consolidation of ordinary shares of the Company after the date of the resolution at the General Meeting of Shareholders (hereinafter the “Resolution Date”), the Number of Shares Granted for share acquisition rights that are unexercised as of the time of the share split or share consolidation shall be adjusted according to the following formula. Any fraction of less than one (1) share resulting from this adjustment shall be discarded.

$$\begin{array}{rcccl} \text{Number of Shares} & & \text{Number of Shares} & & \\ \text{Granted after} & = & \text{Granted before} & \times & \text{Ratio of share split or} \\ \text{adjustment} & & \text{adjustment} & & \text{consolidation} \end{array}$$

In addition, in the event that it is necessary for the Company to make an adjustment to the Number of Shares Granted in cases where the Company carries out a merger, company split, share exchange, share transfer, etc., the Company may make an appropriate adjustment taking into account the merger ratio and other conditions, to the extent reasonable.

(ii) Value of property to be contributed upon exercise of share acquisition rights

The value of property to be contributed upon exercise of one (1) share acquisition right shall be the amount obtained by multiplying one (1) yen, which is the amount to be paid in per one (1) share to be delivered upon exercise of the share acquisition rights (hereinafter the “Exercise Price”), by the Number of Shares Granted. Notwithstanding the foregoing, if the Company carries out a share split or share consolidation of ordinary shares of the Company after the Resolution Date, the Exercise Price for share acquisition rights that are unexercised as of the time of the share split or share consolidation shall be adjusted according to the following formula. Any fraction of less than one (1) yen resulting from this adjustment shall be rounded up to the nearest yen.

$$\begin{array}{rcccl} & & & & 1 \\ \text{Exercise Price after} & = & \text{Exercise Price before} & \times & \frac{\quad}{\quad} \\ \text{adjustment} & & \text{adjustment} & & \text{Ratio of share split or} \\ & & & & \text{consolidation} \end{array}$$

In addition, in the event that it is necessary for the Company to make an adjustment to the Exercise Price in cases where the Company carries out a merger, company split, share exchange, share transfer, etc., the Company may make an appropriate adjustment taking into account the merger ratio and other conditions, to the extent reasonable.

(iii) Exercise period of the share acquisition rights

From April 1, 2027 to March 31, 2042

(iv) Matters concerning capital stock and legal capital surplus increases in event of issuance of shares upon exercise of share acquisition rights

- (a) The amount of capital stock increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be half the maximum amount of increase in capital stock,

etc., calculated in accordance with the provision of Article 17, paragraph (1) of the Regulation on Corporate Accounting. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest yen.

- (b) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be the amount obtained by subtracting the capital stock increase stipulated in (a) above from the maximum amount of increase in capital stock, etc., described in (a) above.

- (v) Restriction on the transfer of share acquisition rights

Any acquisition of the share acquisition rights by way of transfer shall be subject to the approval of the Board of Directors.

- (vi) Cases of acquisition of share acquisition rights by the Company

- (a) In the event that any of the agenda items set forth in 1), 2), 3), 4) and 5) below is approved at a General Meeting of Shareholders of the Company (or, if a resolution at a General Meeting of Shareholders is not required, is resolved by the Board of Directors or determined by the executive officer of the Company delegated by resolution of the Board of Directors), the Company may acquire the share acquisition rights without contribution on the date to be separately determined by the Board of Directors or determined by the executive officer of the Company delegated by resolution of the Board of Directors:

- 1) Agenda item for approval of a merger agreement under which the Company shall become a disappearing company;
- 2) Agenda item for approval of absorption-type company split agreement or incorporation-type company split plan under which the Company shall become a split company;
- 3) Agenda item for approval of a share exchange agreement or share transfer plan under which the Company shall become a wholly owned subsidiary;
- 4) Agenda item for approval of an amendment to the Articles of Incorporation in order to establish the provision that all shares to be issued by the Company shall require the approval of the Company for acquiring by way of transfer; and
- 5) Agenda item for approval of an amendment to the Articles of Incorporation in order to establish the provision that a class of shares to be delivered upon exercise of the share acquisition rights shall require the approval of the Company for acquiring by way of transfer or that all of such class of shares may be acquired by the Company by resolution at a General Meeting of Shareholders.

- (b) In the event that an individual who has been allotted share acquisition rights (“Share Acquisition Rights Holder”) is no more possible to exercise his/her share acquisition rights due to the provisions set forth in (viii) below or by other reasons before exercising his/her rights, the Company may acquire the share acquisition rights without contribution.

- (vii) Handling of share acquisition rights in relation to an act of structural reorganization

In the event that the Company carries out a merger (limited to cases where the Company disappears due to the merger), an absorption-type or incorporation-type company split (limited

to cases where the Company becomes a split company), or a share exchange or transfer (limited to cases where the Company becomes a wholly owned subsidiary) (collectively, the “Act of Structural Reorganization”), the Company shall, in each of the above cases, deliver the share acquisition rights of any of the relevant companies set forth in Article 236, paragraph (1), items (viii), (a) to (viii), (e) of the Companies Act (hereinafter referred to as the “Reorganized Company”) to the Share Acquisition Rights Holder remaining as of the effective date of the relevant Act of Structural Reorganization (hereinafter the “Remaining Share Acquisition Rights”) in accordance with the following terms and conditions. In this case, the Remaining Share Acquisition Rights shall be extinguished and the Reorganized Company shall issue new share acquisition rights; provided, however, that the foregoing shall be on the condition that delivery of such share acquisition rights of the Reorganized Company in accordance with the following terms and conditions is stipulated in a merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

- (a) Number of share acquisition rights of the Reorganized Company to be delivered
A number equal to the number of the Remaining Share Acquisition Rights held by the Share Acquisition Rights Holder shall be delivered to each such holder.
- (b) Class of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights
Ordinary shares of the Reorganized Company
- (c) Number of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights
To be determined in accordance with (i) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.
- (d) Value of property to be contributed upon exercise of share acquisition rights
The value of property to be contributed upon exercise of each share acquisition right to be delivered shall be the amount obtained by multiplying the amount per share to be paid in after reorganization obtained by adjusting the Exercise Price set forth in (ii) above by the number of shares of the Reorganized Company to be delivered upon exercise of relevant share acquisition rights as determined in accordance with (c) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.
- (e) Exercise period of the share acquisition rights
From and including whichever is the later of the commencement date of the period during which the share acquisition rights may be exercised as provided for in (iii) above (hereinafter the “Exercise Period”) or the effective date of the Act of Structural Reorganization, to and including the expiry date of the Exercise Period.
- (f) Terms and conditions for exercising share acquisition rights
To be determined in accordance with (viii) below.

- (g) Matters concerning capital stock and legal capital surplus increases in event of issuance of shares upon exercise of share acquisition rights
To be determined in accordance with (iv) above.
 - (h) Matters concerning acquisition of share acquisition rights
To be determined in accordance with (vi) above.
 - (i) Restriction on acquisition of share acquisition rights by way of transfer
Acquisition of the share acquisition rights by way of transfer shall be subject to the approval by resolution of the board of directors of the Reorganized Company (or a director of the Reorganized Company if the Reorganized Company is not a company with a board of directors).
- (viii) Terms and conditions for exercising share acquisition rights
- (a) Provided that the two conditions of (i) the operating profit recorded in the consolidated statement of profit or loss in the annual securities report (hereinafter referred to as “Performance Assessment Level”) reaches 9,000 million yen or more, in any fiscal year of the Company, from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026 (hereinafter referred to as “Target Fiscal Years”), and (ii) the average return on invested capital during the Target Fiscal Years is 6.0% or higher, are met, the maximum number of share acquisition rights that each Share Acquisition Rights Holder may exercise shall be the number of share acquisition rights held by each holder multiplied by the exercisable ratio (calculated by dividing the largest amount achieved during the Target Fiscal Years (the Performance Assessment Level can only be a maximum of 15,000 million yen even if the operating profit recorded in the consolidated statement of profit or loss in the annual securities report exceeds 15,000 million yen) by 15,000 million yen (any fraction of less than one (1) unit shall be discarded)). However, if a significant change occurs in the concept of index to be referred to, the Board of Directors shall determine another index to be referred to.
 - (b) Share Acquisition Rights Holder must be in a position of director or employee of the Company or its subsidiary (collectively, the “Required Position”) until the time of exercise of the share acquisition rights on a continuing basis.
 - (c) With regard to Share Acquisition Rights Holders, there must not be a situation where dismissal of director has been adopted at a General Meeting of Shareholders of the relevant subsidiary of the Company, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiary, or a similar situation, as of the time of exercise of the share acquisition rights.
 - (d) Notwithstanding (b) above, share acquisition rights may be exercised even when a Share Acquisition Rights Holder has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise share acquisition rights only from and including

whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which two (2) years have elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period. However, if the date of loss of the Required Position is prior to the commencement date of the Exercise Period, the number of share acquisition rights that can be exercised is calculated based on the following formula (any fraction of less than one (1) unit shall be discarded):

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

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

Any fraction of less than one (1) share included in the number of shares to be delivered to a Share Acquisition Rights Holder who exercised share acquisition rights shall be discarded.

(4) Other matters regarding share acquisition rights

If there are finer details of the aforementioned or any other matters relating to the subscription of share acquisition rights, these shall be determined by the Board of Directors of the Company or by executive officers of the Company who have been delegated by resolution of the Board of Directors.

(Reference)

In aiming for the Sumida Group to achieve the targets for the three-year period from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026 and realize sustainable growth and enhance medium- to long-term corporate value, the Company also plans to issue share acquisition rights to executive officers of the Company with terms and conditions for exercise that are similar to the incentive plan to directors and employees of the Company's subsidiaries as a medium-term incentive plan. With regard to share acquisition rights to be allotted to executive officers of the Company, the paid-in amount will be the amount obtained by multiplying the fair value of a share acquisition right calculated by the formula of the Black-Sholes Model by the number of share acquisition rights to be allotted to each executive officer. The Compensation Committee will, on the condition that this agenda item is approved and adopted, grant to each executive officer remuneration at the same amount as the amount to be paid in, where each executive officer's right to claim the remuneration from the Company and each executive officer's obligation to pay the amount to be paid in will offset each other. In addition, the details of share acquisition rights regarding specifics of individual remuneration, etc. of executive officers will be similar to those set forth in 2. (3) above.

Business Report

for the 69th term

(January 1 to December 31, 2023)

Kanji Hori
Representative Executive Officer and CEO
SUMIDA CORPORATION

Business Report

(January 1 to December 31, 2023)

1. Matters Concerning the Current Status of the Sumida Group

(1) Business conditions for the fiscal year under review

(i) Progress and results of the business

During the fiscal year ended December 31, 2023, long stagnant economic activity began to normalize amid a gradual trend toward containment of the COVID-19 pandemic. On the other hand, geopolitical instability has emerged with developments that include the prolonged nature of the Ukraine invasion by Russia and occurrence of armed conflict in Israel. Under these circumstances, prices have increased substantially in the United States and Europe attributable to repercussions of economic measures taken during the COVID-19 pandemic, which has culminated in ongoing monetary tightening to curb this trend. In China, the prospect of economic recovery has become subject to deteriorating conditions in the real estate market in wake of a scenario of rebounding demand accompanying resumption of economic activity having run its course. With respect to monetary policy, whereas monetary tightening has ensued in the United States and Europe, the Bank of Japan has maintained substantial monetary easing even while adopting a more flexible approach in carrying out yield curve control. This has been a factor in prompting a weakening Japanese yen across the board relative to the U.S. dollar, euro, and yuan since the outset of the year.

Against this backdrop, the Group has been making progress when it comes to launching production involving already contracted business centered on xEV-related products and gaining new business. The Group has been proceeding with efforts to establish a structure that facilitates mass production of products with differing design bases and production bases, while also resuming movement between operations mainly of highly skilled technical specialists particularly in fields such as product design, manufacturing technology, and quality control. In production, the Group has been persistently seeking to deliver more added value through initiatives that include engaging in ongoing plant and equipment investment, increasing manufacturing efficiency of mass-produced items, and improving quality standards.

The Group's financial results for the current fiscal year are as follows.

Revenue remained strong despite sluggish results of products for personal computers and smartphones in the consumer electronics market, amid a favorable trend in orders of products for xEV in the automotive market combined with strong sales of products for solar power equipment in the industry market. Moreover, Revenue increased by 6.5% from the previous fiscal year to 147,672 million yen amid a scenario where stronger U.S. dollar, euro, and yuan currencies against the yen also contributed to higher revenue denominated in yen.

Operating profit increased by 4.6% from the previous fiscal year to 8,564 million yen. Meanwhile, net profit before taxes decreased by 10.4% from the previous fiscal year to 5,856 million yen and net profits for the year attributable to owners of parent decreased by 0.7% from the previous fiscal year to 5,064 million yen, in part due to a negative effect of 2,708 million yen associated with net finance income/finance expenses largely in relation to interest payments.

The business performance by quarter are as follows.

(Million yen)

		1st quarter	2nd quarter	3rd quarter	4th quarter
Revenue		35,552	37,662	37,718	36,739
Operating profit		2,259	2,979	2,176	1,149
Operating profit ratio		6.4%	7.9%	5.8%	3.1%
Exchange rates during the fiscal term (Yen)	U.S. dollars	132.75	135.29	143.68	149.11
	euro	142.03	146.84	157.04	159.57
	yuan	19.28	19.44	19.88	20.54

(Reporting segment information)

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

1) Asia Pacific Business

In the Asia Pacific Business, revenue decreased by 4.8% year on year to 95,699 million yen. Despite strong sales for xEV in automotive-related products and for renewable-energy in industry-related products, revenue was impacted by a decline for consumer electronics such as for smartphones, in a reversal from the surge in demand in the previous fiscal year. In addition to consistent improvements in production efficiency, we worked on cost reductions and other measures as the supply chain headed towards normalization, but lower plant capacity utilization weighed on profits, and segment profit decreased 14.6% year on year to 5,422 million yen.

2) EU Business

In Europe, revenue increased by 33.1% from the previous fiscal year to 61,065 million yen due to steady growth in xEV-related sales along with strong sales in the industry market particularly with respect to products for renewable energy and products for rapid-charging infrastructure. Despite raw material prices and energy prices remaining high, as a result of factors such as the effect of increased revenue and the yen's depreciation against the euro, segment profit increased by 59.3% year on year to 4,026 million yen.

Business segment	Revenue (million yen)
Asia Pacific Business	95,699
EU Business	61,065
Intersegment revenue and transfers	(9,091)
Total	147,672

(Status by market)

1) Automotive market

The Company's revenue has been boosted by an increase in unit sales of vehicles amid a scenario where substantial improvement in semiconductor supply has given rise to a trend toward alleviation of supply-side constraints that have been prevailing over the past several years. In addition, xEV related sales remained strong and the yen weakened in the foreign exchange markets. As a result, revenue in the automotive market increased by 7.2% from the previous fiscal year to 86,865 million yen.

2) Industry market

Sales of products for solar power equipment in the United States and Europe have been strong due to trends toward decarbonization and energy security in response to the Ukraine situation. In addition, strong sales of products for rapid charging infrastructure and medical-related products continued. As a result, revenue in the industry market increased by 41.1% from the previous fiscal year to 40,116 million yen.

3) Consumer electronics market

Demand for products such as notebook PCs, tablet devices and smartphones weakened in wake of a slowdown in stay-at-home demand. As a result, revenue in the consumer electronics market decreased by 29.0% from the previous fiscal year to 20,691 million yen.

(Million yen)

	FY2022	FY2023	Increase (%)
Automotive market	81,031	86,865	7.2%
Industry market	28,429	40,116	41.1%
Consumer electronics market	29,139	20,691	(29.0)%

Financial position

(Assets)

The Group raised 6,698 million yen (after deducting fundraising costs) through issuance of new shares during the current fiscal year. The funds raised are planned to be used for plant and equipment investment, specifically to respond to new xEV-related products and improve production efficiency, to increase production of existing products and respond to new products in the automotive market, to relocate and increase the floor space of plants to meet customer demand in the industry market and the consumer electronics market, and to respond to new products and improve production efficiency in the consumer electronics market. The funds raised through this issuance of new shares will directly appear as increases in assets and equity. Total assets at the end of the current fiscal year were 142,786 million yen, up 7,939 million yen from the end of the previous fiscal year. In addition to the funds raised through the issuance of new shares and the profits accumulated since the end of the previous fiscal year, the increase in assets was partly due to an increase in translated amounts for assets denominated in foreign currencies due to yen depreciation. Approximately 92% of Sumida Group's assets are denominated in foreign currency.

Current assets decreased by 782 million yen from the end of the previous fiscal year, mainly due to a decline in trade and other receivables and inventories.

Non-current assets increased by 8,722 million yen from the end of the previous fiscal year. This was mainly due to the increase in property, plant and equipment and right-of-use assets for the expansion of production capacity at production facilities and factories. Approximately 96% of the Sumida Group's property, plant and equipment are overseas property, plant and equipment. Cash and cash equivalents at the end of the current fiscal year was 3,107 million yen. In regard to funds on hand, in light of the risk of a reduction in capital efficiency due to funds stagnating at each consolidated subsidiary in Japan and overseas, we set a minimum amount of funds on hand for major subsidiaries. We are working to reduce the surplus funds and reduce loans payable for the entire group by comparing that set amount with the actual amount of funds on hand each month. In addition, we manage funds by issuing rolling forecasts out to three months ahead on a

monthly basis.

(Liabilities)

Total liabilities at the end of the current fiscal year were 85,473 million yen, down 495 million yen from the end of the previous fiscal year, mainly due to changes in the balance from borrowings and repayments of interest bearing debts.

Net interest bearing debts at the end of the current fiscal year decreased by 2,421 million yen from the end of the previous fiscal year. The net DE ratio was 0.88 at the end of the current fiscal year, down 0.20 points from the end of the previous fiscal year.

As of the end of the current fiscal year, short-term interest bearing debts (including current portion of long-term debt) were 31,347 million yen, while long-term interest bearing debts were 20,030 million yen. Of the Group's debts, approximately 66% are variable interest and approximately 34% are fixed interest.

The Sumida Group regularly holds meetings with key banks and has built good relationships with those banks. The open commitment line from financial institutions has been maintained at 11.0 billion yen, all of which is unused.

Given that a significant portion of Group-held assets are denominated in foreign currencies, the Group has been increasing financing in local currencies in order to reduce impact of foreign exchange. Approximately 86% of total debts are foreign-currency denominated debts, and the average interest rate on debts is 4.2%.

(Equity)

The Group raised 6,698 million yen (after deducting fundraising costs) through issuance of new shares during the second quarter. The funds raised through this issuance of new shares will directly appear as increases in assets and equity. In addition, the Group was able to generate 6,400 million yen in free cash flows by the end of the third quarter of the current fiscal year, this was used to fund the optional repayment in December 2023 of all the principal on the perpetual subordinated loan agreement entered into in December 2020. In addition to this equity transaction, due to factors such as the recording of net profits for the year, dividends paid, as well as recording of other comprehensive income primarily attributable to changes in exchange differences on translation of foreign operations, total equity attributable to owners of parent was 55,056 million yen, and the ratio of equity attributable to owners of parent at the end of the current fiscal year was 38.6%, compared to 34.7% at the end of the previous fiscal year. Equity attributable to owners of parent per share at the end of the current fiscal year amounted to 1,687.39 yen from 1,722.08 yen at the end of the previous fiscal year.

Reference: Year-end exchange rate

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
U.S. dollars/yen	131.71	141.51
euro/yen	140.57	156.54
yuan/yen	18.91	19.90

(ii) Plant and equipment investment

The Group continuously makes investments to expand facilities and enhance research and development for rationalization of production, quality improvement and increasing demand. For the current fiscal year, total plant and equipment investment amounted to 9,804 million yen, which included 6,672 million yen in the Asia Pacific Business and 3,132 million yen in the EU Business, as a result of constant investments related to the development and manufacturing of new products, expansion of automotive-related facilities, production automation, and expansion of facilities. This is at about the same level as the 9,600 million yen initially planned for initially planned for total plant and equipment investment.

The breakdown of plant and equipment investment for the current fiscal year was 34% for new products, 33% for increasing production, 27% for improving productivity and upgrading plants and equipment, and 6% for others.

(iii) Fund procurement

1) Loan commitment agreements

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

(Million yen)

Total amount specified in loan commitment agreements	3,000
Outstanding borrowings	—
Balance	3,000

2) Multi-currency commitment line agreements

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

(Million yen)

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

3) Capital increase through public offering and third-party allotment

The Company raised funds of 6,698 million yen (after deducting fundraising costs) through public offering with a payment date of June 6, 2023, and through third-party allotment with a payment date of June 28, 2023.

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

There were no relevant issues.

(2) Summary of assets, profit and losses

	66th term (ended Dec. 2020)	67th term (ended Dec. 2021)	68th term (ended Dec. 2022)	69th (current) term (ended Dec. 2023)
Revenue (million yen)	84,417	104,920	138,600	147,672
Operating profit (million yen)	2,838	5,326	8,189	8,564
Net profits for the year attributable to owners of parent (million yen)	828	2,629	5,099	5,064
Basic earnings per share (yen)	30.50	96.68	187.54	167.46
Total assets (million yen)	98,063	117,725	134,846	142,786
Total equity (million yen)	34,557	40,101	48,877	57,312
Equity attributable to owners of parent per share (yen)	1,213.75	1,409.82	1,722.08	1,687.39
ROE (Return on equity attributable to owners of parent) (%)	2.5	7.4	12.0	9.9

Note:

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

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

(3) Significant matters of the parent company and subsidiaries

(i) Parent company

There were no relevant issues.

(ii) Significant subsidiaries

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

Company name	Capital		Voting rights of the Company (%)	Key business
SUMIDA Slovenija, d.o.o.	503	thousand euro	72.3 (72.3)	Manufacture of coils
vogtronics GmbH	25	thousand euro	72.3 (72.3)	Manufacture and sale of coils
SUMIDA flexible connections GmbH	25	thousand euro	97.8 (97.8)	Manufacture and sale of flat cables
SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L.	156	thousand euro	97.8 (97.8)	Manufacture and sale of flat cables
Sumida Electric (Thailand) Co., Ltd.	275,000	thousand baht	100	Development, manufacture and sales of power electronics related coils
ISMART GLOBAL LIMITED	6,308	thousand euro	100	Intermediate holding company
Sumida Finance B.V.	20	thousand euro	100	Financial control company
SUMIDA ELECTRONIC VIETNAM CO., LTD.	5,000	thousand U.S. dollars	100	Manufacture of coils
Sumida Electric (Changde) Co., Ltd.	37,664	thousand yuan	100 (100)	Manufacture of coils
Sumida Electric (JI'AN) Co., Ltd.	193,537	thousand yuan	100 (100)	Manufacture of coils
Guangzhou Sumida Electric Co., Ltd.	376,040	thousand yuan	100 (100)	Manufacture of coils
SUMIDA Electronic SuQian Co., Ltd.	4,500	thousand yuan	97.8 (97.8)	Manufacture of coils
SUMIDA ELECTRONIC QUANG NGAI CO., LTD.	18,000	thousand U.S. dollars	100	Manufacture of coils
SUMIDA INSURANCE CORPORATION	5,000	thousand U.S. dollars	100	Control and management of group insurance
SUMIDA AMERICA HOLDINGS INC.	100	thousand U.S. dollars	100	Intermediate holding company
Sumida America Inc.	6,350	thousand U.S. dollars	100 (100)	Manufacture, sale and research & development of coils
Sumida Electric (India) Private Limited	30,000	thousand Indian rupee	100	Sale of coils

Note:

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

(4) Issues to address

(i) Promoting the Mid-Term Business Plan

The Group has formulated its three-year Mid-Term Business Plan. Having identified basic policies by market and key challenges in alignment with the business environment, the Group

is working on business activities with its sights set on achieving numerical targets.

a. Review of Mid-Term Business Plan (FY2021~2023)

[Basic policies by market]

- Automotive market:
Placed maximum concentrated effort on the design and manufacture of xEV in aiming to become the market leader.
- Industry market:
Engaged in involving renewable energy, alternative energy, decarbonization-related infrastructure, and the medical market.
- Consumer electronics market:
Worked on the development of new technology applications that are price competitive and able to secure sufficient profits.

[Key challenge]

Growth in the xEV market

- Set targets for achieving annual xEV-related sales growth of 40% over the three years of the Mid-Term Business Plan, and xEV-related sales accounting for 20% or more of the total sales in FY2023. As a result of the initiatives, annual xEV-related sales growth was 54% and xEV-related sales accounted for 19% of the total sales in FY2023.

Regional and manufacturing strategy

- Merger of two North American subsidiaries was conducted at the end of 2021.
- Expansion of No. 2 and No. 3 factories in Quang Ngai, Vietnam has been completed, and mass production has commenced.
- Decision has been made to expand Aomori plant by approximately 1.5 times, and mass production is scheduled to begin in 2024.

[Numerical targets]

- Under the Mid-Term Business Plan, the Company set initial targets for FY2023 consisting of revenue of 108.0 billion yen and operating profit of 7.0 billion yen.
- At the outset of 2022, the Company upwardly revised the Mid-Term Business Plan targets in view of changes in the business environment, thereby setting targets for revenue of 127.0 billion yen and operating profit of 7.5 billion yen. The Company recorded revenue of 138.6 billion yen and operating profit of 8.1 billion yen in FY2022, thereby achieving the upwardly revised FY2023 targets one year ahead of schedule.
- In FY2023, the Company recorded revenue of 147.6 billion yen and operating profit of 8.5 billion yen, thereby achieving record-high operating profit results for a second consecutive year.

b. Mid-Term Business Plan (FY2024~2026)

[Key challenge]

Growth in the decarbonization-related market

- As set forth in the previous Mid-Term Business Plan (FY2021~2023), the Company defines its group of decarbonization-related applications, which has a scope that extends beyond xEV related and includes charging infrastructure, solar power systems and rechargeable batteries, as “green energy related,” and the Company aims for 22 percent

growth per annum. Moreover, the Company aims for “green energy related” to account for 35% or more of the Group’s overall sales by FY2026.

[Basic policies by market]

- Automotive market:
Aim for growth by identifying business opportunities regardless of motive power source, targeting EV, hybrid, FCV, and others.
- Industry market:
Aim for growth by focusing on the fields of green energy, factory automation and robots, medical equipment and space development.
- Consumer electronics market:
Aim to boost profitability by taking aggressive posture toward business acquisition to take advantage of the spread of AI, while maintaining market size in current businesses.

Regional and manufacturing strategy

- Further promote a made-in-market approach in seeking to flexibly and promptly address customer needs. Achieving this aim will entail securing projects in China and reinforcing production in North America.
- Seek to identify and acquire large projects in the ASEAN region, which holds promise of market expansion going forward.
- Relentlessly persist with improvement activities for reducing costs while aiming to achieve greater added value by utilizing IT, etc.

[Numerical targets]

- Aim for revenue of 190.0 billion yen and operating profit of 13.5 billion yen by FY2026.
- Aim for return on invested capital (ROIC) of 9.31% and return on equity attributable to owners of parent (ROE) of 13.18%.
- Aim for generating 14.0 billion yen in free cash flow over three years on a cumulative basis.

(ii) Continuing focus on strengthening corporate governance system

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













(iii) ESG initiatives

The Sumida Group’s mission is to continue providing solutions which enable the development of environmentally friendly products and technologies and improve our quality of life. We recognize that fulfilling this mission with Sumida Corporation products continuing to make a major contribution to energy savings and decarbonization is an important issue.

[Most important issues]

1. To contribute to reducing CO2 through Sumida Group's technology development and products.
2. To carry out business operations while promoting the effective use of resources, reduction of waste, and the use of alternative energy.
3. To continue efforts to achieve the 17 sustainable development goals formulated by the United Nations Development Programme together with all Sumida Group's stakeholders.

The Sumida Group is targeting a 42% reduction in greenhouse gases (SCOPE 1&2) in FY2030 compared to FY2022.

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

(5) Major business lines (as of December 31, 2023)

The Group engages in design, manufacture and sales of coil-related parts and module products. The Group's products are incorporated into a wide range of electronic devices, including those related to the automotive, industry, and consumer electronics domains. The Group's main products are as follows.

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

(6) Major business offices of the Sumida Group (as of December 31, 2023)

Headquarters: Chuo-ku, Tokyo (the Company)

Business supervising companies:

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

Domestic sales offices:

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

Overseas sales offices:

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

Domestic production bases:

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

Overseas production bases:

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

Domestic R&D centers:

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

Overseas R&D centers:

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

(7) Employees (as of December 31, 2023)**(i) Employees of the Sumida Group**

Business segments	Number of employees	Changes from the end of the previous fiscal year
Asia Pacific Business	12,371	Decrease by 2,665
EU Business	2,999	Increase by 144
Company-wide (common)	94	0
Total	15,464	Decrease by 2,521

Notes:

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

(ii) Employees of the Company

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

(8) Major lenders (as of December 31, 2023)

Lenders	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	18,102
MUFG Bank, Ltd.	12,211
Mizuho Bank, Ltd.	6,666
Sumitomo Mitsui Trust Bank, Limited	4,499
The 77 Bank, Ltd.	2,750
The Chiba Bank, Ltd.	2,047

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

(i) Basic strategy for capital policy

In regard to funds on hand, in light of the risk of a reduction in capital efficiency due to funds stagnating at each consolidated subsidiary in Japan and overseas, the Group set a minimum amount of funds on hand for major subsidiaries and is working to reduce the surplus funds and reduce loans payable for the entire group by comparing that set amount with the actual amount of funds on hand each month. While the Group strives to minimize amounts of funds on hand, it has also established an open commitment line with financial institutions. The open commitment line amounts to 11.0 billion yen at the end of the current fiscal year, all of which is unused.

From the perspective of financial soundness, the Group has set a guideline for the Net DE ratio of no more than 1.1. The net DE ratio was 0.88 at the end of the current fiscal year.

The Group builds good relationships with key banks by regularly holding meetings with them in seeking to maintain and improve the Company's credit ratings with the respective banks. The Group will work to increase its profitability and strengthen its financial structure over the medium term, with the objectives of gaining credit ratings and ensuring more options when it comes to fundraising approaches.

(ii) Source of capital and liquidity of funds

The Sumida Group's main fund requirements are for operating expenses such as personnel expenses, and selling, general and administrative expenses as well as for investment in non-current assets, etc. Fund requirements are mainly covered by the Company's own funds, with loans from banks, etc. raised as required. The Group has long engaged in practices to ensure fund transparency and accordingly manages the movement of funds and outstanding balances of Group companies enlisting a global cash management system. Moreover, the Group manages funds by issuing rolling forecasts out to three months ahead on a monthly basis.

(iii) Policy on determination of dividends of surplus

The Company's basic policy for the return of profits to shareholders is to deliver dividends in consideration of a consolidated dividend payout ratio (30% or more) with top priority on the profit distribution through dividends. When it is inappropriate to deliver dividends in accordance with the basic policy based on actual consolidated business results, the Company will work to enhance shareholder returns up to the amount of distributable surplus after considering Dividend on Equity (DOE) and other measures. The Company stipulates in the Articles of Incorporation that it may allocate dividends of surplus upon a resolution of the Board of Directors, and it is the Company's basic policy to pay dividends twice a year, once at the interim and once at the end of the fiscal year. In addition, the Company's policy is to pay its year-end dividend in a manner taking into consideration the actual consolidated business results at the end of the fiscal year while ensuring that the annual dividend aligns with the above dividend policy.

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

Dividends of surplus for the current fiscal year is as follows:

Date of Board of Directors resolution	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Date of commencement of payment
July 31, 2023	750	23.00	June 30, 2023	August 28, 2023
February 22, 2024	913	28.00	December 31, 2023	March 6, 2024

Note:

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

2. Matters Concerning the Company

(1) Shares of the Company (as of December 31, 2023)

- (i) Number of shares issuable: 70,000,000 shares
- (ii) Total number of shares issued: 32,879,317 shares (including treasury shares)
- (iii) Number of shareholders as of December 31, 2023: 11,432
- (iv) Major shareholders (top 10 shareholders, excluding treasury shares)

Name of shareholders	Number of shares held (thousand shares)	Ratio of the number of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,189	18.96
Custody Bank of Japan, Ltd. (Trust Account)	5,335	16.35
Yawata Building Co., Ltd.	1,112	3.40
Takehiko Narukawa	875	2.68
Yawata Zaidan Limited	759	2.32
STATE STREET BANK AND TRUST COMPANY 505223	650	1.99
MORGAN STANLEY & CO.LLC	621	1.90
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	614	1.88
The Nomura Trust and Banking Co., Ltd. (Trust Account)	518	1.58
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	511	1.56

Note:

The ratio of the number of shares held has been calculated excluding treasury shares (250,963 shares).

- (v) Other significant matters concerning shares

The total number of shares issued has been increased by 5,435,000 shares as a result of the Group having issued new shares through public offering with a payment date of June 6, 2023, and through third-party allotment with a payment date of June 28, 2023.

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

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

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

Note:

Terms and conditions for exercising share acquisition rights

- (a) Provided that the three conditions of (i) the operating profit recorded in the consolidated statement of profit or loss in the annual securities report (hereinafter referred to as "Performance Assessment Level") reaches 6,400 million yen or more, in any fiscal year of the Company, from the fiscal year ended December 31, 2021 to the fiscal year ending December 31, 2023 (hereinafter referred to as "Target Fiscal Years"), and (ii) the average return on invested capital during the Target Fiscal Years was 4.9% or higher, are met, the maximum number of share acquisition rights that each holder of the share acquisition rights may exercise shall be the number of share acquisition rights held by each holder multiplied by the exercisable ratio (calculated by dividing the largest amount achieved during the Target Fiscal Years (the Performance Assessment Level can only be a maximum of 10,000 million yen even if the operating profit recorded in the consolidated statement of profit or loss in the annual securities report exceeds 10,000 million yen) by 10,000 million yen (any fraction of less than one (1) unit shall be discarded)). However, if a significant change occurs in the concept of index to be referred to, the Board of Directors shall determine another index to be referred to.
- (b) Holder of the share acquisition rights must be in a position of executive officer or director of the Company or director or employee of the Company's subsidiaries (collectively, the "Required Position") until the time of exercise of the share acquisition rights on a continuing basis.
- (c) With regard to holders of the share acquisition rights, there must not be a situation where dismissal of director has been adopted at a General Meeting of Shareholders of the relevant subsidiary of the Company, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiary, or a similar situation, as of the time of exercise of the share acquisition rights.
- (d) Notwithstanding (b) above, share acquisition rights may be exercised even when a holder of the share acquisition rights has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which two (2) years have elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period. However, if the date of loss of the Required Position is prior to the commencement date of the Exercise Period, the number of share acquisition rights that can be exercised is calculated based on the following formula (any fraction of less than one (1) unit shall be discarded):

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

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

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

(iii) Other important matters concerning share acquisition rights
There were no relevant issues.

(3) Matters concerning corporate officers of the Company

(i) Directors and executive officers (as of December 31, 2023)

Position at the Company	Name	Duties at the Company and important concurrent occupations or positions at other organizations
Director	Shigeyuki Yawata	Chairman of the Board of Directors and member of the Nomination Committee and Compensation Committee Chairman of the Risk Management Committee
Director (Independent director)	Atsushi Kato	Chairman of the Audit Committee and member of the Risk Management Committee Certified Public Accountant, Atsushi Kato Certified Public Accountant Office
Director (Independent director)	Michael Mühlbayer	Member of the Nomination Committee and Compensation Committee
Director (Independent director)	Masako Miyatake	Member of the Audit Committee and Risk Management Committee Attorney Special Counsel, Blakemore & Mitsuki Professor, Keio University Law School Outside Director, Nippon Sanso Holdings Corporation
Director (Independent director)	Tatsuo Umemoto	Vice Chairman of the Board of Directors, Chairman of the Nomination Committee and Compensation Committee Visiting Professor at Graduate School of Social Design Studies, Rikkyo University Representative Director, iGRAM Inc. Outside Director, Forum Engineering Inc.
Director (Independent director)	Yan Hok Fan	Member of the Nomination Committee and Compensation Committee Independent Non-executive Director, Hysan Development Company Limited (Hong Kong) Independent Non-executive Director, China Everbright Environment Group Limited (Hong Kong) Independent Non-executive Director, First Pacific Company Limited (Hong Kong)
Director (Independent director)	Ryo Hayakawa	Member of the Audit Committee Representative Director, A1 Consulting Ltd. Representative Director and Managing Partner, AKSUS Advisors Inc. Investment Banking Lecturer, Institute for Business and Finance, Waseda University
Representative Executive Officer and CEO	Kanji Hori	Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH Managing Director, SUMIDA AMERICA HOLDINGS INC. Representative Director, Sumida Electric (H.K.) Company Limited Representative Director, ISMART GLOBAL LIMITED Representative Director, SUMIDA INSURANCE CORPORATION

Position at the Company	Name	Duties at the Company and important concurrent occupations or positions at other organizations
Representative Executive Officer and CFO	Yoshiyuki Honda	Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH Representative Director, Sumida Corporate Service Incorporated Representative Director, Sumida Finance B.V. Representative Director, ISMART GLOBAL LIMITED Representative Director, SUMIDA INSURANCE CORPORATION Outside Auditor, McDonald's Holdings Company (Japan), Ltd.

Notes:

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

(ii) Directors who retired during the current fiscal year

Name	Date of retirement	Reason for retirement	Position and duties at the Company and important concurrent occupations or positions at other organizations at the time of retirement
Tomoharu Suseki	March 27, 2023	Expiration of his term of office	Director and Member of the Nomination Committee and Compensation Committee, and Chairman of the Risk Management Committee Outside Director, MISUMI Group Inc.
Gen Ikegami	March 27, 2023	Expiration of his term of office	Director and Member of the Audit Committee Certified Public Accountant, Representative, Gen Ikegami Certified Public Accountant Office Outside Statutory Auditor, TEIJIN LIMITED Outside Director, TAC Co., Ltd.

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

There were no relevant issues.

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

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

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

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

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

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

1. Scope of decision and extent of disclosure

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

2. Directors' compensation

The directors' compensation shall be determined by reflecting the position and responsibility of each director, and in consideration of the economic trends and the business environment of the Company. Directors' compensation is composed of the following four elements.

- 1) Basic compensation

Compensation for the responsibilities as director (including the compensation for the responsibilities of the members of the Nomination and Compensation Committees)

- 2) Compensation of Audit Committee members

Compensation for the responsibilities as the member of the Audit Committee

- 3) Compensation of Committee Chairmen

Compensation for the responsibilities as Chairman of the Audit Committee, Chairman of the Nomination Committee and the Compensation Committee

- 4) Compensation of Vice Chairman of the Board of Directors

Compensation for the responsibilities as Vice Chairman of the Board of Directors

3. Executive officers' compensation

For executive officers' compensation, incentive compensation (corporate performance-linked compensation) shall be adopted in addition to the basic compensation (fixed compensation) in order to maintain and raise the motivation for the execution of operations. Executive officers' compensation is composed of the following five elements:

1) Basic compensation

Basic compensation shall be on a fixed basis in consideration of the position and responsibility as an executive officer within the Company, and any additional post as an officer at subsidiaries. The amount of compensation shall be determined by taking into account the previous operational performance and comparison with the actual compensation for the previous fiscal year.

2) Short-term incentives

These compensations are intended to maintain and raise the short-term motivation, and the base amount shall be determined depending on the position and responsibility of each executive officer. The amount to be paid will be changed in accordance with the target performance set at the beginning of the term and the actual performance and execution of duties of the Group as a whole or the function in charge. Additional bonuses may be paid to any distinguished achievement for which the Compensation Committee gives credit.

3) Stock options

The Company shall grant performance-linked share acquisition rights (stock options) in accordance with the Mid-Term Business Plan.

4) Long-term incentives

The Company shall grant this compensation to maintain and raise the medium- and long-term motivation of executive officers, and to prevent the loss of such officers.

5) Pension plans

The Company shall grant this compensation as additional benefit to public pension in consideration of their service period in order to help eligible retired executive officers have stable lives after retirement.

4. Total compensation and fixed compensation shall be set at appropriate levels in consideration of each rank and value of duties while periodically referring to external objective data and evaluation data.

5. Compensation for directors and outside directors shall not include a portion that reflects short-term performance in light of their position to supervise management, and only the basic compensation on a fixed basis, as well as the compensation of Committee Chairmen for chairmen of committees, compensation of Audit Committee members for members of the Audit Committee, and compensation of Vice Chairman of the Board of Directors for Vice Chairman of the Board of Directors shall be paid.

(v) Total amount of compensation paid to directors and executive officers
(Period: January 1 to December 31, 2023)

Category	Number of payees (person)	Basic compensation (million yen)	Short-term incentive (million yen)	Long-term incentive (million yen)	Bonus Stock options (million yen)	Pension plan (million yen)	Fringe benefits (million yen)	Total (million yen)
Executive officers	2	73	79	–	35	–	1	190
Inside directors	2	19	–	–	–	–	0	20
Outside directors	7	44	–	–	–	–	–	44
Total	11	137	79	–	35	–	2	254

Notes:

- The figures are consolidated compensation of the Group. Compensation relating to the Group consists of 190 million yen for two executive officers, 20 million yen for two inside directors, and 44 million yen for seven outside directors. The above row of inside directors includes an amount paid from January 2023 to March 2023 to one inside director who retired at the conclusion of the 68th Annual General Meeting of Shareholders, held on March 27, 2023. In addition, the above row of outside directors includes an amount paid from January 2023 to March 2023 to one outside director who retired at the conclusion of the 68th Annual General Meeting of Shareholders, held on March 27, 2023.
- Short-term incentive compensation**
The amount paid was calculated in accordance with the achievement rate of consolidated operating profit target for the current fiscal year. The performance indicator for the “short-term incentive” is the consolidated operating profit target set at the beginning of the fiscal year (8.6 billion yen for the fiscal year ended December 31, 2023), and its actual result was 8.5 billion yen. The reason why the Company selected this indicator is because it judged that the amount of operating profit is one of the most appropriate indicators to measure the performance responsibility to be fulfilled by the executive officers, and it aims to achieve sustainable growth and increase corporate value by achieving a higher level of operating profit. The amount of compensation is calculated by multiplying the basic compensation by the coefficient set for each position and the payment rate according to the degree of achievement of the indicator.
- Long-term incentive compensation**
No long-term incentive compensation corresponding to the current fiscal year was granted.
- The cell of outside directors in the basic compensation column indicates the sum of basic compensation, compensation of the Audit Committee members, compensation of Committee Chairmen, and compensation of Vice Chairman of the Board of Directors.
- Stock options without contribution**
Under the accounting standard, stock options without contribution are treated as the amount recorded as expenses in the current fiscal year. No stock options without contribution corresponding to the current fiscal year were granted.
- Pensions**
No pensions corresponding to the current fiscal year were paid.
- Fringe benefits**
In addition to the above compensations, the Group paid fringe benefits totaling 2 million yen (including 0 million yen paid by the Company) to two eligible executive officers and one inside director.

(vi) Outline of liability limitation contracts

In order to obtain excellent directors from outside, the Company has made provisions limiting liability for damages under Article 423, paragraph (1) of the Companies Act in the Articles of Incorporation pursuant to the provisions under Article 427, paragraph (1) of the said act. In accordance with the aforementioned provisions, the Company has entered into liability limitation contracts with six outside directors. The limit of liability for damages under such contracts has been set at the minimum liability provided for under Article 425, paragraph (1) of the Companies

Act. However, liability limitation is applied only when the relevant outside directors have carried out their duties, for which they are supposed to assume liability, in good faith or without gross negligence.

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

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

(viii) Matters concerning outside directors

1. Important concurrent occupations or positions at other organizations
 - 1) This is as described in the list of (i) Directors and executive officers above. There are no business relationships between the Company and other organizations where they hold the additional posts.
2. Relatives of managing members or officers (excluding those who are managing members) of the Company or business operators that have specific relations with the Company such as main clients
 - 1) None of the outside directors have been managing members or officers (excluding those who are managing members) of the Company or business operators that have specific relations with the Company in the past.
 - 2) None of the outside directors have relatives in the third degree or closer with managing members or officers (excluding those who are managing members) of the Company or business operators that have specific relations with the Company.

3. Main activities during the current fiscal year

1) Attendance of outside directors

Name	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Risk Management Committee meetings
Atsushi Kato	6/6 (100%)	14/14 (100%)	–	–	4/4 (100%)
Michael Mühlbayer	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	–
Masako Miyatake	6/6 (100%)	13/14 (93%)	–	–	4/4 (100%)
Tatsuo Umemoto	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	–
Yan Hok Fan	6/6 (100%)	–	6/6 (100%)	6/6 (100%)	–
Ryo Hayakawa	6/6 (100%)	14/14 (100%)	–	–	–

Note: The Company established the Risk Management Committee. Members include executive officers, chairman of the Audit Committee and members of the Audit Committee.

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

	The status of statements and an outline of the duties concerning the expected roles of outside directors
Outside Director Atsushi Kato	<p>Mr. Atsushi Kato has proactively expressed his opinions in deliberations at meetings of the Board of Directors, mainly from his perspective as an accounting expert. He has adequately fulfilled his role and responsibilities as an outside director such as highly effective supervision of the Company's management based on his extensive experience and insights, particularly as a certified public accountant.</p> <p>In addition, as chairman of the Audit Committee, he made necessary remarks in deliberations on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value. As a former auditor of a firm that is not the Company's independent auditors, he provides advice and guidance from an independent standpoint to the Internal Audit Office and Audit Committee.</p> <p>In addition, at the Risk Management Committee, he was involved in identifying risks and taking responsive measures, and he made necessary remarks in relation to risk management on a timely basis.</p>

	The status of statements and an outline of the duties concerning the expected roles of outside directors
<p style="text-align: center;">Outside Director Michael Mühlbayer</p>	<p>Dr. Michael Mühlbayer made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his point of view as a corporate business executive. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his knowledge and experience as a corporate executive in the field of corporate finance, and his insight into the automobile and electric and electronics industries, particularly in the European and U.S. markets.</p> <p>In addition, at the Nomination Committee, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board of Directors and executive officers and the desired images of directors and executive officers that are appropriate and required for the business development of the Company.</p> <p>In addition, at the Compensation Committee, he made necessary remarks in deliberations on a timely basis from the perspective of determining fairly and properly the compensation bases for directors and executive officers.</p>
<p style="text-align: center;">Outside Director Masako Miyatake</p>	<p>Dr. Masako Miyatake made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from her point of view as a lawyer. She has adequately fulfilled her role and responsibilities as an outside director such as by strengthening the Board of Directors function from an independent perspective and supervising business execution based on her extensive experience and broad-ranging insights, particularly as an international lawyer. She has provided proper advice when implementing training for officers and managers during the current fiscal year. She has also provided necessary advice from time to time when inspecting and revising the status of implementation for day-to-day compliance response such as internal reporting.</p> <p>In addition, at the Audit Committee, she made necessary remarks in deliberations on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.</p> <p>In addition, at the Risk Management Committee, she was involved in identifying risks and taking responsive measures, and she made necessary remarks in relation to risk management on a timely basis.</p>

	The status of statements and an outline of the duties concerning the expected roles of outside directors
<p>Outside Director Tatsuo Umemoto</p>	<p>Mr. Tatsuo Umemoto made necessary remarks in deliberations at meetings of the Board of Directors as Vice Chairman on a timely basis, mainly from his point of view as a management consultant and corporate executive. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his extensive knowledge and experience in business strategy, business planning, new business development, organization personnel, competency development, and marketing and branding in particular.</p> <p>In addition, as chairman of the Nomination Committee, he has made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board of Directors and executive officers and the desired images of directors and executive officers that are appropriate and required for the business development of the Company.</p> <p>In addition, as chairman of the Compensation Committee, he has made necessary remarks in deliberations on a timely basis from the perspective of determining fairly and properly the compensation bases for directors and executive officers.</p>
<p>Outside Director Yan Hok Fan</p>	<p>Mr. Yan Hok Fan has made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his perspective as a corporate business executive and director, primarily in China and Hong Kong. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his knowledge and experience as a global corporate executive, and his insight into the Asian market.</p> <p>In addition, he has made necessary remarks in deliberations at the Nomination Committee on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board of Directors and executive officers and the desired images of directors and executive officers that are appropriate and required for the business development of the Company.</p> <p>In addition, he has made necessary remarks in deliberations at the Compensation Committee on a timely basis from the perspective of determining fairly and properly the compensation bases for directors and executive officers.</p>
<p>Outside Director Ryo Hayakawa</p>	<p>Mr. Ryo Hayakawa has made necessary remarks in deliberations at meetings of the Board of Directors on a timely basis, mainly from his perspective as a corporate business executive. He has adequately fulfilled his role and responsibilities as an outside director such as by providing supervision and advice on management in general from a professional point of view based on his extensive experience and insights as a global corporate executive, particularly in relation to the financial industry.</p> <p>In addition, he has made necessary remarks in deliberations at the Audit Committee on a timely basis from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.</p>

4. Total amount of compensations received from the subsidiaries
There were no relevant issues.

5. Criteria and policy relating to independence
Outside directors of the Company who do not fall under any of the following items are to be judged to have independence.
 1. Person who is currently a managing member of the Company, one of its subsidiaries, or affiliates (hereinafter the “Sumida Group”), or who has been a managing member at any point in the ten years prior to appointment as a director.
 “Managing Member” refers to the following persons. The same shall apply hereinafter.
 - (a) Managing director, executive officer, or officer who executes business of other corporations.
 - (b) Member who executes business, person who is to execute duties specified in Article 598, paragraph (1) of the Companies Act, or other person who is in an equivalent position.
 - (c) Employee
 2. Person whose spouse or relative is within the second degree of kinship is currently a managing member of the Sumida Group, or held a position of managing member at any time during the five years prior to the assumption of office as director.
 3. Person who is a major shareholder of the Company or a managing member thereof.
 “Major shareholder” refers to a shareholder who holds 10% or more of the voting rights of the Company either directly or indirectly.
 4. Major business partner of the Sumida Group or a managing member thereof or a person whose major business partner is the Sumida Group or a managing member thereof.
 “Major business partner” refers to a corporation, etc. which received from or made payments to the Sumida Group in the amount of 2% or more of consolidated revenue of the Sumida Group or the corporation, etc. in any one of the past five fiscal years.
 5. Person who receives from the Sumida Group a large amount of monetary payment or other property benefits other than officer compensation (such as lawyer, accounting or tax specialist, and consultant). If the receiver of a large amount of monetary payment or other property benefits is an organization, such as a corporation or association, a person belonging to the organization.
 “A large amount” refers to the case where the annual amount of monetary payment or other property benefits exceeded 5 million yen in any one of the past three fiscal years (hereinafter the same).
 6. Person who receives from the Sumida Group a large amount of donations in monetary payment or other property benefits, or a person belonging to the organization, such as a corporation or association that receives such donations.
 7. Spouse or relative within the second degree of kinship of the person who falls under the preceding four items.

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

(4) Independent auditors

(i) Name: KPMG AZSA LLC

(ii) Amount of compensations:

	Amount to be paid (million yen)
Amount of compensations for the current fiscal year	96
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to independent auditors	99

Note:

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

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

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

(iv) Auditing of consolidated subsidiaries

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

(v) Details of non-audit services

The Company pays consideration to the independent auditors for comfort letter preparation, which constitutes a service other than the services stipulated under Article 2, paragraph (1) of the Certified Public Accountants Act.

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

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

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

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

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

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

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

* The Corporate Office is under direct control of representative executive officers and oversees risk management and compliance operations.

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

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

- (iii) System regarding the reporting of matters concerning the performance of duties by directors of subsidiaries
Directors of subsidiaries shall report regularly the financial information, matters concerning risk and compliance and other material matters of subsidiaries to the Company in accordance with group company management rules.
- (iv) System and regulations with regard to risk management of the Group
Representative Executive Officer and CEO as the Chief Risk Management Officer who takes the highest responsibility for risk management, has established the Risk Management Committee, which is responsible for overseeing risk management. The Corporate Office, which is responsible for executing the duties of said Committee, has set out the internal risk management rules and thereby identifies and analyzes potential risks and formulates and manages preventive measures from a global business perspective through placement of staff in charge of risk management monitoring in major business bases of the Group including overseas sites. In the event that a risk materializes, the Risk Management Office shall discuss countermeasures to minimize losses. Executive officers, and, directors and employees of the Group shall perform their duties in compliance with the rules. The Corporate Office and Internal Audit Office shall monitor and evaluate the implementation of the above, and shall report the situation to the representative executive officers and the Audit Committee, and deliver a summary to the Board of Directors.
- (v) System to ensure the effectiveness and efficiency of the performance of duties by the executive officers, and, directors and employees of the Group
Representative executive officers shall set up a system based on the Principles to ensure a proper decision-making process of the Group and surveillance of individual activities and thereby enhance the operating efficiency. Details are as follows:
- (a) Representative executive officers shall set up an Advisory Board as the need arises, with whom they shall consult and engage in sufficient discussion when making important decisions.
 - (b) Representative executive officers shall set out the authority and regulations for decision-making process of the Group and conduct regular reviews of the situation.
 - (c) Representative executive officers shall make regular reviews of the achievement and progress of businesses they are responsible for decision-making of the Group thereof and ensure further propriety and efficiency of management and execution of operation by giving feedback of the results of the review.
 - (d) Representative executive officers shall ensure a proper and quick decision-making process by smoothly collecting, analyzing, communicating, sharing and archiving the necessary information on SUMIDA's business activities.
- (vi) System to ensure the propriety of business of the Group
SUMIDA CORPORATION is a pure holding company with business activities conducted by its group companies. In light of this, representative executive officers and directors of the Group shall always perform their duties with the view of group governance. The Corporate Office oversees compliance and risk management operations. The Internal Audit Office performs internal audits and then submits the results to the representative executive officers and the Audit Committee as internal audit reports. The Audit Committee shall carry out its audit in

cooperation with the Internal Audit Office. The Corporate Office shall take charge of internal control of the entire Group.

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

Assistants to the Audit Committee shall be responsible for the secretariat of the Audit Committee. However, any decisions with regard to changes or transfers of personnel, reorganization or any other considerations shall require the prior approval of the Audit Committee. Furthermore, when assistants to the Audit Committee receive the instruction of the Audit Committee, they exclusively follow its directions and instructions.

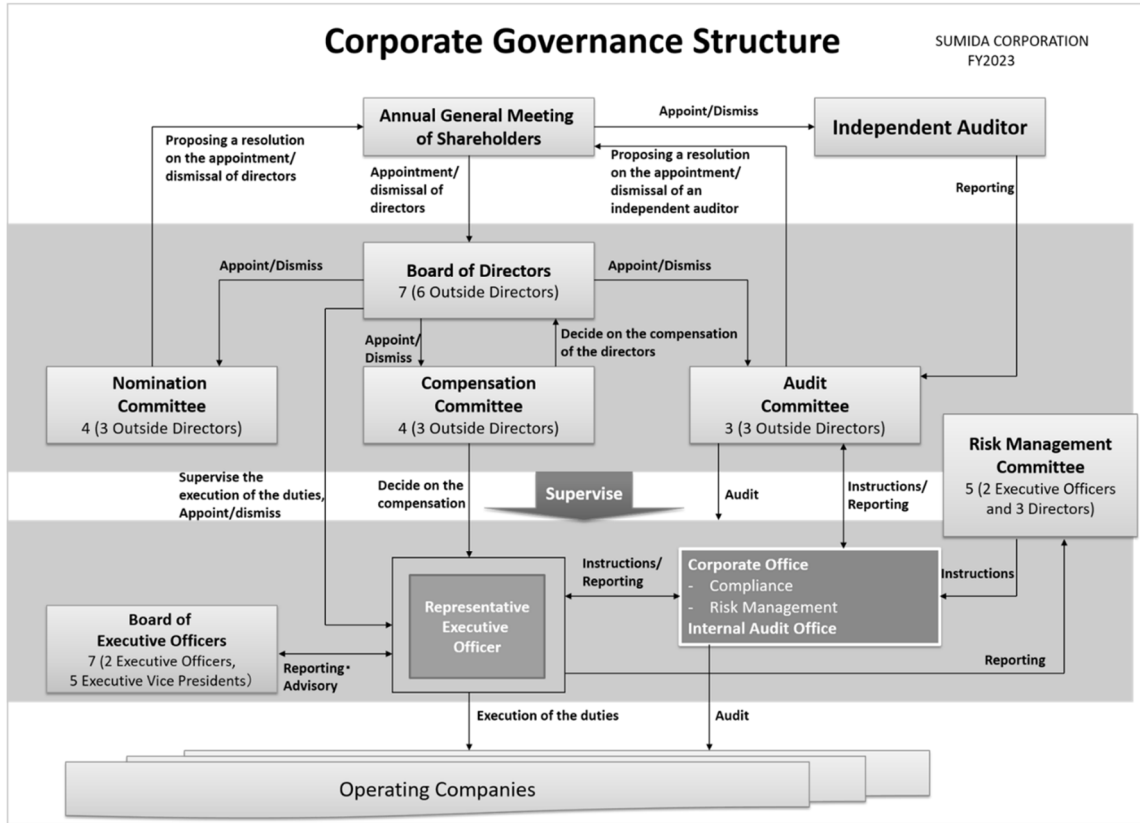
- (viii) System whereby executive officers, and, directors and employees of the Group report to the Audit Committee, and to ensure individuals who make the reports are not treated unfavorably

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

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

- (b) Independent auditors shall explain to the Audit Committee its auditing plan at the outset of the fiscal year and report to the Audit Committee the progress of its interim audit and the end-term audit results, etc. Furthermore, the independent auditors may have consultations and discussions with the Audit Committee if needed.
 - (c) In order to ensure the independence of independent auditors from the executive officers, as well as to guarantee the implementation of the audit activities, decisions on the independent auditors' compensation shall require the Audit Committee's prior consent.
- (xi) Evaluation of the implementation of system to ensure the propriety of business of the Group
The Board of Directors shall make regular reviews of the implementation of system to ensure the propriety of business of the Group.
- (xii) Basic policy toward exclusion of antisocial forces
The Group shall take a firm stance against antisocial forces that threaten the social order or safety of civil society.
- (xiii) Overview of the implementation of system to ensure properness of operations
The Board of Directors held six meetings in the current fiscal year and strove to strengthen and put into practice its supervisory function through such actions as formulating basic management policies, making decisions on prescribed legal matters and conducting regular reviews of the status of operating execution. The Nomination Committee held six meetings, and it formulated the election criteria for director candidates and decided the candidates for director. The Audit Committee held 14 meetings; it carried out audits related to various matters, including the suitability of the process for preparing financial statements related to financial results of regular accounting periods, the internal control system, the information disclosure system, the risk management system, and the compliance system; and it reported the results of these audits to the Board of Directors. The Compensation Committee held six meetings, and it decided the policy for deciding compensation for directors and executive officers as well as the compensations, etc. for each individual. It was confirmed that the Company and the Board of Directors will undertake the following initiatives to further increase the effectiveness of the Board of Directors.
- To further enhance discussions by the Board of Directors concerning strategic matters and other key management issues, efforts will be made to improve the quality of information provided, by such means as increasing the time spent on discussions and devising materials for distribution beforehand.
 - To enable outside directors to gain a deeper understanding of the business of the Company and the Group, more creative approaches will be taken in the provision of information concerning business and the status of the execution of duties.

(Reference) Corporate governance system (as of December 31, 2023)



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

Consolidated Financial Statements (IFRS) and
Non-consolidated Financial Statements (Japanese GAAP)
for the 69th term
(January 1 to December 31, 2023)

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

Kanji Hori
Representative Executive Officer and CEO
SUMIDA CORPORATION

Consolidated Statement of Financial Position

(Millions of yen)

	69th term As of December 31, 2023	(Reference) 68th term As of December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	3,107	2,944
Trade and other receivables	28,324	30,069
Inventories	29,209	30,143
Other current assets	7,006	5,272
Total current assets	67,648	68,431
Non-current assets		
Property, plant and equipment	52,084	46,416
Right-of-use asset	5,986	4,885
Goodwill	5,335	4,916
Intangible assets	7,404	6,935
Financial assets	630	589
Deferred tax assets	2,996	2,345
Other non-current assets	699	325
Total non-current assets	75,137	66,415
Total assets	142,786	134,846

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

Consolidated Statement of Financial Position

(Millions of yen)

	69th term As of December 31, 2023	(Reference) 68th term As of December 31, 2022
LIABILITIES		
Current liabilities		
Trade and other payables	15,036	14,906
Short-term interest bearing debts	23,490	23,607
Current portion of long-term debt	7,856	12,697
Current portion of lease obligations	1,087	1,040
Provisions	909	415
Income taxes payable	716	1,246
Accrued expenses	3,857	3,822
Other current liabilities	2,595	2,591
Total current liabilities	55,550	60,327
Non-current liabilities		
Long-term interest bearing debts	20,030	17,330
Lease obligations	4,735	3,872
Retirement benefit liability	1,581	1,287
Provisions	21	21
Deferred tax liabilities	1,411	1,441
Other non-current liabilities	2,143	1,688
Total non-current liabilities	29,923	25,641
Total liabilities	85,473	85,969
EQUITY		
Equity attributable to owners of parent		
Capital stock	13,519	10,150
Capital surplus	13,078	9,898
Other equity instruments	-	4,850
Retained earnings	21,722	18,530
Share acquisition rights	460	290
Treasury shares	(520)	(520)
Accumulated other comprehensive income	6,797	3,630
Total equity attributable to owners of parent	55,056	46,829
Non-controlling interests	2,255	2,047
Total equity	57,312	48,877
Total liabilities and equity	142,786	134,846

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

Consolidated Statement of Profit or Loss

(Millions of yen)

	69th term Year ended December 31, 2023	(Reference) 68th term Year ended December 31, 2022
Revenue	147,672	138,600
Cost of sales	(126,561)	(119,298)
Gross profit	21,110	19,302
Selling, general and administrative expenses	(12,282)	(11,319)
Other operating income	546	293
Other operating expenses	(809)	(86)
Operating profit	8,564	8,189
Finance income	41	129
Finance expenses	(2,749)	(1,784)
Net profit before taxes	5,856	6,534
Income taxes	(754)	(1,366)
Net profits for the year	5,102	5,168
Attributable to:		
Owners of parent	5,064	5,099
Non-controlling interests	37	68

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

Consolidated Statement of Changes in Equity
Year ended December 31, 2023

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Share acquisition rights	Treasury shares
Balance as of Jan. 1, 2023	10,150	9,898	4,850	18,530	290	(520)
Net profits for the year				5,064		
Other comprehensive income						
Total comprehensive income for the year	-	-	-	5,064	-	-
Redemption of other equity instruments		(150)	(4,850)			
Issuance of new shares	3,368	3,330				
Dividends				(1,647)		
Distribution to owners of other equity instruments				(224)		
Purchase of treasury shares						(0)
Share-based payments					169	
Total transactions with owners	3,368	3,180	(4,850)	(1,872)	169	(0)
Balance as of Dec. 31, 2023	13,519	13,078	-	21,722	460	(520)

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

(Millions of yen)

	Equity attributable to owners of parent					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Accumulated other comprehensive income				Total accumulated other comprehensive income/ (loss)			
	Remeasurements of defined benefit plans	Gains or losses on financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of Jan. 1, 2023	(397)	41	34	3,952	3,630	46,829	2,047	48,877
Net profits for the year					-	5,064	37	5,102
Other comprehensive income	(148)	0	(11)	3,326	3,166	3,166	170	3,336
Total comprehensive income for the year	(148)	0	(11)	3,326	3,166	8,231	207	8,438
Redemption of other equity instruments					-	(5,000)		(5,000)
Issuance of new shares					-	6,698		6,698
Dividends					-	(1,647)		(1,647)
Distribution to owners of other equity instruments					-	(224)		(224)
Purchase of treasury shares					-	(0)		(0)
Share-based payments					-	169		169
Total transactions with owners	-	-	-	-	-	(4)	-	(4)
Balance as of Dec. 31, 2023	(546)	41	22	7,279	6,797	55,056	2,255	57,312

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

Non-consolidated Balance Sheet

(Millions of yen)

	69th term As of December 31, 2023	(Reference) 68th term As of December 31, 2022
ASSETS		
Current assets:		
Cash and deposits	170	208
Prepaid expenses	65	86
Short-term loans receivable	8,344	8,615
Other	268	412
Total current assets	8,849	9,322
Non-current assets:		
Property, plant and equipment		
Buildings	737	741
Structures	9	3
Tools, furniture and fixtures	0	0
Vehicles	3	4
Land	503	503
Total property, plant and equipment	1,252	1,252
Intangible assets:		
Telephone subscription right	3	3
Total intangible assets	3	3
Investments and other assets:		
Shares of subsidiaries and associates	33,293	30,365
Long-term loans receivable	7,105	6,380
Deferred tax assets	338	112
Other	155	143
Total investments and other assets	40,892	37,002
Total non-current assets	42,148	38,258
Total assets	50,997	47,580

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

Non-consolidated Balance Sheet

(Millions of yen)

	69th term As of December 31, 2023	(Reference) 68th term As of December 31, 2022
LIABILITIES		
Current liabilities:		
Short-term borrowings	3,554	4,834
Current portion of long-term borrowings	1,282	7,581
Accounts payable - other	149	93
Accrued expenses	80	31
Income taxes payable	29	362
Other	908	986
Total current liabilities	6,004	13,890
Non-current liabilities:		
Long-term borrowings	11,533	7,057
Other	73	75
Total non-current liabilities	11,607	7,132
Total liabilities	17,611	21,023
NET ASSETS		
Shareholders' equity:		
Share capital	13,519	10,150
Capital surplus	13,332	9,963
Legal capital surplus	13,332	9,963
Retained earnings	7,305	7,148
Legal retained earnings	264	264
Other retained earnings	7,040	6,884
Retained earnings brought forward	7,040	6,884
Treasury shares	(520)	(520)
Total shareholders' equity	33,635	26,742
Valuation and translation adjustments		
Deferred gains or losses on hedges	(710)	(476)
Total valuation and translation adjustments	(710)	(476)
Share acquisition rights	460	290
Total net assets	33,385	26,557
Total liabilities and net assets	50,997	47,580

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

Non-consolidated Statement of Income

(Millions of yen)

	69th term Year ended December 31, 2023	(Reference) 68th term Year ended December 31, 2022
Operating revenue	3,841	3,704
Operating expenses	1,058	1,100
Operating profit	2,783	2,603
Non-operating income:		
Interest income	181	316
Other	0	17
Total non-operating income	182	333
Non-operating expenses:		
Interest expenses	844	540
Commission expenses	154	98
Foreign exchange losses	35	102
Other	2	1
Total non-operating expenses	1,036	742
Ordinary profit	1,928	2,194
Extraordinary income:	-	8
Gain on liquidation of subsidiaries	-	8
Extraordinary losses:	0	0
Loss on retirement of non-current assets	0	0
Profit before income taxes	1,928	2,203
Income taxes - current	247	286
Income taxes - deferred	(122)	31
Profit	1,804	1,885

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

Non-consolidated Statement of Changes in Shareholders' Equity
Year ended December 31, 2023

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			Treasury shares
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings	
				Retained earnings brought forward			
Balance at beginning of period	10,150	9,963	9,963	264	6,884	7,148	(520)
Changes during period							
Profit					1,804	1,804	
Issuance of new shares	3,368	3,368	3,368				
Dividends of surplus					(1,647)	(1,647)	
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity							
Total changes during period	3,368	3,368	3,368	-	156	156	(0)
Balance at end of period	13,519	13,332	13,332	264	7,040	7,305	(520)

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

(Millions of yen)

	Shareholders' equity	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	26,742	(476)	(476)	290	26,557
Changes during period					
Profit	1,804		-		1,804
Issuance of new shares	6,737				6,737
Dividends of surplus	(1,647)		-		(1,647)
Purchase of treasury shares	(0)		-		(0)
Net changes in items other than shareholders' equity	-	(234)	(234)	169	(64)
Total changes during period	6,893	(234)	(234)	169	6,828
Balance at end of period	33,635	(710)	(710)	460	33,385

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

(Translation)

Audit Report

The Audit Committee has audited the performance of duties by directors and executive officers for the 69th term from January 1, 2023 to December 31, 2023. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

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

(i) The Audit Committee cooperated with the internal control division and the internal audit division in accordance with the auditing policies established by the Audit Committee, the respectively allocated duties, and other directives. The Audit Committee members attended important meetings, the Audit Committee received reports from directors, executive officers and other personnel on matters related to the execution of their duties, and when necessary sought further explanations. The Audit Committee members read documents related to important decisions and conducted investigations on the operational and financial statuses of the Company. Furthermore, with respect to subsidiaries, the Audit Committee took steps to facilitate communication with the directors and other personnel of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses.

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

Based on the foregoing methods, the Audit Committee also examined the Business Report and supporting schedules, the Consolidated Financial Statements, and the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Shareholders' Equity, and notes to Non-consolidated Financial Statements) and supporting schedules related to the fiscal year.

2. Results of the audit

(1) Results of audit of Business Report

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

(2) Results of the audit of Consolidated Financial Statements

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

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

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

February 20, 2024

Audit Committee
SUMIDA CORPORATION

Atsushi Kato
Member of the Audit Committee

Masako Miyatake
Member of the Audit Committee

Ryo Hayakawa
Member of the Audit Committee

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