

KOA Corporation

KOA Integrated Report 2025

Essential Parts of the World



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Editorial Policy

Since 2023, KOA has issued an integrated report to promote a better understanding of initiatives aimed at realizing the KOA Philosophy and our 2030 Vision among our Five Groups of Stakeholders: starting with shareholders/investors and including customers, business partners, local communities, employees and their families, and the environment.

The Integrated Report 2025 is centered on our 2030 Vision, which outlines the purpose and value proposition KOA aims to achieve by 2030, and our value creation story. The Report features a page structure that is designed to provide an easy-to-understand look at the activities implemented by KOA to address what we recognize as our priority issues (materiality).



■ Reporting Period

The fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
 Note: Certain sections include information from April 2025 and later.

■ Scope

KOA CORPORATION and KOA Group

■ Referenced Guidelines

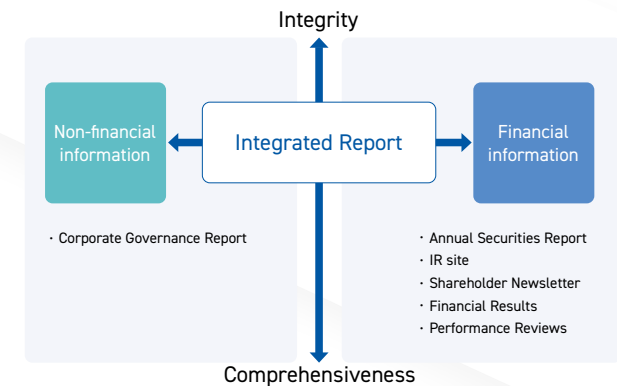
International Financial Reporting Standards Foundation (IFRS Foundation)
 International Integrated Reporting Framework

■ Note Concerning Forward-looking Statements

The purpose of this Integrated Report is to provide an understanding of KOA's initiatives, and is not to solicit investments in KOA, including the purchasing or selling of KOA stock. The forward-looking statements included in this Report are made based on information available at the time. This information is subject to unforeseeable factors, including the economic or competitive environment and demand trends. As such, actual results may differ significantly from the forecasts indicated in this Report.

■ Relevance to other reports (IR)

KOA discloses financial and non-financial information primarily through its Integrated Report, Annual Securities Report, and IR information website. The Integrated Report emphasizes communicating KOA's story of value creation.



■ About our websites

Corporate homepage

The corporate homepage mainly contains or links to KOA's corporate information including "Products", "Corporate", and "Technical Support".
https://www.koaglobal.com/?sc_lang=en



Information for Shareholders & Investors

This part of our website contains IR-related information such as business performance overviews and stock information.
https://www.koaglobal.com/ir?sc_lang=en



Corporate Governance

This part of our website explains our basic approach to and system of corporate governance.
<https://www.koaglobal.com/ir/message/governance>



Value Creation Management Process

KOA's corporate DNA, its immutable corporate philosophy, is embodied in its mission (the reason for our existence) and the values, the management philosophy and standards to be respected by all employees in all activities.
(⇒ P. 5 KOA's Corporate DNA)

In this time of a dramatically changing global socio-economic environment, KOA has established its "2030 Vision", anchored by its core corporate philosophy and based on our view of KOA's desired state in 2030. We will develop and implement management strategies and plans to realize the 2030 Vision.



Value

Four Values

"Circulation, Finite, Harmony and Enrichment"

Founding Spirit

"Farming and Manufacturing in Unison"
"Bring Sunshine to the Ina Valley"

Mission

Establishing Strong Relationships of Mutual Trust with the Five Groups of Stakeholders

Vision

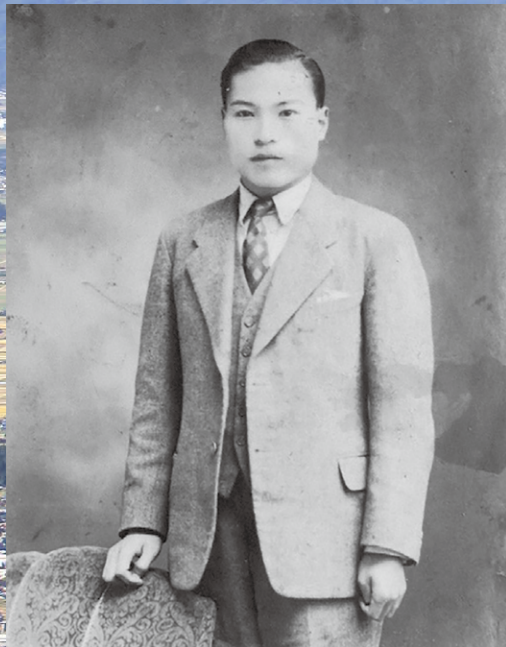
2030 Vision

Essential Parts of the World



To protect the livelihood of our hometown, the Ina Valley

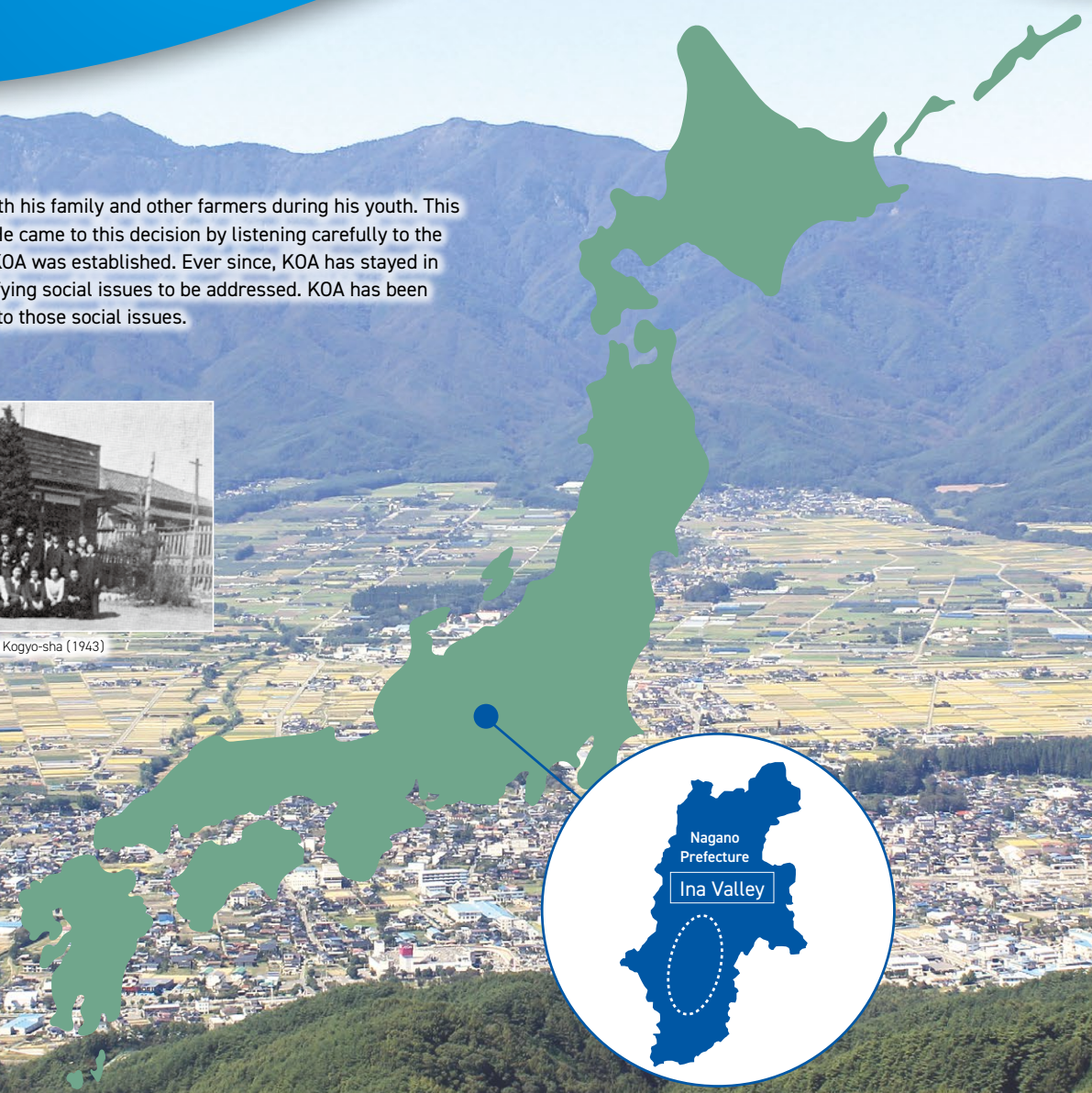
KOA's founder, Kazuto Mukaiyama, experienced harsh living conditions with his family and other farmers during his youth. This experience led him to decide to foster the seeds of industry in Ina Valley. He came to this decision by listening carefully to the voices of the times and made it his mission in life to do so. This was how KOA was established. Ever since, KOA has stayed in tune to the voices of the times, analyzing the ideal way forward and identifying social issues to be addressed. KOA has been managed and will continue to be diligently managed to provide a solution to those social issues.



Founder **Kazuto Mukaiyama** (1914 - 1995)
Photo: At the age of 24 (1938)



Ina Factory of the KOA Kogyo-sha (1943)



Founding Spirit

“Farming and Manufacturing in Unison” and “Bring Sunshine to the Ina Valley”

In 1940, KOA's founder, Kazuto Mukaiyama, established KOA's predecessor company, KOA Kogyo-sha. He established the company's main manufacturing plant in his hometown the next year. Located in the southern part of Nagano Prefecture, Ina Valley once had a thriving silk cultivation industry that was a valuable source of cash income for farmers. However, raw silk prices plummeted during the Great Depression that began in 1929 and farming villages were devastated. Farming families had no choice but to send their sons, except the eldest, to work in the city. Such conditions ate away the vitality of the community and began to break it apart. Driven by a deep concern for his hometown, Kazuto Mukaiyama sought to bring manufacturing to the community as a means of establishing long-term economic security. Convinced that the future belonged to electricity, he established a resistor factory to realize his dream of “Bringing Sunshine to the Ina Valley”. Knowing the local people longed to keep their families together while preserving their rural lifestyle, Mukaiyama provided them with stable factory jobs — a perfect embodiment of his foundational vision: “Farming and Manufacturing in Unison”. In practicing the Farming and Manufacturing in Unison concept, KOA has succeeded in building trust in its relationships with its employees and the local community. KOA has been protecting local employment in the Ina Valley and Japan. At the same time, KOA has been valuing the trust established in its relationships with the communities and employees of its overseas operations in Asia, Europe, and the United States. Today, 85 years since its founding, KOA has grown into a top-class electronic component manufacturer with a leading share of the global fixed resistor market.

KOA's Management Values

“Circulation, Finite, Harmony and Enrichment”

KOA was in the process of establishing a solid position in the resistor market when Japan fell into recession induced by a strong yen after the Plaza Accord of 1985. This proved a major management challenge and crossroads for the company. Confronting this challenge provided the company an opportunity to thoroughly review its management practices and to undertake management reforms.

Koichi Mukaiyama, then president (now director and chairperson), explained, “Ours has been a human-centric era in which humanity pursued only convenience, believed that resources were unlimited, and continued to exploit the environment under a policy of constant expansion of the material economy. However, this pursuit of ‘expansion, infinite, conquest, and convenience’ is no longer sustainable and is about to reach a crisis point. From now on, humanity must create a recycling-oriented society in which we seek balanced and fulfilled lives. In this new era, humanity must harmonize its activities with both the environment that has long nurtured humanity and all other living things. We must now transform our consciousness. We as KOA must place the Four Values of ‘circulation, finite, harmony and enrichment’ at the heart of our management values”. Since then, KOA has implemented the KOA Profit System (KPS) in which all employees engage in kaizen practices to eliminate management waste and inefficiencies. Through these practices, emphasizing the Four Values, we have been creating new models for both internal as well as customer-facing operations. This was an early precursor to today's trends of sustainability and SDGs.

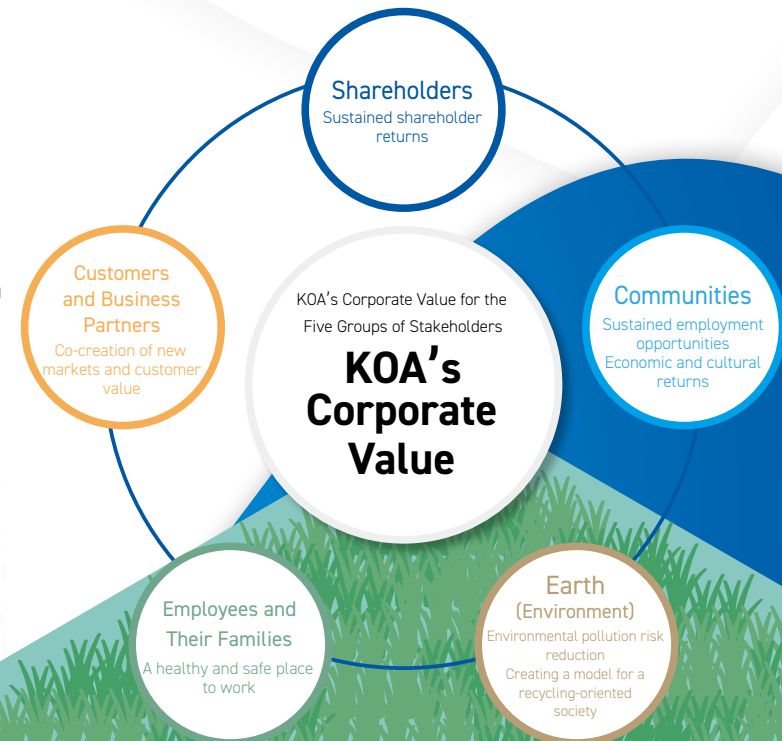
*Since we have undergone significant shifts in management policies during several corporate crises, we refer to these moments as “turning points”.



Mission

Establishing Strong Relationships of Mutual Trust with the Five Groups of Stakeholders

Our business is only possible thanks to the tremendous support and benefits that we receive from our shareholders, customers and business partners, communities, employees and their families, and the natural environment. Our corporate mission is to establish strong relationships of mutual trust with these Five Groups of Stakeholders that have been supporting us. We are eternally grateful for the benefits and support from our stakeholders. And in turn, KOA's mission is to continue to create value for all of them.



KOA at a Glance

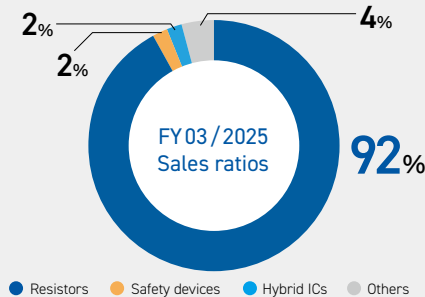
Resistors, KOA's main product, are electronic components that restrict the flow of electricity. Restricting and controlling current and voltage works to ensure that electric circuits operate properly, making resistors essential components in products that use electricity. We respond to customer needs and support society by offering a vast selection of components capable of responding to product diversification and miniaturization.



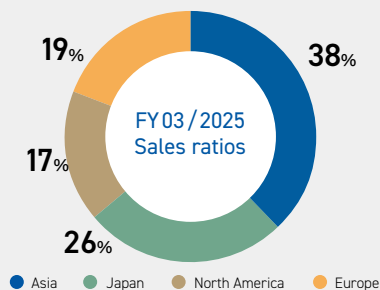
FY03/2025 Net sales



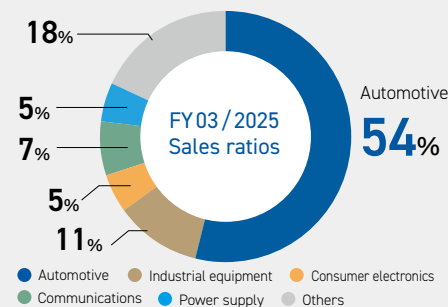
Sales ratios by product



Sales ratios by region



Sales ratios by application



Stable provision of numerous products

Production volume
Over **10 billion units** per month

Products among the smallest in the industry

0.25 mm × **0.125 mm**

Vast selection of resistance values, sizes, and materials

Product lineup
Approx. **5 million products**

Share of thick film chip resistor volume in the automotive market*

25%
*KOA estimate

Automobiles KOA resistors are widely used in the automotive industry, which requires **high-quality, high-precision, and highly durable** products.

KOA's Strengths



Total service capabilities

KOA is a global electronic components company with resistors as our main line of business. Our strength is in the total service capabilities we offer customers. After component verification by the customer, KOA provides total support for customers, from product delivery to detailed follow-up services. Our technical support applies expertise related to product functions and design to rapidly address customer technical issues. We achieve problem resolution by ensuring smooth communication to rapidly respond to customer inquiries and quickly address issues. Through our total service approach, KOA has become known as a reliable partner to our many customers. We will continue embracing this commitment to respond to customer needs.

Customer awards received

16

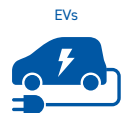


Participation in growth markets

As a leading company in the resistor market, KOA is aggressively developing business in the following core domains.

Automotive

We provide high-function, high-quality, and highly reliable resistors to contribute to the development of EVs and autonomous vehicles.



Chip resistors per system
(KOA estimate)

7,000 to 8,000 units

We will continue to pursue product innovation and quality improvements that meet the needs of the market as we strive for sustainable growth.

Data centers / AI servers

We contribute to stable infrastructure development by providing high-voltage, high-precision products that are able to withstand a wide range operating environments.



Chip resistors per system
(KOA estimate)

3,500 to 5,500 units

Global sales network

KOA is a global company that has established a strong presence in various markets. Our strength is in our sales network, which is able to respond to a wide range of customers and markets. This enables us to achieve stable growth and a high rate of customer satisfaction. Through our expansive sales network, we rapidly respond to the needs of each industry and region to achieve reliable product supply.

Overseas

16 sites

Asia (outside Japan): 13 sites, Europe: 2 sites, United States: 1 site

Japan Domestic Group companies

18 sites

Employees

(As of March 31, 2025)

Nonconsolidated: **1,679**

Consolidated: **4,288**

Japan: 2,537, Overseas: 1,751

*Includes production sites

KOA CORPORATION

23 sites

KOA's Journey

KOA has implemented a new management system to navigate an evolving business landscape, remaining dedicated to enhancing corporate value for our "Five Groups of Stakeholders." By leveraging our established strengths, we are committed to contributing to a sustainable society. Despite a challenging economic climate, we continue to build a robust foundation for growth. We are actively pursuing our "2030 Vision" by expanding into high-growth markets such as electric vehicles (EVs), adopting renewable energy, and launching innovative new products.

■ Net sales ■ Operating profit — Operating margin

Note: Net sales figures through the fiscal year ended March 31, 1978 are non-consolidated figures.



FY03/2025 Net sales **¥64.1 billion**

FY03/2025 Operating margin **1.8%**

FY03/2025 Operating profit **¥1.2 billion**

2022
2030 Vision
2024 Medium-Term Management Plan

2025
2027 Medium-Term Management Plan

Established: **1947**
(Founded: 1940)

1961
Listed on the Tokyo Stock Exchange, Second Section, moved to First Section in 1984

1985
Rapid yen appreciation due to the Plaza Accord

2001
Dotcom bubble burst

2008
Financial Crisis

2022
Shift to Tokyo Stock Exchange Prime Market

KPS-1 (from 1987) Elimination of management inefficiencies, aiming to establish a new management system

KPS-2 (from 2001) Becoming a company that is sought out by customers

KPS-3 (from 2010) An R&D-oriented company capable of co-creation

Initial growth period (up to 1970s)

Advancing alongside the development of Japan's electronics industry through domestic production of resistors and technological innovation

Growth period (1980 to 2000s)

Accelerating global expansion and earning the trust of the automotive market through high-quality manufacturing

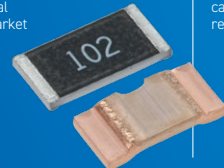
Present and future (2010 onward)

Driving sustainable growth with high value-added products essential to society by embracing CASE technology and the AI age

■ Trajectory of technological innovation

Technological innovation — Product development in response to the needs of the times

Starting with the development of Japan's first carbon film resistor, we have progressed through the development of chip resistors and now provide high-power, high-precision shunt resistors essential for xEVs and AI servers. We have consistently pursued technological innovation in order to lead the market in resistor technology.



■ Our journey to global expansion

Global expansion — Building trust with customers worldwide

Beginning with our entry into the U.S. market in 1980, KOA expanded its production and sales bases into Asia and Europe to establish a global network. From 1980 to the 2000s, we pursued improvements and efficiency gains while also working to strengthen our sales capabilities through internal restructuring.



■ Evolution of quality management

Quality and trust — High-quality products that support social infrastructure

Starting with our JIS mark certified factory and progressing to our acquisition of IATF 16949, which is a stringent quality standard for the automotive industry, KOA has consistently upheld our commitment to quality that supports safety and peace of mind, thereby earning the trust of our customers.



■ Giving back to communities

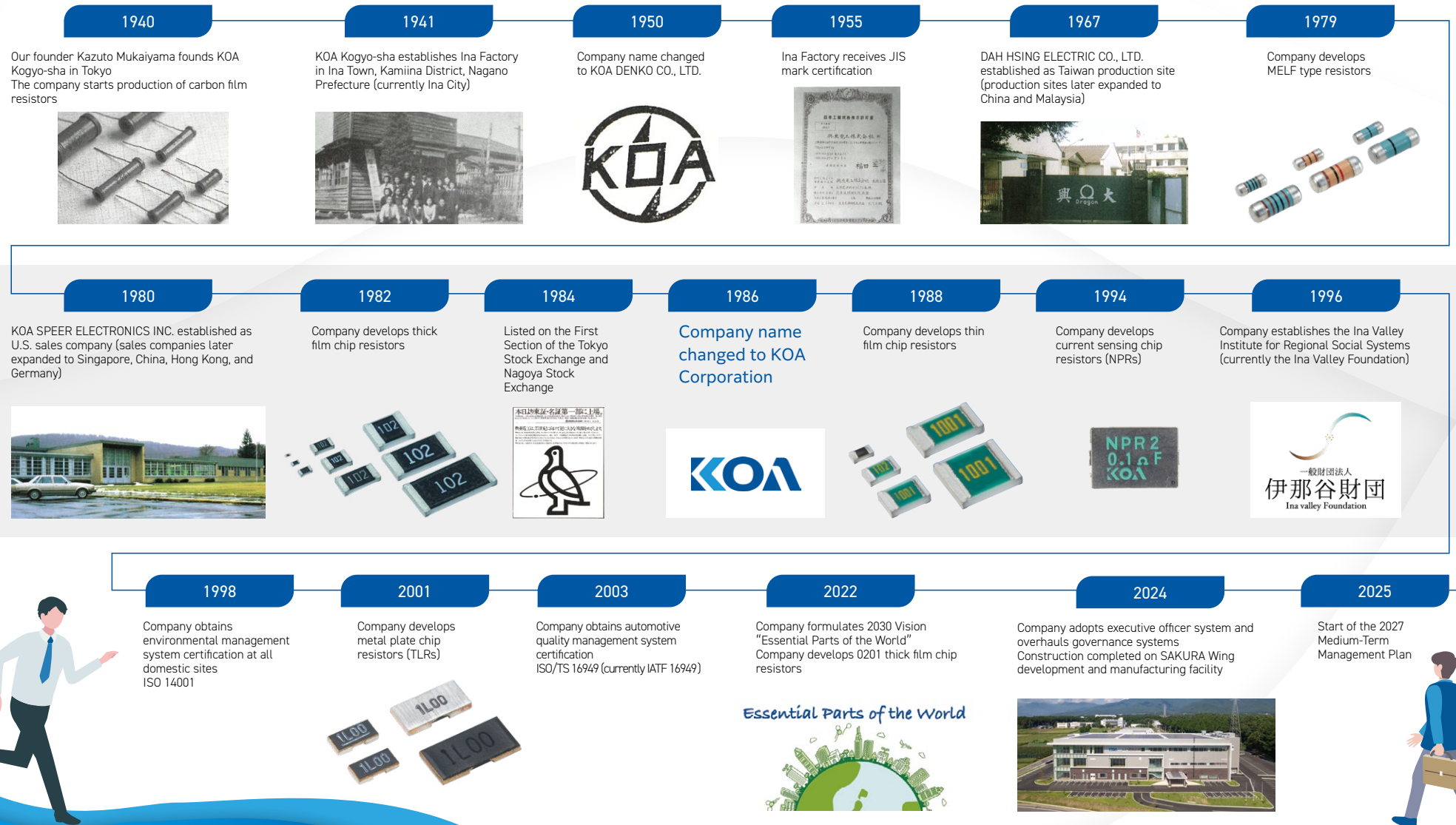
Giving back to communities — Taking our founding spirit into the future

Carrying on our founding spirit of "Bringing Sunshine to the Ina Valley", KOA has established the Ina Valley Foundation and is promoting sustainability management. Going forward, we will continue to grow alongside society through our business and build a sustainable future.



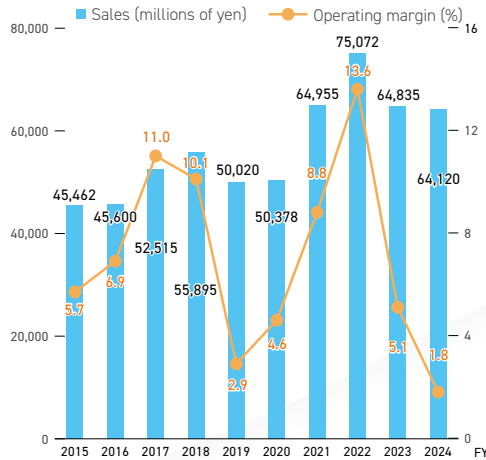


Symbolic Events

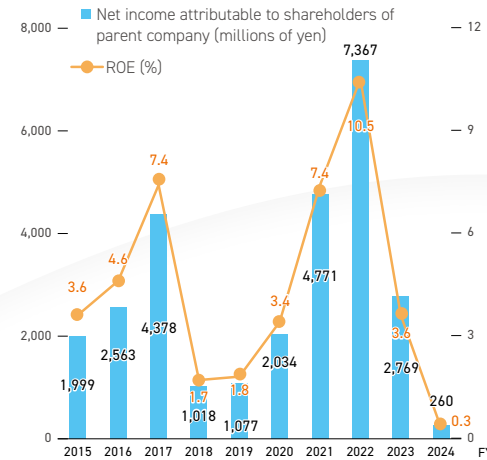


Financial Highlights

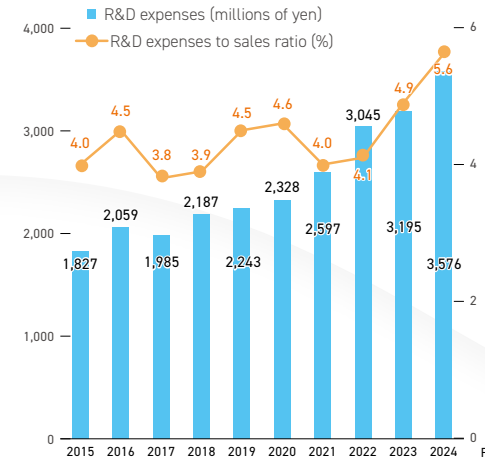
Sales/Operating margin



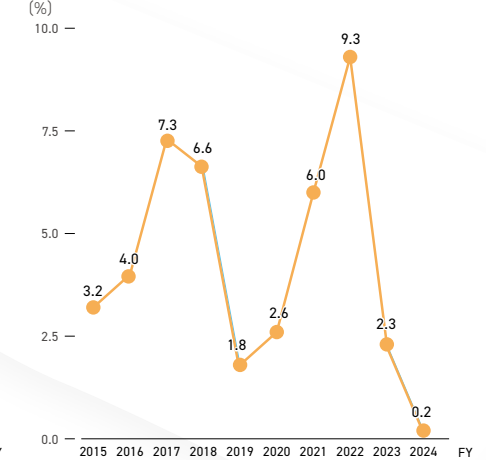
Net income attributable to shareholders of parent company



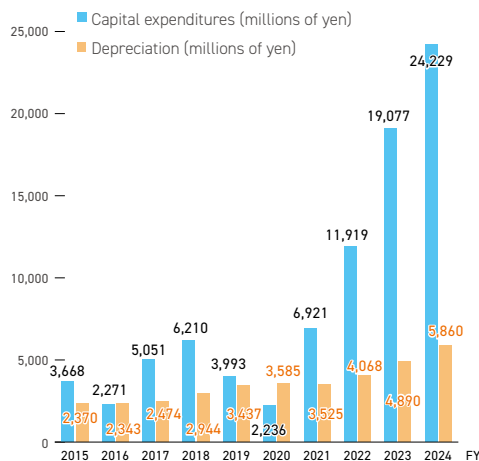
R&D expenses/R&D expenses to sales ratio



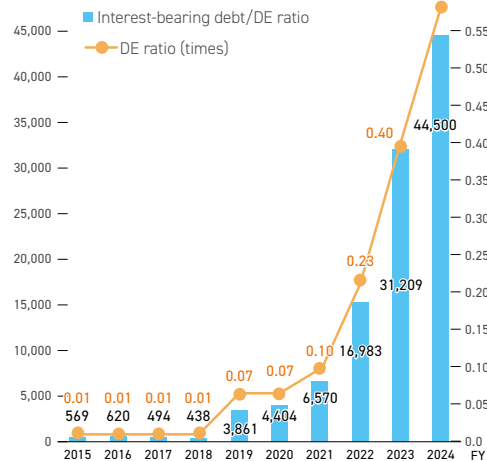
Return on invested capital (ROIC)



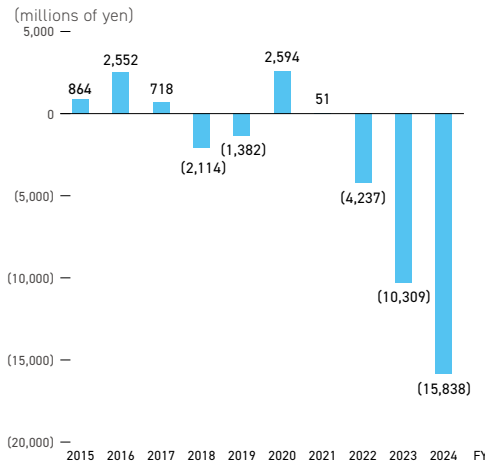
Capital expenditures/Depreciation



Interest-bearing debt/DE ratio



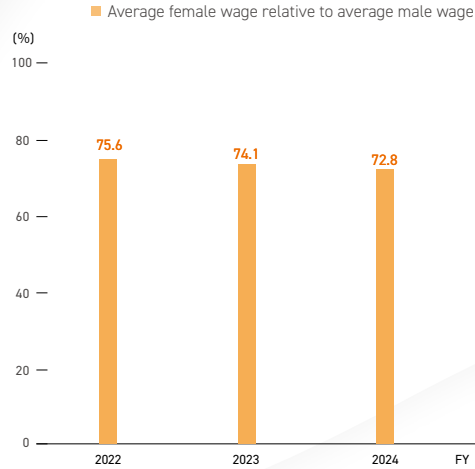
Free cash flow



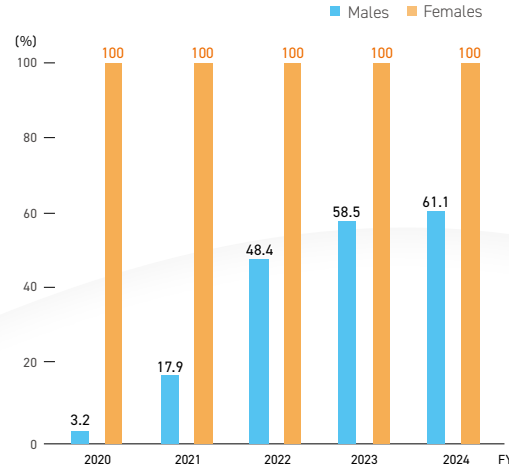
*This data was generated based on published quarterly account summaries (Kessan Tanshin). While we exercise the utmost care in providing this data, please note that content errors may occur due to equipment errors/malfunctions or unforeseen factors during the data replication process. For more detailed information on our financial results, please refer to official documents such as the quarterly account summaries (Kessan Tanshin).

Non-Financial Highlights

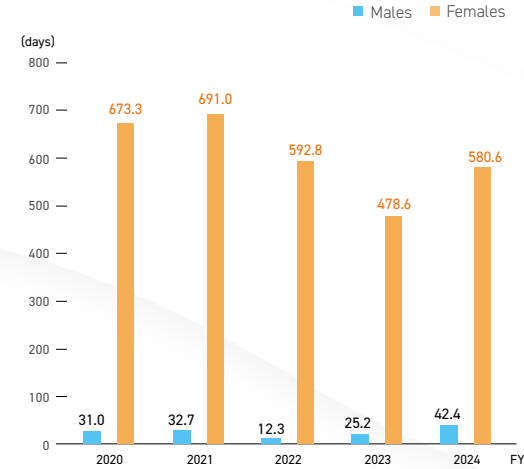
Gender wage gap*1 (All workers)



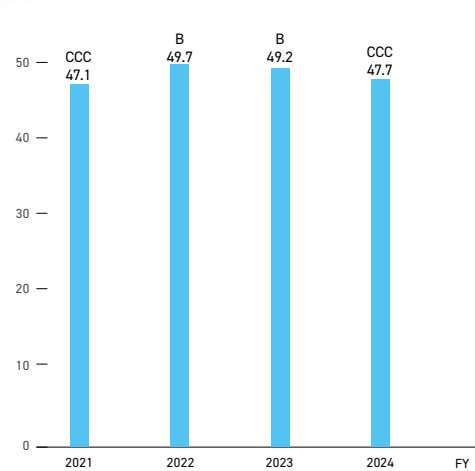
Percentage taking childcare leave*2



Average number of childcare leave days taken

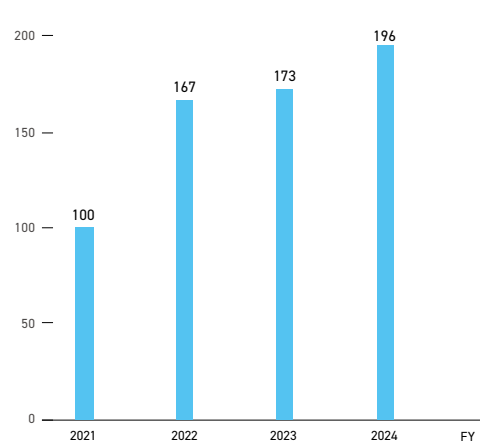


Employee engagement rating*3

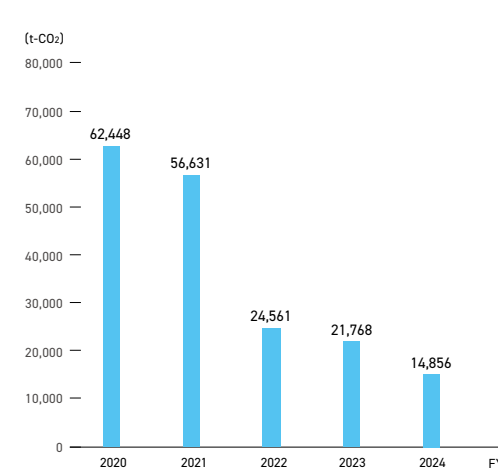


Investment in human resource development/training

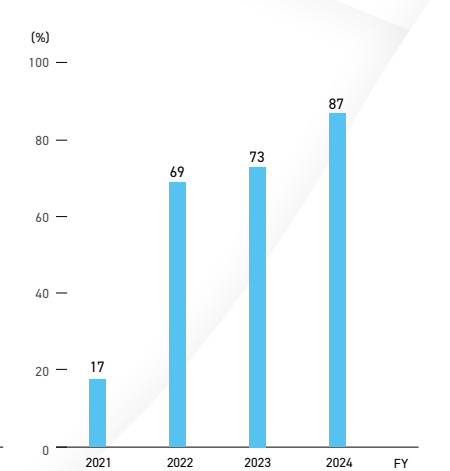
Comparison based on FY03/22 as 100.



CO2 emissions (Scope 1+2)



Percentage of electricity generated from renewable sources



*1 Average wage for women relative to average wage for men, wherein the latter is indexed at 100. (Average annual wage for women)/(average annual wage for men). The percentage of non-full-time workers (fixed-term workers, etc.) is disclosed in the Annual Securities Report.
 *2 The rate of return to work after childcare leave is 100%. *3 Engagement ratings based on MOTIVATION CLOUD by Link and Motivation Inc. There are 11 rating levels (AAA to DD) in total, with "CCC" being the seventh category from the top.

*This data was generated based on published quarterly account summaries (Kessan Tanshin). While we exercise the utmost care in providing this data, please note that content errors may occur due to equipment errors/malfunctions or unforeseen factors during the data replication process. For more detailed information on our financial results, please refer to official documents such as the quarterly account summaries (Kessan Tanshin).

Enhancing KOA's competitiveness through field-driven management

Inaugural address and management philosophy

My name is Kosei Mukaiyama and I was appointed Representative Director, President & CEO of KOA on April 1, 2025. I would like to express our deep gratitude to all stakeholders who have supported KOA and contributed to its growth over the years. In my first year as President, I am determined to manage the company with strong resolve and a sense of responsibility toward KOA's sustainable growth and enhanced corporate value. The foundation of KOA's management lies in ensuring the company's survival, business continuity, profit creation, job security, a bright and enjoyable workplace, and trust. To achieve these goals, KOA must be a strong company that strives to understand the essence, structure, and position of matters, rather than focusing on superficial aspects, and that implements logical solutions and decisions. Speed and timing are critical to achieving our goals so we will manage the company based on a broad perspective and diverse viewpoints while valuing an attitude of actively listening to the opinions of all stakeholders.



Kosei Mukaiyama

Representative Director,
President & CEO

CEO MESSAGE

Having assumed the position of President, I would like to share my thoughts on the mindset and stance required for this role. Rather than simply directing employees from on high, it is also necessary to enter the field to understand the actual situation and circumstances, to identify the underlying causes, and to flexibly shift one's perspective, outlook, and viewpoint. I developed this attitude based on a comprehensive consideration of multiple elements.

Specifically, having spent many years in sales, I frequently engaged with both external and internal stakeholders, interacted with customers, listened to the opinions and views of our on-site employees and our inside and outside directors, and observed social trends. Our industry faces intense competition so it is fundamentally important that we flexibly shift our perspective, outlook, and viewpoint. In addition to complying with laws and regulations, we should not be swayed by superficial information, trends, or influence, and should instead approach management with insight into what is important and the essence of these matters while constantly adopting a broad perspective and the optimal strategy for our company.

The company I aspire to build is one that satisfies our customers not only in terms of product pricing but also by providing peace of mind.

We will strive to be a company that earns our customers' trust as a steadfast partner. We want our customers to feel that if they rely on KOA, they can expect excellent quality, entrust us with analysis tasks, and have no concerns about delivery deadlines. Even if our customers deal with various manufacturers, we want them to realize that KOA is ultimately the best choice. Therefore, I believe that we must not alter the trustworthiness and diligence that KOA has always cherished. Moreover, I will strive to build a company that speaks through results. When dealing with low-risk matters that do not require careful deliberation, we will act swiftly upon making a decision. Conversely, when dealing with high-risk matters, we will make decisions after consulting with all involved to enhance our collective knowledge, examining the matter from multiple angles and considering

future potential, and sharing KOA's future direction. It is essential that we deliver results, even if they are initially small. A results-based approach builds both competence and confidence, and creates satisfaction. Through the accumulation of small results, I believe that we can progress to intermediate and even greater challenges.

At KOA's core is its corporate mission of building trust with the Five Groups of Stakeholders (shareholders, customers and business partners, communities, employees and their families, and the environment). While steadfastly upholding this philosophy, I will do my utmost to put KOA on a new growth trajectory.

2030 Vision and understanding our current state

Our 2030 Vision is encapsulated in the motto "Essential parts of the world". This vision slogan was conceived in 2019 by a select group that included young employees with an average age of 35 who will support KOA going forward. It embodies our desire to strengthen our innovative thinking and action, and enable creative individuals to thrive, thereby building a bright future. While the components that we manufacture are primarily small resistors, we aspire to be a company that can make a significant impact despite the small size of our products, and to play a role in building a more prosperous society and world.

Building upon the founding spirit and the values representing KOA's DNA that have been passed down throughout our history spanning over 80 years, and leveraging our strengths in manufacturing, quality, and human development, we will keep challenging ourselves to provide value to our Five Groups of Stakeholders.

However, during Phase 1 (2022–2024) of our Medium-Term Management Plan toward realizing our 2030 Vision, we were unable to achieve either our initial targets or our revised targets set in April 2024.

In Phase 1, we established "building a foundation for solid growth" as our basic policy, and worked to expand production capacity in order to maintain our market share and achieve sales growth in the resistor market, which is expanding over the medium to long term. However, in contrast to our initial assumptions when planning Phase 1 (i.e., increase in new vehicle sales, increased demand driven by the shift to EVs, and growth of the industrial equipment market), KOA's performance fell substantially short of our forecast due to market changes including prolonged adjustments of market and customer inventories, ongoing stringent circumstances such as strategic reviews by automotive OEMs and Tier 1 suppliers, and changes in the competitive environment and a slowdown in the Chinese market.

Although we executed our capital investment as planned, including construction of a new factory as an upfront investment, our capital expenditures were ¥55.2 billion, exceeding our initial forecast of ¥44.0 billion by over ¥10.0 billion. This overrun was primarily due to increased construction costs for our new factory in Malaysia and factory construction expenses resulting from the unplanned relocation of a factory at one of our manufacturing companies in China. Even though this upfront investment was executed as planned, our fixed asset burden increased due to a decline in sales resulting from market changes, thereby significantly worsening KOA's capital efficiency.

Furthermore, in our sensor and sensor module business where we focused our efforts on establishing a second pillar of business following on from resistors, it became clear that the market areas in which we had been promoting R&D and product development were limited. Our subsequent delay in deciding to discontinue development in these areas meant that we were exposed to prolonged development periods and increased development costs. In our non-financial targets, we fell short of our human capital targets for employee engagement rating and investment in human capital development/training.

We are currently facing a period of major transformation marked by increasing complexity that includes global geopolitical risks, supply chain fluctuations, and accelerating technological innovation. To achieve sustainable growth under these circumstances, KOA must be responsive and accelerate our business operations and decision-making, and we must also urgently improve our agility. Moreover, breaking away from our strong dependence on material manufacturers and establishing our own proprietary material technologies is one of our most important priorities for achieving product differentiation and improving profitability. Expanding our departments involved in development is another pressing issue, as our current shortfall in development personnel means that we are unable to fully accommodate all new development requests from our customers. Furthermore, we must fundamentally enhance productivity across the entire company by promoting digital transformation (DX) at our production sites and transitioning to data-driven management.

Basic policy and strategic key measures of the 2027 Medium-Term Management Plan (Phase 2)

Based on a rigorous review of Phase 1, we established “achieve profit growth and efficiency with ROIC-based management” as our basic policy for Phase 2 (2025–2027). This basic policy marks a shift toward a management approach that rigorously reviews how efficiently our invested capital generates profits, rather than relying on growth based on past trends. To realize this basic policy, we will vigorously promote three strategic key measures: “product portfolio strategy”, “technology strategy”, and “corporate structure enhancement”.

The first pillar is our product portfolio strategy. Although KOA’s core business is resistors, our product lineup is diverse. Rather than treating all of our products uniformly, we will optimize resource allocation by conducting a

detailed evaluation based on the two key metrics of “market growth potential” and “return on invested capital (ROIC)”. Specifically, for products with high growth potential and high profitability, we will drive further growth by concentrating our production capacity and sales network that we expanded in Phase 1. Meanwhile, for products with high growth potential but low ROIC, we will focus on reducing costs and increasing profitability. For unprofitable products at the end of their life cycle with no prospect of improved profitability, we will implement structural reforms including market withdrawals and appropriate price adjustments. This portfolio optimization will serve as the starting point for our ROIC-based management.

The second pillar is enhancing our technology strategy and optimizing our personnel allocation and distribution. First, in materials technology which is the source of our competitiveness, we will break away from our dependence on manufacturers and enhance our own expertise, experience, and knowledge in chemistry (at the atomic and molecular levels). Resistors are devices whose properties are determined by a wide array of factors from electrical loads to chemical reactions. Proprietary material technology is therefore essential to differentiate our resistors from those of our competitors, ensure their long-term stability, and review the usage ratios of high-cost resistor materials. To enhance KOA’s competitiveness and satisfy our customers, we will build our expertise in material technology, linking causes, factors, theory, and testing to phenomena, and make steady progress even if it takes time.

We will also transition our development system to one that has adequate capacity. In addition to eliminating lost opportunities due to human resource shortages, having adequate personnel capacity will enable us to pursue new challenges and foster an environment conducive to innovation. We will prioritize allocating our personnel to development teams that generate future profits.

The third pillar is corporate structure enhancement. We will promote this measure based on the dual facets of expedient management and DX. We will

also promote awareness of the aphorism “time is money” so that we can better respond to market changes. To avoid repeating the bitter experience of missing out on the sudden surge in demand from 2021 to 2022 due to delayed investment decisions resulting in lost business opportunities, we will thoroughly implement a system where minor decisions are made on-site and major decisions are made swiftly by management, thereby accelerating our capital turnover. This swift decision-making will be supported by DX-driven business reforms. In terms of manufacturing DX, the integration of software and equipment is crucial. We are therefore planning to assign personnel with expertise in statistics or mathematics, such as proficiency with integral calculus, in order to eliminate bottlenecks. In terms of sales DX, we will break down barriers between departments by directly linking factory and customer information. In system development, we will pursue engaging features that stimulate employee motivation and visually appealing designs with the goal of developing highly effective systems based on the principle that uninteresting systems go unused.

We will organically integrate these three DX initiatives to enhance value-added productivity per employee and maximize ROIC, thereby driving our transformation toward a leaner corporate structure.

Product portfolio and market strategies

KOA is essentially a single-product business focused on resistors so we will pursue a product portfolio strategy rather than a business portfolio strategy. KOA’s resistor product portfolio is grouped into thick-film and thin-film resistors, shunts, high-power resistors, and other products. We evaluate these products based on the two key metrics of market growth potential and ROIC.

We will concentrate our management resources in the form of personnel, materials, and capital on products with high market growth potential and high ROIC to achieve further growth toward 2027. For products with high market growth potential but low ROIC, we will focus on improving the efficiency of invested capital to achieve business expansion. Meanwhile, for unprofitable products at the end of their life cycle, we will improve profitability by withdrawing them from the market or streamlining internal operations and by optimizing prices.

By leveraging the production capacity and global sales channels that we expanded through our Phase 1 investments, we will proactively expand sales of our focus products, such as thick-film and thin-film resistors, in growth markets. Specifically, in the automotive sector we expect to see advances in electrification not only in EVs but also HEVs and PHEVs, and expansion of ADAS and other technologies due to advances in autonomous driving. According to KOA's research, the number of resistors used in HEVs is around 1.5 times greater than in conventional gasoline vehicles so we intend to capture a share of this growth market. We will also focus on AI-related equipment, where the increase in servers driven by the spread of DX and the increase in data centers and other infrastructure are slated to provide business opportunities. Although we have focused on the automotive sector to date, going forward we will also focus on innovation-driven markets such

as the aerospace industry and the expansion of data centers driven by the spread of AI. As our core products, we will develop and market high-voltage, high-power products for the automotive sector, and high-current shunts and high-precision, ultra-small products for AI-related equipment. In our global strategy, we will continue to position Europe, the U.S., and Japan as our primary markets, and will focus our efforts in these markets. We will also intensify our efforts in India's market, which we see as having particularly significant potential. In India, which is a market characterized by fierce price competition, we will differentiate ourselves not by simply competing on price, but also by delivering added value beyond the product purchase through robust production capacity, rapid product delivery, technical support, and hosting of training sessions, etc. In India, we have already begun strengthening our technical proposals in the design phase. Going forward, we will pursue greater market penetration through a two-pronged strategy combining direct sales and distributors. The Chinese market remains vitally important due to its high sales ratio. Given the emergence of Chinese EV manufacturers and the current struggles faced by major suppliers directly supplying parts to Japanese, U.S., and European automakers, we must strengthen our sales to Chinese automakers and major parts suppliers. We at KOA believe that the ideal way to build a stable business foundation is through balanced market expansion without being overly influenced by specific regions or customer trends. In addition to opening a new factory in Malacca, Malaysia in April 2025, we are leveraging our strength of having multiple overseas production sites to flexibly respond to global supply chain fluctuations and changes in trade policies.

Corporate structure enhancement and sustainability

To improve our capital efficiency, which was identified as an issue in the Phase 1 review, we will practice ROIC-based management across the entire

group. We will focus not only on improving our income statement (PL) by boosting our operating margin, but also on improving our balance sheet by efficiently utilizing our invested capital. We will establish KPIs for key measures that contribute to achieving our key goal indicators (KGIs) under the 2027 Medium-Term Management Plan, with each organization setting its own KPIs and the entire group undertaking business activities through PDCA cycle.

Increasing our value-added productivity per employee is indispensable to enhancing our capital efficiency. We will enhance the value we provide to our customers by reducing unnecessary tasks in our indirect operations and shifting toward value-creating operations. By streamlining our indirect operations and unprofitable products, we will create surplus human resource capacity and strategically allocate it to future growth businesses. Firstly, we envision a personnel shift that reduces the burden on the manufacturing process by promoting front-loading of design and quality improvements in indirect departments such as design/quality departments, and that significantly reduces the burden on the manufacturing process by promoting kaizen activities within the manufacturing department and channeling the resulting surplus HR capacity into further kaizen activities. In our manufacturing departments, we will continue our smart factory initiatives such as implementing the Manufacturing Execution System (MES) at our new Malaysian factory, and will drive further productivity improvements by leveraging the acquired data.

KOA promotes human capital management that prioritizes the growth and retention of each employee based on a corporate culture that values people. We strongly encourage our employees in technical, quality assurance, and quality control roles to acquire a basic understanding of electrical circuits and chemistry. This basic knowledge is essential for adapting smoothly when transferring to a different department, for objectively and comprehensively understanding various phenomena when on-site issues occur, and for finding



solutions based on logical thinking. Rather than simply telling our employees to develop their own career vision, we support the “Planned Happenstance Theory”. By providing our employees with genuine options to choose their own career paths through systems like open recruitment, we encourage their self-directed growth. We are working to create a workplace environment where diverse human resources can thrive. Although on a non-consolidated basis, KOA is proactively pursuing a 3% ratio of female managers (FY03/2028 target) (actual ratio as of March 2025: 0.7%). Furthermore, as evidenced by our certification as an “Organization Selected under the Certified Health & Productivity Management Outstanding Organizations Recognition Program” for four consecutive years, we will strengthen our trust-based relationship with employees through health management initiatives to achieve our 2030 Vision based on the recognition that employee health is paramount, and that both physical and mental well-being are essential elements of health management.

Our sustainability initiatives are not limited to protecting the environment — we also emphasize the pursuit of dual benefits in the form of enhanced competitiveness and productivity. We are working to reduce our GHG emissions under our basic policy of “building strong relationships with our Five Groups of Stakeholders through initiatives aimed at realizing carbon-free products”. Under our GHG emission targets, we aim to reduce Scope 1+2 emissions to 13,600 tons or less in FY03/2028, representing a 78.8% reduction compared to FY03/2021 and an 8.5% reduction compared to FY03/2025. In terms of Scope 3 emissions, where we are setting reduction targets for the first time, we aim to reduce emissions by 10.5% of the FY03/2025 level to 121,400 tons or less in Categories 1 and 2, which account for 88% of all Scope 3 emissions. In procuring renewable energy, we prioritize cost-effective options to achieve both GHG reduction and financial performance. Recognizing the physical and transitional risks that climate change poses to KOA’s operations, we are promoting risk diversification by

manufacturing products at multiple locations, as well as energy conservation and creation measures.

Financial strategy and corporate value enhancement

We recognize that the current cost of equity capital ranges from 8.5% to 11% based on the capital asset pricing model (CAPM). Return on equity (ROE), which is our key capital efficiency metric, has fallen below cost of equity in every year over the past decade except 2022. Price-to-book ratio (PBR), which we use as our market valuation metric, has fallen significantly below 1.0x since 2023 due to factors such as declining ROE. KOA is aiming to maximize corporate value by promoting management focused on capital cost and share price, and by striving to achieve PBR exceeding 1.0x at an early stage. To improve ROE, which has been declining particularly in recent years, we will implement the key measures of the 2027 Medium-Term Management Plan (MTMP) and undertake company-wide indicator management using the ROIC tree and balance sheet-oriented management practices.

Under the current 2027 MTMP, we will perform capital investment to achieve profit growth, and will strengthen our balance sheet to enhance our capital efficiency. In terms of cash in-flows over the three-year period of the MTMP, depreciation is forecast to account for 70% and operating cash flow excluding depreciation is forecast to account for the remaining 30%. Our planned allocation of funds is as follows: 60% for capital expenditures primarily to increase production, update equipment, and improve quality for our focus products; 30% for debt repayments; and 10% for shareholder returns through dividends. In this way, we will promote shareholder returns while balancing growth investments with financial discipline.

We revised our shareholder returns policy and established a basic policy for shareholder returns including dividends “to prioritize reinvestment in the business from the perspective of comprehensive capital allocation, and to

optimize shareholders’ equity”. Under this policy, for the time being, the dividend will be set at no less than ¥30 per share, with a consolidated dividend payout ratio of around 30% as a reference. Based on these strategies, our financial targets for FY03/2028 are an ROIC of 4.7%, ROE of 6.2%, sales of ¥80 billion, and operating profit of ¥7.4 billion.

Transforming into a leaner company

We are aiming for a management approach that is at once smart and execution-driven. We aspire to be a company that finds joy in delivering concrete results by combining the diligent, steady efforts characteristic of KOA employees with a sense of speed. We will focus our time on fostering a creative environment where our employees can enjoy their work by reviewing unnecessary meetings and outdated practices and eradicating time-wasting operations.

Despite the persistent challenging business environment, KOA has repeatedly overcome past crises through company-wide kaizen activities, and has emerged each time with a stronger management structure. By leveraging our supply capacity built through upfront investments and our strong trust-based relationships with customers, we will proactively pursue expanded sales over the next three years. We will transform into a leaner, stronger company by promoting management focused on capital cost and share price, and by working to improve capital efficiency. We will do our utmost to meet the expectations of our investors. I look forward to your ongoing support and patronage.

Implementing ROIC-based management to foster front-line awareness of capital efficiency and leaner management

Commitment to sustainable growth under a new management structure

Kosei Mukaiyama has assumed the position of Representative Director, President & CEO of KOA, thus marking a new chapter in the company's history. As Vice President, I will support the President and CEO and do my utmost to realize the company's sustainable growth and enhancement of corporate value. In the management strategy domain under my purview, I realize that the most critical challenge is how to swiftly and precisely steer KOA onto a solid growth trajectory, amid a business environment characterized by constant uncertainty and rapid change.

Challenges faced in FY03 / 2025 and path to the future

I would like to start by reviewing our journey over the past few years. FY03 / 2025 marked the final fiscal year of Phase 1 of the Medium-Term

Management Plan toward achieving the 2030 Vision. We have undertaken large-scale capital investments essential for future growth with an eye on the long-term expansion of the environmentally friendly vehicle market. However, our business performance fell short of our initial plan in what was ultimately a disappointing result. Two key factors were responsible for this outcome. The first was the impact on our orders due to changes in the competitive environment in the Chinese automotive market which caused our major clients to struggle. The second was that inventory adjustments in the industrial equipment sector, which is our primary market, took longer than anticipated. This trend was particularly pronounced in the North American and Japanese markets. However, we did not rest on our laurels during this difficult period. We have made steady progress in consolidating our production system and in our preparations to shift to a leaner structure in anticipation of the upcoming recovery in demand.



Katsuhiko Momose

Director, Vice President
and Executive Officer

CFO MESSAGE

Recovery in first half of FY03/2026 and solid progress

In the first half of FY03/2026, these preparations began to manifest in our financial performance. For instance, sales increased by 8.6% year on year. This recovery was driven by the partial unwinding of inventory adjustments for industrial equipment, which in turn sparked an initial rebound in orders. Moreover, demand for our automotive products particularly in China, and demand for our AI-related products such as data centers in Asia, both remained steady. In terms of profitability, KOA posted a significant increase in operating profit reaching ¥1.305 billion — a 175% year-on-year increase — as a result of extensive, company-wide cost reductions from the start of the fiscal year. We have also secured an ordinary profit of ¥1.618 billion. Despite the persistently challenging environment, we are starting to see tangible signs of our transformation into a more profitable organization by identifying market changes and rigorously controlling costs.

From investment phase to “harvest” phase

Next, I would like to discuss KOA’s growth strategy. In our production system, we made capital investments of ¥4.3 billion in the first half of FY03/2026, of which around 80% was allocated to our new Malaysian factory completed in April 2025. This marks the conclusion of our large-scale upfront investment phase. Going forward, we will fully leverage this enhanced production capacity and enter a “harvest” phase to expand sales based on the quality and delivery capabilities we have cultivated to date. We will make it our top priority to improve factory utilization rates, with the production and sales departments working in close coordination to enhance profitability.



Lean management via ROIC-based management

During the “harvest” phase, our top priority is the transformation to a lean management structure. At its core, this will involve a full rollout of return on invested capital (ROIC)-based management by actively incorporating input from our outside directors and wholeheartedly pursuing capital efficiency. Going forward, we will perform quantitative monitoring and evaluate our operations to determine whether or not each product achieves profitability exceeding our cost of capital. We will also improve our investment process to ensure that investment decisions consistently meet our hurdle rate. At the factory level, we link traditional KPS* kaizen activities, such as eliminating waste, reducing lead times, and cutting inventory assets, to ROIC enhancements. This elevates these efforts beyond simple cost reductions to activities that boost capital efficiency. We will also address our financial health as a priority issue. Although our interest-bearing debt increased due mainly to large-scale factory construction, going forward we will rigorously pursue a policy of minimal investment, wherein investments are funded within the scope of operating cash flow, in order to streamline our balance sheet and improve the health of our debt profile.

*KPS = KOA Profit System (company-wide management kaizen activities with full participation)

Optimizing our market & product strategies

In our market/regional strategy, we will build a global supply chain management system to avoid the risk of dependence on specific markets. Within the Chinese market, we will leverage our three domestic production sites to establish a system where our products are produced locally for local consumption. Meanwhile, there are also significant growth opportunities in other regions. Looking at sales by region in the second quarter (Q2) of FY03/2026, we recorded a 12.4% quarter-on-quarter (QoQ) increase in our North American business due to completion of inventory adjustments and tariff countermeasures. We will leverage our global sales channels to maintain and strengthen a balanced sales mix across the regions of Asia, Japan, Europe, and North America.

In our product/technology strategy, we will introduce new products not only in our focus area of automotive applications but also in new high-growth areas such as AI servers and data center-related products, where demand is

rapidly increasing. In Q2 of FY03/2026, we recorded significant QoQ increases in demand for communications applications and power supply applications of 27.6% and 17%, respectively, on the back of AI-related demand. Moreover, our sales ratio of automotive products has remained steady at 52%, indicating solid demand.

In FY03/2026, we will invest ¥3.8 billion in research and development and accelerate commercialization with a focus on emerging growth areas and development themes for EVs and environmentally friendly vehicles.

Enhancing corporate value through investor dialogue and shareholder returns

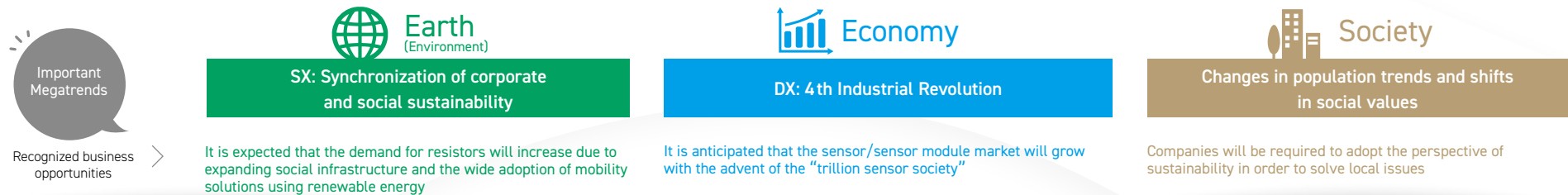
Finally, I would like to address our measures to strengthen corporate governance and our stance on shareholder returns. Starting in FY03/2026, our management oversight function was strengthened and the capital cost awareness of our entire management was heightened through the appointment of an outside director as Chairperson of the Board of Directors. We are also reviewing our approach to information disclosures to deepen our dialogue with investors. For example, in response to investor requests for more information on changes in our product sales by application, we started disclosing sales figures on a quarterly basis from FY03/2026.

In terms of dividends paid, we determined that prioritizing the reduction of interest-bearing debt and improving the overall health of our balance sheet in preparation for future uncertainties will enhance our corporate value over the long term, and ultimately maximize shareholder returns. We will fast-track our efforts to achieve a PBR exceeding 1.0x, build a solid track record, and meet the expectations of our shareholders.

We aim to build relationships of trust not only with our shareholders, but also with all stakeholders, including our employees, customers, our business partners, our employees and their families, and local communities, and to become a company that can sustainably distribute profits. We aspire to grow into a company that meets everyone’s expectations by building on our track record through measures such as expanding our sales during our “harvest” phase and pursuing capital efficiency through ROIC-based management.

Value Creation Process

We strive to provide safety and security to our customers around the world through the stable supply of essential parts with high quality and high reliability. With this commitment, we aim to help realize a sustainable society. In addition, by allowing the visualization of unseen or hard-to-detect phenomena through the business domain of sensors and sensor modules, we hope to provide new value to the market which will make KOA an "essential part" of innovation. The 2030 Vision expresses the vision of every KOA employee striving to become essential through working to realize their aspirations and goals in cooperation with colleagues.



- 2030 Vision
- Vision slogan
- Vision statement

Essential Parts of the World

We at KOA strive to be an essential parts manufacturer that supports the world and to work as part of society to create a better world. Through small parts, we create big, world-changing transformations. With the goal of creating a recycling-oriented society that is in harmony with nature, KOA shall create new value for our customers by discovering the true sources of their problems as they work to solve social problems and create value for their own customers. Building on continuous improvement and relationships of trust generated by the high quality of our products and processes, we will blaze the trail forward through innovative thought and action*1.

KOA's Corporate DNA

Founding Spirit

Building trust with stakeholders and community engagement that carries on the spirit of "Farming and Manufacturing in Unison"

Values

Circulation, Finite, Harmony and Enrichment

Corporate Competencies

- Manufacturing**
JIT*2/Global supply network
Reliable and stable supply, continuous improvement
- Quality**
Zero Defect Flow*3: "Each item and each piece shall be guaranteed by each employee" as the underlying philosophy
- Product development**
Hypothesis building and verification of customer needs; solution proposals
- Human capital development**
Human capital development based on the development of inter-personal skills and character building as well as management skills and technical expertise
- Creating models for a sustainable society**
Activities to contribute to the region, centered on creating job opportunities, developing human capital, and protecting local values and customs

KOA's Challenge to Realize Our Vision

- KPS Activities for Enhancing Customer Satisfaction and Employee Satisfaction**
Aim to create a "workplace that is more upbeat and pleasant than anywhere else" while improving manufacturing productivity and quality through application of digital technology
- Expansion of Business Domains**
Expand business domains in terms of markets and applications such as automobiles and industrial equipment as well as in terms of addressing social issues such as energy, social infrastructure and the environment.
- Reduction of GHG Emissions**
Reduce GHG emissions throughout the supply chain
- Human resources for creating our future**
Continue to implement human capital development that enhances capabilities and encourages our employees to take on challenges
- Cooperation with Communities**
Cooperate with local communities to solve issues at each location

Value to Create

- Security and Safety**
Provide customers with security and safety through stable production and supply of high-quality products
- Ability to visualize the invisible**
Develop sensors and sensor modules to help visualize incorporate data to provide solutions to social issues together with our customers
- Coexistence with Nature**
Contribute to the realization of a carbon-neutral society
- Diversity and Motivation**
Ensure diverse employees are working proactively as Team KOA and feeling motivated and happy in their jobs
- Regional and KOA Development**
Continuously implement a virtuous cycle of revitalization of each region and the development of KOA

*1. The concept of each employee understanding the objectives behind their actions and thinking independently while also involving others to work as a team. *2. (Just-in-time) A supply scheme based on the concept of delivering the required amount of necessary goods at the right time. *3. Process that does not create defective products

Important Megatrends and Business Opportunities

We forecast the business environment that will influence KOA in 2030 by evaluating important megatrends. Through these evaluations, we identify business opportunities based on factors such as the growth potential for KOA's existing businesses, new business possibilities, and consistency with our corporate vision.

The business environment leading up to 2030 is characterized by increasing uncertainty driven by factors such as climate change, increased geopolitical risks, and accelerating technological innovation. However, KOA views this uncertainty not only as a "threat" but also as an "opportunity for evolution." Guided by our founding spirit of "farming and manufacturing in unison" and our values of "circulation, finite, harmony, and enrichment," we anticipated the emergence of such megatrends as SX (synchronization of corporate and social sustainability) and DX (digital transformation). By synchronizing the resolution of social issues with business growth, we will instigate change rather than being swept along by it, and will continue to simultaneously pursue the realization of a sustainable society and the enhancement of corporate value.



Critical environmental awareness

1	<p>(Earth) SX</p> <p>Synchronization of corporate and social sustainability Accelerating transition to decarbonization and demand for recycling-oriented society</p>
2	<p>(Economy) DX</p> <p>4th Industrial Revolution Advances in AI and digital society and transformation of mobility</p>
3	<p>Society</p> <p>Changes in population trends and shifts in values Declining labor force due to low birth rates and aging population and demand for human capital management</p>

Opportunities for KOA

- The shift toward xEVs in the automotive market and the expansion of the renewable energy market present significant business opportunities for the high-power, high-precision, and high-reliability electronic components (resistors, temperature sensors, etc.) that represent KOA's core strengths.
- Products and production processes with a strong positive contribution to the environment will enhance customer evaluations of KOA and help to build a competitive advantage in the global market.
- The rapid expansion of the AI server market driven by the spread of generative AI has led to a dramatic increase in demand for KOA's high-power, high-precision resistors.
- The shift toward xEVs and SDVs (Software Defined Vehicles) in the automotive market is increasing the number of electronic components per vehicle, in particular for high-precision, high-reliability components.
- The advance of 5G/6G communication infrastructure and factory automation (FA) will create new markets for high-frequency compatible products and various sensors.
- The growing demand for production site automation and labor-saving being driven by labor shortages is stimulating demand for FA-related products.
- Respecting diversity and creating a motivating workplace environment helps secure and retain talented human resources and serves as a source of innovation.

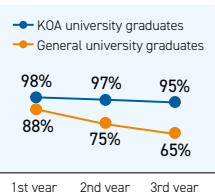


Challenges and Risks

- Potential cost increases due to stricter regulations including the introduction of carbon tax
- Increasing need for environmental measures across the entire supply chain (e.g. reducing Scope 3 GHG emissions)
- Need to prepare for physical risks to domestic and overseas production sites caused by abnormal weather
- Continuous investment in R&D is essential to meet the accelerating pace of technological innovation
- Risks of disruption to semiconductor and electronic component supply chains exist due to heightened geopolitical risks"
- Difficulties in hiring specialized personnel and employee retention risk due to intensifying global competition for talent
- Passing on core technologies and skills to the next generation has become a pressing issue due to aging of skilled technicians

Capital for Creating Value

		Manufacturing capital		Intellectual capital
		Chosen for quality and reliability		Chosen for quality and reliability
		Manufacturing	Quality	Product development
Characteristics		<ul style="list-style-type: none"> Enhancing our manufacturing capabilities and supply networks on a global scale to achieve stable supply and continuous improvements to QCD (quality, costs, and delivery times) 	<ul style="list-style-type: none"> Practicing "Quality First" based on a quality policy of "Each item and each piece shall be guaranteed by each employee" 	<ul style="list-style-type: none"> Proposing solutions based on customer needs: creating new products and resolving customer problems
Results and strengths		Customer support leveraging our global supply network 40 countries Product lineup Approx. 50 million products Productivity improvements over the past 10 years 1.5x KPS training* participants 345 employees (Total for FY03/2007 through FY03/2025) *Training for passing on continuous improvements made to QCD	Number of quality defects attributable to KOA 1/10 the number of defects in 2001 FY03/2025 High praise from our customers for not only product quality, but also for analytical and customer responsiveness capabilities Track record of the use of our products in automotive products with high quality requirements Sales ratio 54% (FY03/2025)	Proprietary core technology cultivated as a dedicated resistor manufacturer Processing, design, materials, mounting, measurement, simulations, analysis/evaluation Leading the revision of Japanese Industrial Standard JIS C5201-8 (terminal part temperature specification) Standard revised in August 2025 Number of engineers with a Ph.D. 6 (as of March 31, 2025)
	Summary	<ul style="list-style-type: none"> Through kaizen activities involving participation by all employees, we improved manufacturing productivity by 1.5x over the past 10 years. Currently, we are extending initiatives to include our supply chain by using digital technology to further improve productivity. We continuously implement human resource training to pass on the KOA culture of kaizen activities that we have embraced since 1987. We are constructing a new factory and started production at our backup facility in response to increased demand in the future and to strengthen our business continuity plan (BCP) for our mainstay products. 	<ul style="list-style-type: none"> We are able to achieve the high quality, precision, and durability required of products used in the automotive industry. We embrace a quality policy of "Each item and piece shall be guaranteed by each employee." We are striving for the "craftmanship" we can confidently say, "I know when, how, and by whom the product I am crafting now is going to be used, and I know what I should do to satisfy each customer." Our customers highly value KOA's approach to handling defects, including our root cause analysis. 	<ul style="list-style-type: none"> Our sales and engineering departments work together on new value creation initiatives aimed at identifying and solving customer problems. We have acquired various technologies related to materials, manufacturing processes, and product testing and evaluation during our efforts to expand the electronic components business, which is centered on resistors. We are leading the creation of international standards for thermal design to create proper and practical rules for the market.
Maintenance and enhancement initiatives		<ul style="list-style-type: none"> Enhance our manufacturing capabilities and supply networks on a global scale to achieve stable supply and continuous improvements to QCD <p>Productivity improvement initiatives</p> <p>Results of kaizen activities, compared to FY03/2014</p>	<ul style="list-style-type: none"> Accelerate the move away from manual work and inspections Elevate from tacit knowledge to explicit knowledge <p>Number of quality defects</p> <p>Less than 10% of FY03/2022 defects</p>	<ul style="list-style-type: none"> Construction of SAKURA Wing, a new product development and state of the art production center Use open innovation to promote the development of new products and technologies <p>Full view of SAKURA Wing</p>

Capital for Creating Value

	Human capital	Social capital	Natural capital												
	Human capital management and transformation through DX	Supply chain resilience and sustainability initiatives	Community engagement embodying "Circulation, Finite, Harmony and Enrichment"												
	Human capital development	Creating models for a sustainable society													
Characteristics	<ul style="list-style-type: none"> Creating a workplace that embraces diversity and fosters work satisfaction 	<ul style="list-style-type: none"> Activities to contribute to the region, centered on creating job opportunities, developing human capital, and protecting local values and customs 													
Results and strengths	<p>Number of consolidated employees: 4,288 (as of March 31, 2025)</p> <p>Career vision training participants: 551</p> <p>Support for employee college degrees: Ph.D. course 5 (Total up to FY03/2025), Engineering Technical College 22 (Total since FY03/2017)</p> <p>Certified Skilled Worker of Machine Maintenance (number of certified employees): 135 (Total since FY03/2020)</p> <p>*Certified Skilled Worker of Machine Maintenance: A national qualification that certifies people for the ability to conduct machinery maintenance.</p>	<p>Community engagement activities based on Four Values (circulation, finite, harmony and enrichment): 38th year</p> <p>Creating a model for working with local communities to address climate change (adoption of Shinshu Green Electricity): Roughly 99% of KOA Group power consumption in Nagano [For resistor manufacturing] 100%</p> <p>"Good Day Ina Valley" *1 Number of programs produced: 170 (FY03/2011 through FY03/2026)</p> <p>Activities with the Society for Recycling Systems*2: 35th year</p>													
Summary	<ul style="list-style-type: none"> By fostering an environment where diverse employees can proactively thrive as Team KOA, we are building a company where our people can experience work satisfaction and happiness. By empowering each individual to enhance their capabilities, leverage their strengths, and continuously pursue new challenges, we are committed to developing our human resources in a way that fosters their growth and enables the organization's sustainable development. 	<ul style="list-style-type: none"> KOA is able to conduct its business thanks to the support we receive from our Five Groups of Stakeholders. This includes the environment and local communities. For this reason, we are committed to increasing corporate value for all our stakeholders. With an emphasis on local hiring based on our founding spirit of "Farming and Manufacturing in Unison" and "Bring Sunshine to the Ina Valley", KOA's manufacturing is supported by operations rooted in local communities. KOA is committed to building a model of a recycling-based sustainable society to create prosperity in harmony with nature. Contributing to society in this way is a mindset deeply ingrained in KOA's DNA. 													
Maintenance and enhancement initiatives	<ul style="list-style-type: none"> Accelerate commercialization of new products and new businesses: Improve hypothesis formulation and verification capabilities; recruit and develop highly specialized human resources; strengthen industry-academia-government collaboration Expand business into growth markets: Develop KPS kaizen personnel/DX promotion human resources Improve organizational strength: Restructure our human resources portfolio; develop next-generation leaders; establish new human resources systems Achieve work satisfaction and diversity: Measures to achieve 3% ratio of women in management positions (as of end of March 2027); utilize global human resources Develop DX talent Create comfortable working environments <p>Retention rate for new university graduates KOA/General university graduates*</p> <p>*General university graduates: Referenced from data of Ministry of Health, Labour and Welfare on retention rates for newly employed graduates (graduates in March 2021) (no statistical data for 4th and 5th years)</p>  <table border="1"> <caption>Retention rate for new university graduates KOA/General university graduates*</caption> <thead> <tr> <th>Year</th> <th>KOA university graduates</th> <th>General university graduates</th> </tr> </thead> <tbody> <tr> <td>1st year</td> <td>98%</td> <td>88%</td> </tr> <tr> <td>2nd year</td> <td>97%</td> <td>75%</td> </tr> <tr> <td>3rd year</td> <td>95%</td> <td>65%</td> </tr> </tbody> </table>	Year	KOA university graduates	General university graduates	1st year	98%	88%	2nd year	97%	75%	3rd year	95%	65%	<ul style="list-style-type: none"> KOA Thanksgiving Festival Collaboration with local government and educational institutions Building a disaster cooperation system with local communities Support for regional sports and cultural promotion activities Promotion of zero carbon activities in collaboration with local communities 	
Year	KOA university graduates	General university graduates													
1st year	98%	88%													
2nd year	97%	75%													
3rd year	95%	65%													
		 <p>Supporting the "Circle of Life Concert"</p>	 <p>KOA supports the NPO "Sprocket" which helps create children's playgrounds.</p>												

Review of the 2024 Medium-Term Management Plan (2022 - 2024)

We will leverage the experiences and challenges of the 2024 Medium-Term Management Plan, which represents Phase 1 of our 2030 Vision, to drive the next phase of growth, and will significantly shift our management focus from “scale” to “capital efficiency (ROIC).” We will transform our corporate structure to become more resilient by improving our operational efficiency and enhancing the quality of our profits and realizing sustainable value creation.

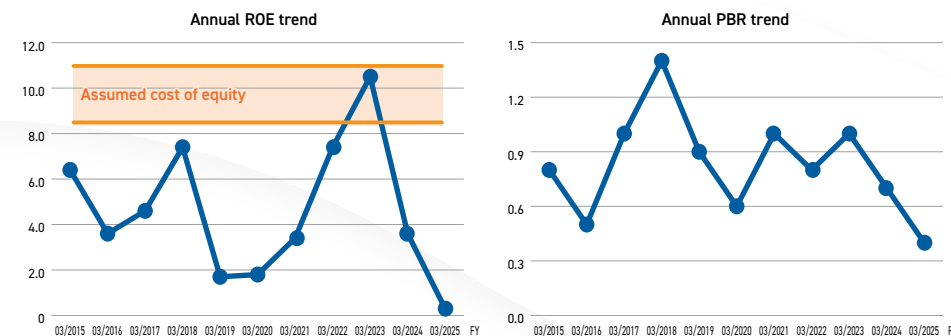
Targets and results

Financial targets	FY 03 / 2022	FY03 / 2025	FY 03 / 2025 revised targets	FY 03 / 2025 initial targets
Sales	¥64.9 billion	¥64.1 billion	¥71.9 billion	Over ¥87.0 billion
Operating profit	¥5.7 billion	¥1.2 billion	¥3.9 billion	Over ¥11.0 billion
Operating margin	8.8%	1.8%	5.4%	Over 13%
ROE	7.4%	0.3%	4.1%	Over 11%
Capital investment (3-year total)	-	¥55.2 billion	¥53.4 billion	¥44.0 billion
Exchange rate (USD)	113	153	145	110

Non-financial targets	FY03 / 2022	FY03 / 2025	FY03 / 2025 targets	
Climate change Energy	CO ₂ -emissions (Scope 1+2) reduction compared to FY03/2021 (%)	10% ↓	71% ↓	65% ↓
	Electricity usage	APR +8.7%	APR +5.2%	APR +4.0% or lower
	Renewable energy ratio (%)	17%	82%	70%
Society Human capital (non-consolidated)	Employee engagement rating	CCC	CCC	BB
	Investment in human capital development/training*1	100	196	200

*1 Comparison based on FY03 / 2022 as 100.

Capital Cost & Share Price



Current Status & Challenges

Capital cost	Shareholders' cost of equity: 8.5%k- 11% (calculated based on the CAPM model)
Capital efficiency	Over the past ten years (2014 - 2024), ROE has remained below the range of the shareholders' cost of equity, except in 2022.
PBR	PBR, which reflects market valuation, has recently been on a downward trend due to factors such as the decline in ROE.

2024 Medium-Term Management Plan Performance Shortfall Factors

Changes in markets	Upfront investments	Expansion of business domains
<p>Industrial equipment</p> <ul style="list-style-type: none"> New vehicle sales fell below initial expectations. Market share declined due to changes in the competitive environment, particularly in China. Slower growth in the Chinese market and prolonged inventory adjustments. 	<ul style="list-style-type: none"> Upfront investments, including new plant construction, were carried out as planned. Declining sales resulted in higher fixed cost ratios and lower capital efficiency. 	<ul style="list-style-type: none"> The market for sensors and sensor modules leveraging KOA's core technologies is limited. Delayed decisions to halt product development projects prolonged development periods and increased development costs.

Decline in capital efficiency

2027 Medium-Term Management Plan basic policy: Achieve profit growth and efficiency with ROIC-based management



Overall Structure of the 2027 Medium-Term Management Plan (2025–2027)

Under the 2027 Medium-Term Management Plan representing Phase 2 of our 2030 Vision, pursuant to the basic policy “to achieve profit growth and efficiency with ROIC-based management”, we will optimize our product portfolio, enhance our technological capabilities, and transform our corporate structure. We will shift to a leaner, more capital-efficient management structure and build a revenue base that enables sustainable value creation.

Key Measures of Phase 2

Basic policy of the 2027 Medium-Term Management Plan: Achieve profit growth and efficiency with ROIC-based management

Product Portfolio Strategy

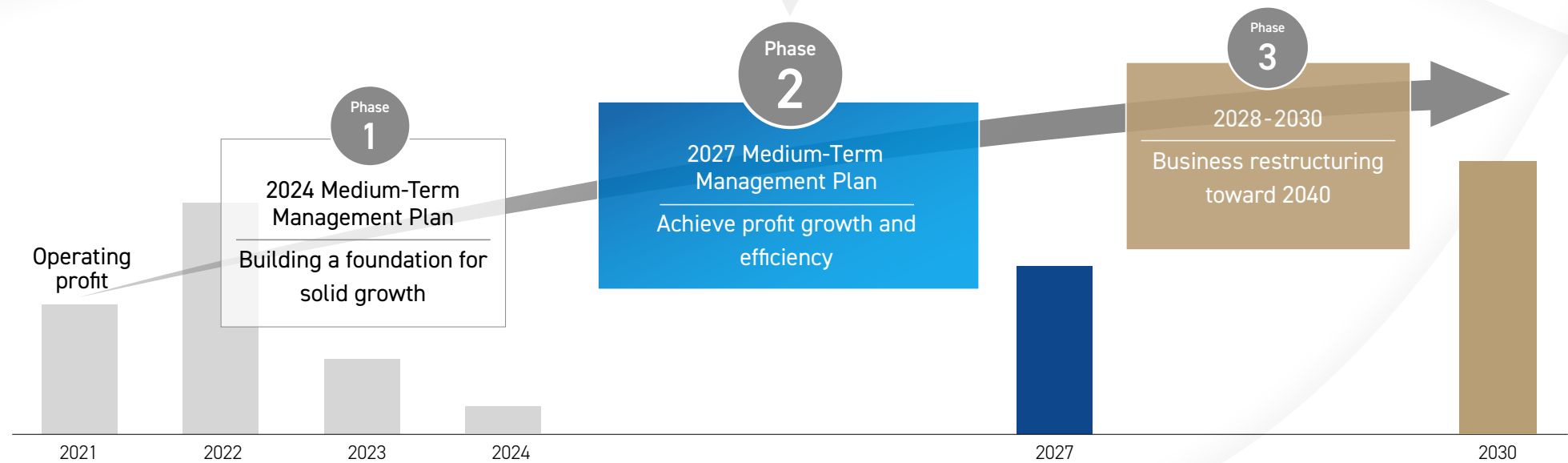
- Proactively expand sales in growth markets
- Improve profitability of unprofitable products

Technology Strategy

- Strengthen basic research on materials
- Develop products targeting innovation-driven markets

Corporate structure enhancement

- Implement ROIC-based management
- Increase value-added productivity per employee
- Reduce GHG while maintaining financial performance



2027 Medium-Term Management Plan Financial/Non-Financial Targets

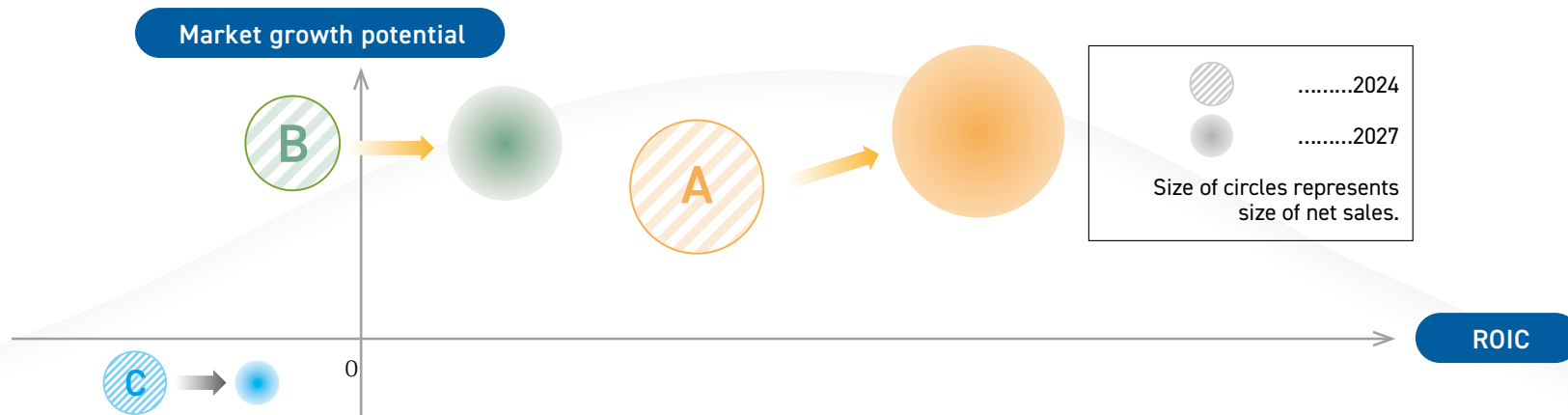
Under the 2027 Medium-Term Management Plan, we will implement our “product portfolio strategy”, “technology strategy”, and “corporate structure enhancement strategy” to achieve our FY03/2028 financial and non-financial targets.

Financial targets	FY03/2025	FY03/2028	Non-financial targets		FY03/2025	FY03/2028
ROIC	0.1%	4.7%	Reduce GHG while maintaining financial performance	Scope 1 + 2 emissions (t-CO ₂)	14,856	13,600 or less (8.5% cut vs FY03/25)
ROE	0.3%	6.2%		Scope 3 Category 1 & 2 emissions (t-CO ₂)	135,693	121,400 or less (10.5% cut vs FY03/25)
Sales	¥64.1 billion	¥88.0 billion	Secure and develop human resources to shape the future	Ratio of female managers (non-consolidated)	0.7%	3%
Operating profit	¥1.2 billion	¥7.4 billion				
Operating margin	1.8%	9.3%				
Assumed exchange rate USD/EUR	153/164	145/170				



Product Portfolio Strategy

KOA has introduced a “product portfolio strategy” within our business structure with a focus on resistors, to meticulously evaluate the marketability and profitability of each product. We will evaluate and classify all product lines based on two axes: “market growth potential” and “ROIC (Return on Invested Capital).” By executing the optimal strategy for each product category, we will maximize the company’s overall capital efficiency.



A

Growth-driving domain

This domain comprises KOA’s core revenue-generating products with promising future growth potential (e.g., thick film and thin film chip resistors). By prioritizing and concentrating our management resources, expanding our production capacity, and leveraging our global sales network in this domain, we will accelerate the expansion of our share in the automotive electrification and AI-related equipment markets. We will position this domain as the driver that will enable us to establish a strong competitive advantage and drive profit growth in FY03/2028.

B

Profitability enhancement domain

This domain comprises products that currently have profitability issues despite prospects for market expansion. Rather than pursuing simple sales of these products, we will first focus on improving return on invested capital (ROIC) through improved productivity, cost reductions and high value-adding. We will enhance the profitability for these products to develop them into a future growth-driving domain.

C

Structural reform domain

This domain comprises products at the end of their life cycle or with deteriorated profitability. We will comprehensively improve the profitability of these products by internal restructuring, consolidation of manufacturing sites, and sales price optimization (i.e., price increases). For products with no prospect of improvement, we will make expedient decisions on their future, including potential discontinuation, to optimize management resources and generate cash flows.

Proactive sales expansion into growth markets

In addition to our robust automotive market, we will expand our business domains into new markets such as AI and aerospace under the slogan "Automotive + One". Leveraging our established robust production and sales network, we will build the foundations to generate high-profits that is unaffected by changes in the business environment.

Proactive sales expansion into growth markets

KOA is aiming to sustainably enhance our corporate value by promoting our "Automotive + One" strategy concentrating our management resources in growth markets set for further expansion. The automotive market, which accounts for over half of our sales, will remain as the pillar of KOA's earnings amidst continued structural growth in demand driven by the global megatrends of electrification and the shift to autonomous driving. By intensively deploying our world-class supply and quality capabilities cultivated over the years during this period of transformation, we will maintain and expand our strong market position. Furthermore, we will accelerate our expansion into the rapidly growing innovation-driven markets of AI servers, data centers and robotics. These are the areas where our strengths refined in the automotive market, namely high reliability and long-term stability, will give us the greatest competitive edge. KOA's high-precision, high-power products will serve as new growth drivers by delivering significant added value, particularly in thermal management and power supply control which are essential for AI-related equipment. By reliably seizing opportunities in these growth markets, we will build a resilient business structure that continues to generate profits in any business environment.

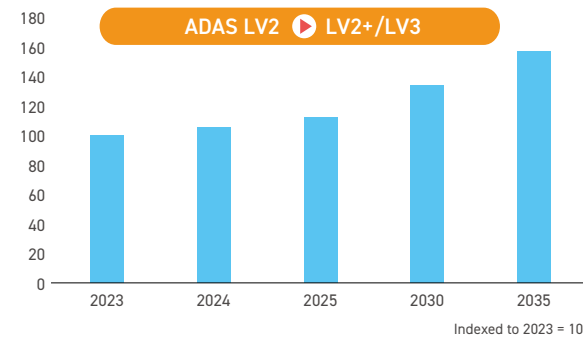


Business opportunities	Automotive	Expansion of electrification and ADAS driven by the progress of CASE
	AI-related equipment	Increase in servers and data center infrastructure driven by the spread of digital transformation
Business strategies	Expand production capacity to meet growing market demand	
	Improve supply stability and adapt flexibly to global changes by diversifying production locations	
	Drive sales into growth markets beyond automotive under the slogan "Automotive + One."	
Focus products	Automotive	High-voltage, high-power products
	AI-related equipment	High-current shunt resistors, and high-precision, small resistors

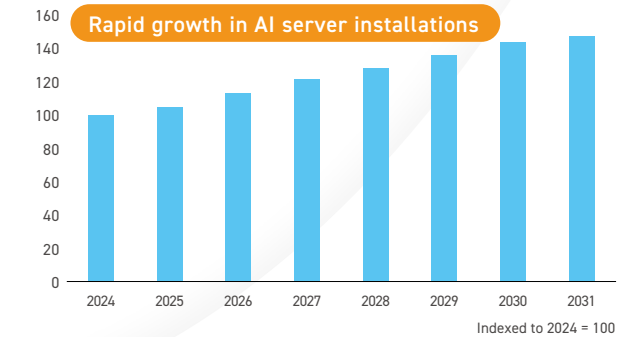
Proactive sales expansion into growth markets
Automotive market

Proactive sales expansion into growth markets
AI-related market

Number of vehicles with autonomous driving systems (trend)



Number of servers (trend)



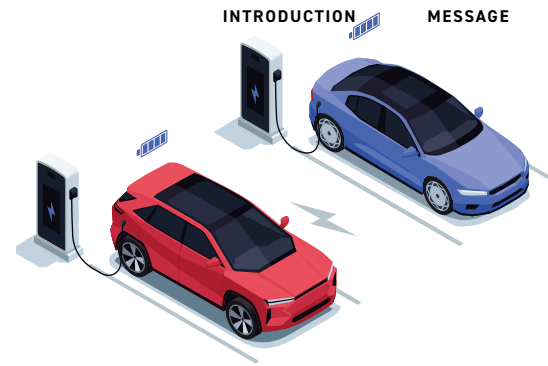
Proactive sales expansion into growth markets

Automotive market



Supporting the evolution of electrification and autonomous driving toward a safe and secure mobility society.

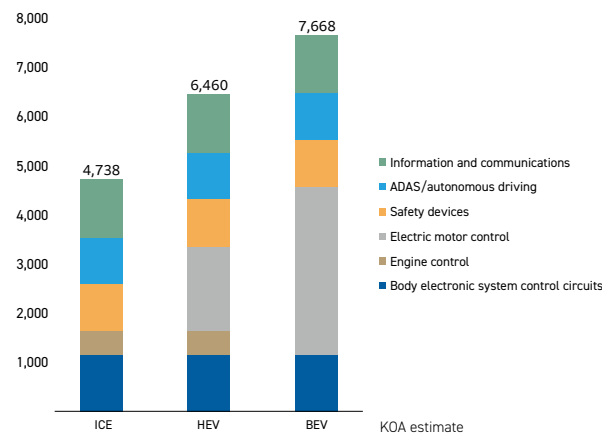
Amidst the irreversible trends of electrification (xEV) and advanced driver assistance systems (ADAS), the automotive industry is undergoing a once-in-a-century transformation. Despite temporary fluctuations in the pace of growth of BEVs, demand for resistors will remain robust given that the number of resistors installed in electric vehicles including HEVs and PHEVs is approximately 1.5 times that of gasoline-powered vehicles. Moreover, as autonomous driving levels advance (L2+ / to L3), sensor and power circuit redundancy increases, necessitating components with very high reliability critical to human life. Leveraging our automotive-grade quality and proprietary technologies cultivated over many years, including high-voltage, high-power and sulfurization resistant products, we will meet these advanced requirements and continue supporting the evolution of automobiles from the ground up.



Current state of the BEV market: Present headwinds and long-term outlook

Currently, sales of battery electric vehicles (BEVs) in the automotive market are slowing, while the share of plug-in hybrid electric vehicles and non-plug-in hybrid electric vehicles (PHEVs/HEVs) is increasing. This situation can be attributed to economic factors in the form of persistently high vehicle prices, reduction or discontinuation of subsidies, and concerns about declining future residual value. Other factors include convenience issues due to insufficient charging infrastructure, aging equipment and lengthy charging times, as well as entrenched user concerns about driving range and battery deterioration. Furthermore, while factors such as demand saturation among early adopters, policy shifts in various countries and the emergence of tariff barriers have created headwinds to demand, these are merely transient phenomena and the major trend of a transition to BEVs is unlikely to change over the long term.

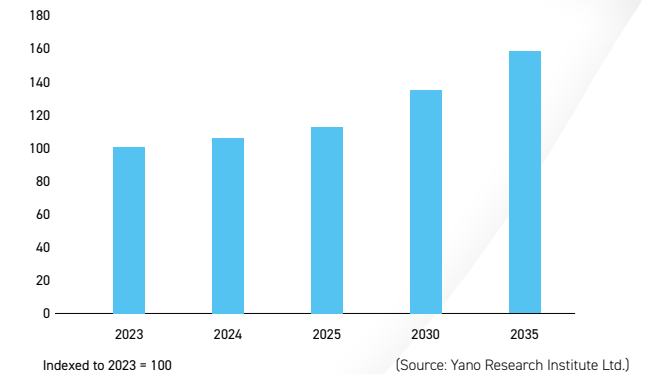
Thick film chip resistors per vehicle



Rapid growth of the ADAS/autonomous driving market

The autonomous driving market is in a transition phase from conventional ADAS Level 2 to advanced automated driving (Level 2+ / Level 3), with the market scale projected to expand approximately 1.6-fold by 2035 compared to 2023. This evolution will also bring about a fundamental transformation in hardware. The sensor systems that function as the eyes of the vehicle will advance toward multiple redundancy following adoption and multiple installation of light detection and ranging (LiDAR) technology, thereby eliminating blind spots across 360 degrees. Meanwhile, the computer processing system that functions as the brain of the vehicle will require high-performance system-on-chips (SoCs) capable of several hundred tera operations per second (TOPS) in order to process massive amounts of data, with high-precision 3D maps and over-the-air (OTA) connectivity becoming standard features. Furthermore, in terms of "defensive" strategies, Driver Monitoring Systems (DMS) have become mandatory to ensure safety, necessitating "fail-operational" redundant designs that can maintain functionality even in the event of a failure.

Advances in ADAS/autonomous driving



Number of vehicles with autonomous driving systems (trend)
Evolution from ADAS LV2 to LV2+ / LV3

Proactive sales expansion into growth markets

AI-related market



Contributing to highly efficient and precise power control by seizing upon opportunities presented by the rapid expansion of AI infrastructure.

With the spread of generative AI, the market for data centers and AI servers is expanding explosively. These systems face the challenge of increased power consumption due to the high-speed processing of massive amounts of data, requiring unprecedented high-current control and exacting power management. As representative of our "Automotive + One" strategy, KOA will introduce products such as shunt resistors capable of detecting high currents of several hundred amperes with high precision, and ultra-compact thin film resistors contributing to the miniaturization and energy efficiency of optical communication modules. We will leverage the high reliability — defined by our "non-stop, unbreakable" standard developed for automotive applications — and expand it into industrial infrastructure, contributing to the stable operation of a digital society.



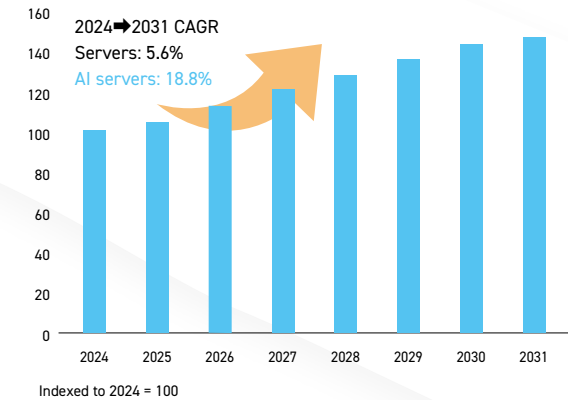
Rapid expansion of the AI server market and business opportunities

Amidst the spread of generative AI, the AI server market is forecast to expand rapidly from 2024 to 2031 at a high annual growth rate of 18.8%. The challenges of increased power consumption and thermal management accompanying this expansion are creating significant business opportunities in the field of precision power management, including shunt resistors that precisely control high currents. Specifically, the key to our competitiveness lies in deploying our high-reliability technology cultivated in the automotive market to data center infrastructure by targeting products such as DC-DC converters and optical communication modules.

Power supply structure and background to market growth

Supplying power to data centers involves a multi-stage conversion process, with electricity transmitted from a substation to an uninterruptible power supply (UPS) unit, to a server power supply unit, and finally to the chips. This infrastructure market is experiencing rapid growth due to increased power consumption driven by the spread of AI servers. The UPS market is forecast to grow at an average annual rate of 12.1% toward 2030, thereby doubling in size relative to 2023. This growth is being driven by the emergence of high-capacity units of 1200 kVA and above. AC/DC converters that handle power conversion are forecast to grow significantly by 1.5-fold year on year to 70.35 million units in 2025, while DC/DC converters are also expected to see substantial growth, reaching 556.99 million units by 2026.

Server market size trend/forecast



Power supply infrastructure trends

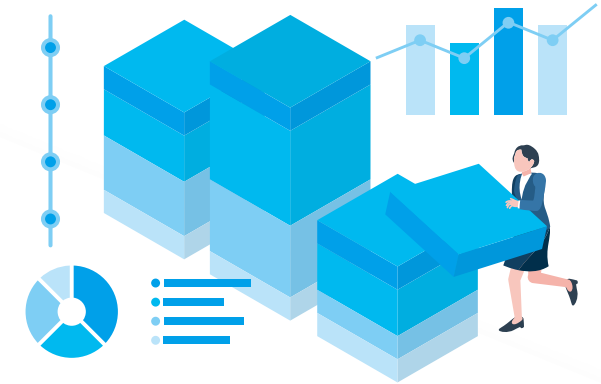
Summary		Transformer
↑ Inside data centers	Power receiving equipment	-
	Substation	AC 66kV → AC 6.6kV ↓ AC 6.6kV
	High-voltage transformer	AC 6.6kV → AC 400V ↓ AC 400V
	UPS	AC/DC converters DC/DC converters (battery charging) DC/AC inverters ↓ AC 400V
↑ Inside server rooms	Power distribution panel/PDU	AC 400V → AC 200V ↓ AC 200V
	↑ Inside servers	PSU (server power supply unit)
Motherboard (low-voltage MOSFET)		AC 48V → DC 12V → DC 5V ↓ DC 5V
Hybrid ICs		DC 12V/5A DC 3.3V DC 1V

KOA potential business domains

Source: Fuji Chimera Research Institute, "2024 Comprehensive Survey of Data Centers, AI, and Key Device Markets"

Technology Strategy

At the core of KOA's technology strategy are the concepts of "moving away from external dependence" and "anticipating future markets." We will reduce our dependence on materials suppliers and fundamentally strengthen our basic research in materials technology (derived from innovations in materials sciences at the atomic and molecular levels) that is critical in determining the performance of our products. This will allow us to use our proprietary technology to build a system for creating intensely differentiated products that cannot be imitated by our competitors. At the same time, we will target next-generation, innovation-driven markets such as AI, robotics, and aerospace, and accelerate the development of new products that address our customers' potential issues.



Strengthening basic research on materials

Competitive advantage through development of proprietary materials technology

To push resistors beyond their performance limits, we will strengthen our basic research on key materials such as precious metal pastes, metallic materials, and ceramic materials. By enhancing our in-house capabilities to design and synthesize materials from their composition rather than relying on external procurement, we will realize products with long-term stability, high precision, and ultra-miniaturization. Our proprietary material technologies will become the source of our medium- to long-term cost competitiveness and product differentiation.

Strengthening basic research on materials to further enhance product performance

■ Precious metal pastes	Thick film
■ Metal materials	Thin film, shunt
■ Ceramic materials	High power, etc.

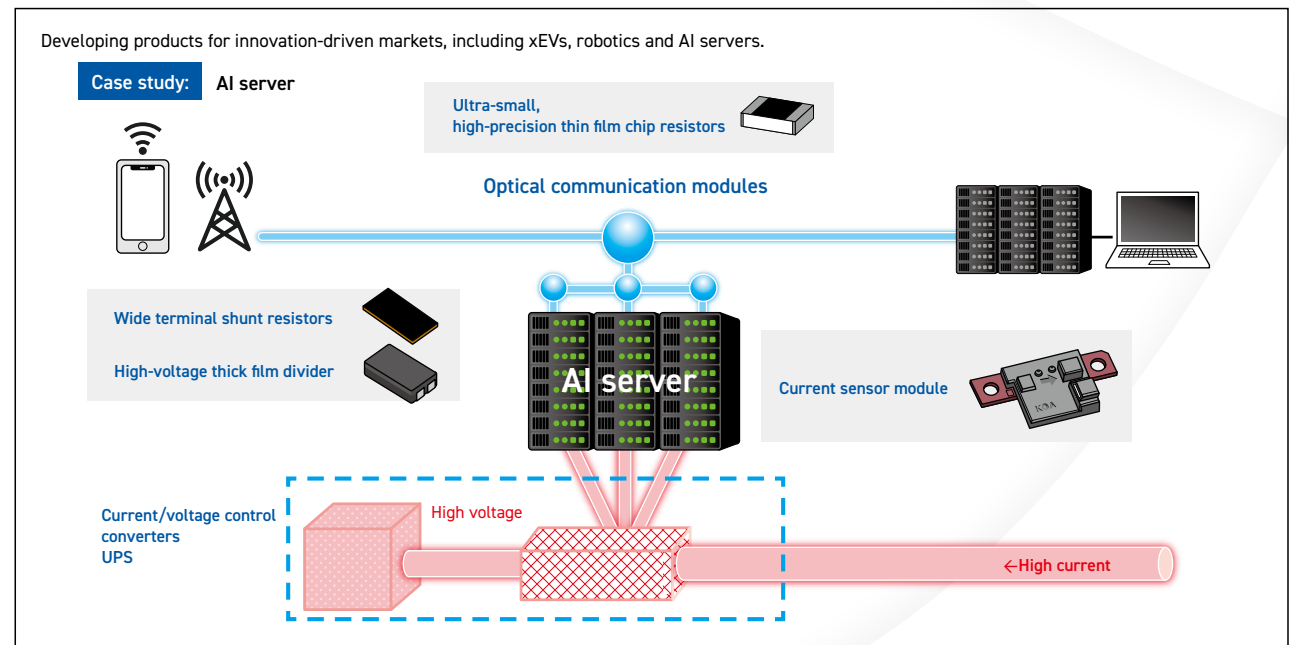
Developing products with higher power, higher precision, and higher reliability

Developing products targeting innovation-driven markets

Pursuing challenges in xEVs, AI, and robotics

Building on our track record in the automotive market, we will focus on innovation-driven markets that bring about social transformation. Specifically, in the data center and AI server markets experiencing rapid expansion due to the spread of generative AI, we will introduce in a timely manner products such as "high-precision shunt resistors" capable of controlling several hundred amperes of high current, and "ultra-small thin film chip resistors"

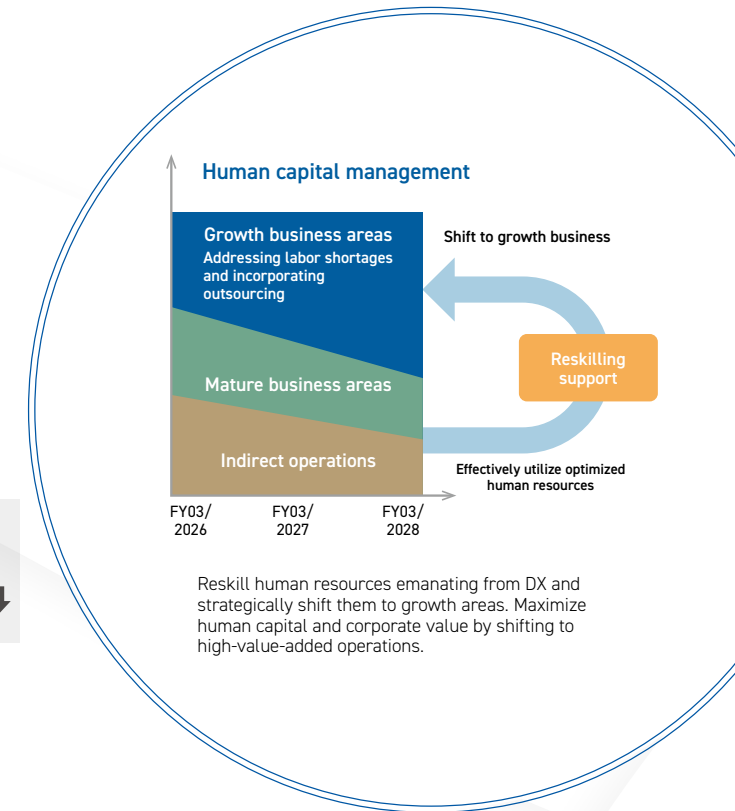
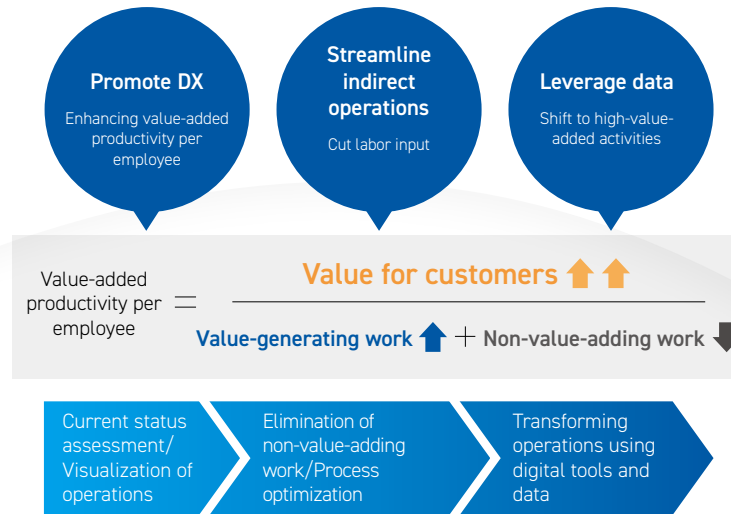
supporting the stable operation of optical communication modules. We will also build new pillars of growth by promoting development of highly reliable products for industrial robots and next-generation mobility solutions (such as flying cars).



Corporate Structure Enhancement

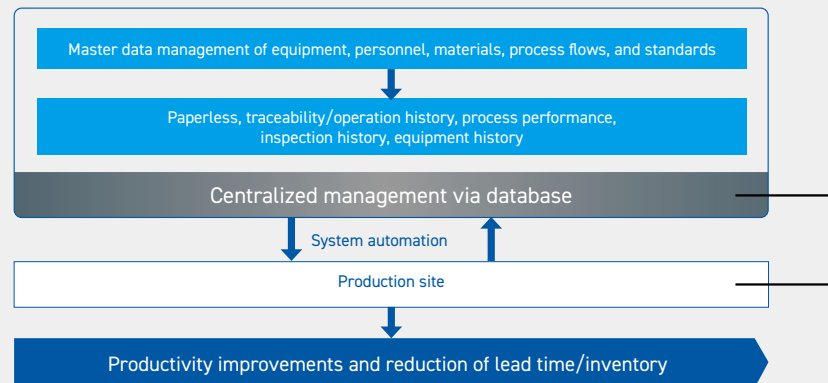
Enhancing value-added productivity per employee

To enhance capital efficiency, it is essential to maximize the added value created by each of our employees. We will leverage DX as a means to fully streamline our indirect operations and transform our production sites into smart factories. We will conduct a phased roll out of the Manufacturing Execution System (MES) introduced at our new Malaysia plant as a model case to other sites in order to reduce lead times and inventory through data-driven production management. We will strategically shift our human resources emanating from digital technologies (human capital) to high-value-added tasks such as growth businesses and design/development, thereby bolstering our quality and design improvements in upstream processes (front-loading).



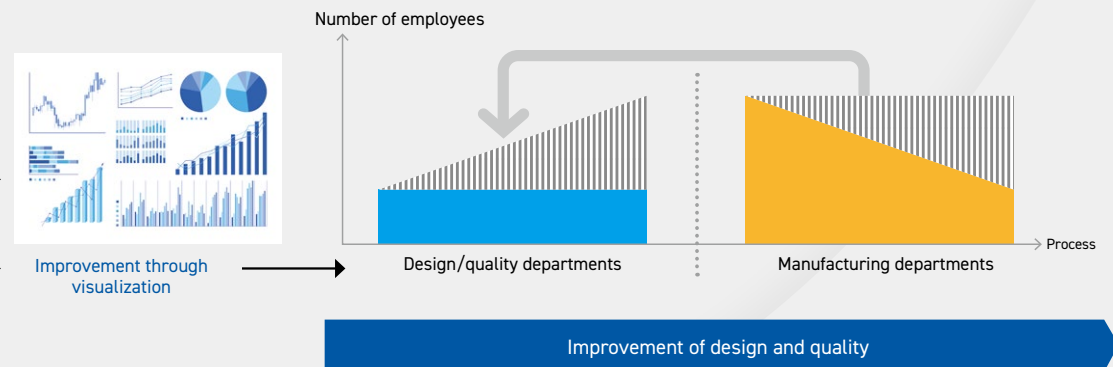
Implementing the MES (Manufacturing Execution System) at the new plant in Malaysia

Leverage acquired data to drive further productivity improvements.



Optimized human resources strengthen upstream functions via front-loading

Improve design and quality in upstream functions to reduce the burden on manufacturing processes.



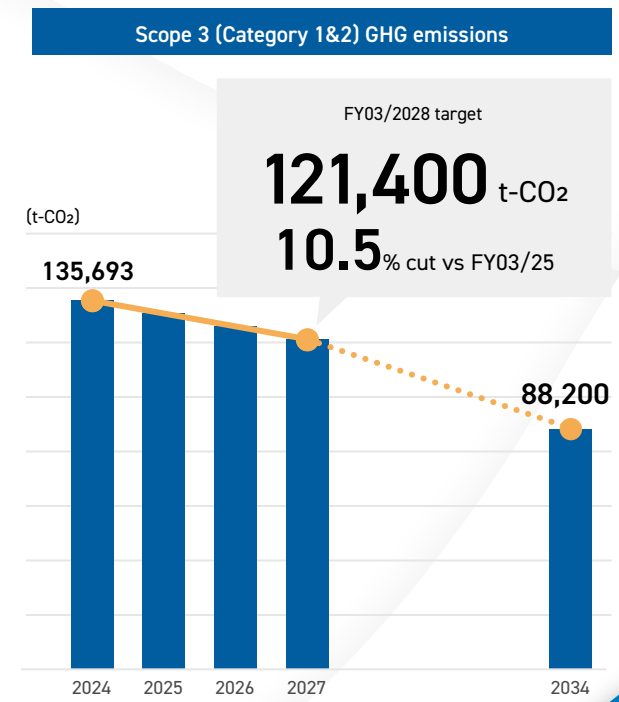
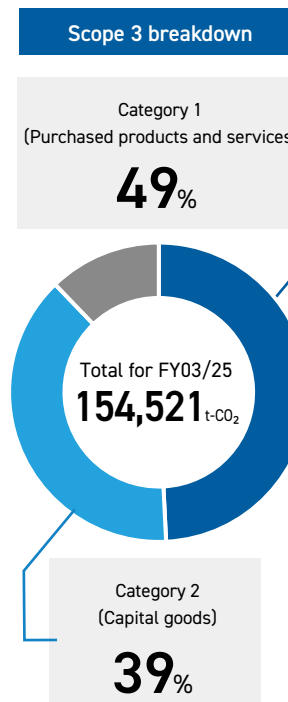
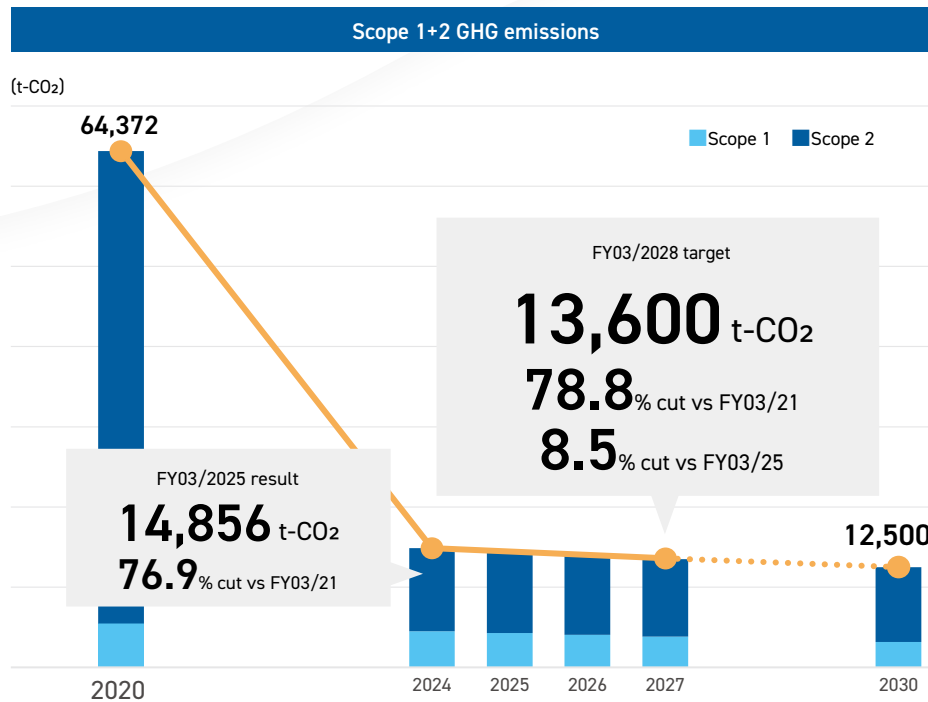


Corporate Structure Enhancement

Reducing GHG while maintaining financial performance

We identify sustainability initiatives as a key management priority supporting sustainable value creation. Among these, addressing climate change is a key theme, and we are aiming to achieve both greenhouse gas (GHG) emission reductions without sacrificing financial performance. In FY03/2028, we aim to reduce Scope 1 + 2 emissions by 78.8% compared to FY03/2021 levels and by 8.5% compared to FY03/2025 levels, and to reduce Scope 3 emissions

(Categories 1 and 2) by 10.5% compared to FY03/2025 levels. In addition to reinforcing our energy saving activities, we will prioritize the procurement of cost-effective renewable energy to achieve both reduced environmental impact and sustained cost competitiveness. We will contribute to the realization of a carbon neutral society by undertaking activities to reduce emissions across our entire supply chain.



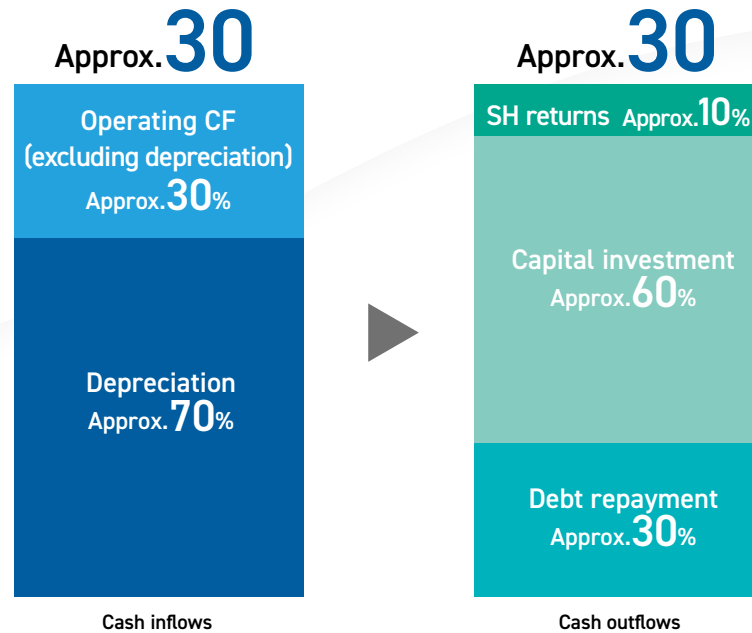
* Scope 1 + 2 emissions for the fiscal year ended March 31, 2025 have been revised from previously published figures to reflect the results of third-party verification. For comparability, the figures for the fiscal year ended March 31, 2021 have also been recalculated using the same calculation method.

Financial Strategy

We will pursue an optimal balance between growth investments and disciplined returns to achieve our financial and non-financial targets for FY03/2028. By implementing a new dividend policy and management practices mindful of capital costs, we will achieve a PBR exceeding 1.0x at an early stage and sustainably enhance our corporate value

Capital Allocation

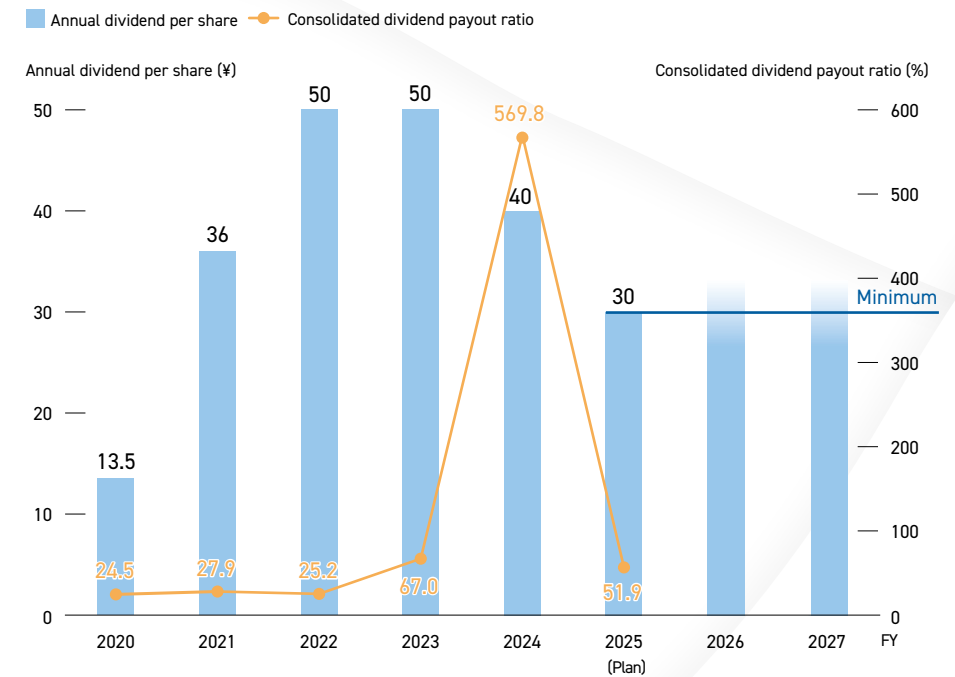
FY03/2026 – FY03/2028 3-year total (¥billion)



- SH returns** Dividend policy: For the time being, the annual dividend will be set at no less than ¥30 per share, with a consolidated dividend payout ratio of around 30% as a reference.
- Capital investment** Primarily make investments to increase production, renewal investments, and investments to improve quality.
- Debt repayment** Reduce interest-bearing debt to ensure financial stability.

Shareholder Returns

From the perspective of comprehensive capital allocation, our basic policy is to prioritize reinvestment in the business and optimization of shareholders' equity, while continuing to provide shareholder returns, including dividends. For the time being, the annual dividend will be set at no less than ¥30 per share, with a consolidated dividend payout ratio of around 30% as a reference.



Enhancement of Corporate Value

We will prioritize the early realization of a PBR exceeding 1.0x as our most important task, and will rigorously implement management practices mindful of our capital cost and share price.

Early realization of PBR exceeding 1.0x by promoting management practices mindful of capital cost and share price

KOA is prioritizing the early realization of PBR exceeding 1.0x as our most important management issue. We recognize that PBR is currently below 1.0x due to the fact that our ROE is below cost of equity (8.5%-11%) and due to the lack of market recognition of our growth expectations. To overcome this challenge, we will maximize corporate value based on the following three pillars.

The first pillar is enhancement of ROIC. As the foundation for improving PBR, we will rigorously implement ROIC-based management on a company-wide basis and strictly manage the profitability of each product. We will concentrate our resources on growth areas, implement structural reforms for unprofitable products, and decisively reduce our assets with the aim of achieving 6.2% ROE in FY03/2028 and establishing a level that consistently exceeds the future cost of equity.

The second pillar is to reduce the cost of our equity capital. We will dispel concerns about our business risks by deepening dialogue with investors and enhancing management transparency. We will strengthen the foundation of trust enabling secure long-term investments by strengthening our governance, including a Board of Director's chairperson system led by an independent outside directors, and through our sustainability initiatives.

The third pillar is to improve our expected growth rate (PER). To raise expectations for future cash flow expansion, we will execute the "Automotive + One" strategy and accelerate our business expansion into innovation-driven markets such as AI servers and aerospace, in addition to the automotive market.

As the financial strategy supporting these initiatives, we will prioritize allocating cashflow to growth investments while also implementing a balanced approach to optimizing equity capital and improving shareholder returns (including a minimum annual dividend of ¥30 per share). We will transform into a value-creating company with expected returns that consistently exceed capital cost.



Sustainability

At KOA, our corporate mission is centered on building trust with our Five Groups of Stakeholders, while ensuring that sustainability remains at the heart of our management strategy. Through our business activities, we work to solve social issues while pursuing both a sustainable society and medium- to long-term enhancement of corporate value.

Basic policy and vision

In today's business landscape, sustainability has become a cornerstone of corporate management. KOA recognizes its corporate responsibility and is dedicated to fulfilling its role. Our mission centers on fostering deep trust with our Five Groups of Stakeholders: shareholders, customers and business partners, local communities, employees and their families, and the Earth (the natural environment). Driven by this mission, we integrate governance, business strategy, and risk management under the oversight of our Board of Directors. With a firm foundation in legal compliance and ethics, we prioritize quality-driven manufacturing, responsible procurement, and environmental impact reduction. Furthermore, we are strengthening our human infrastructure by championing human rights, diversity, and equal opportunity. By applying these global principles and investing in both local communities and the next generation, we aim to build a sustainable society where no one is left behind, while simultaneously driving long-term corporate value.









New Medium-Term Management Plan

KOA developed the 2027 Medium-Term Management Plan with sustainability as a key management principle. Working toward our 2030 Vision of becoming "Essential Parts of the World," the 2027 Medium-Term Management Plan adopts a basic policy to "achieve profit growth and greater operational efficiency through ROIC-based management." Key strategies are "product portfolio strategy," "technology strategy," and "corporate structure enhancement." By addressing important and relevant issues such as responses to climate change and development of human resources, we aim to help solve social issues, create business opportunities, and strengthen competitiveness. Our ultimate goal is to achieve sustainable enhancement of corporate value by integrating social and economic value creation.

Mapping our contribution to the SDGs

KOA views the United Nations Sustainable Development Goals (SDGs) as universal goals for the international community. We also view them as essential management guidelines for KOA's corporate mission of building trust with the Five Groups of Stakeholders and achieving sustainable enhancement of corporate value. We are conscious of contributing to the

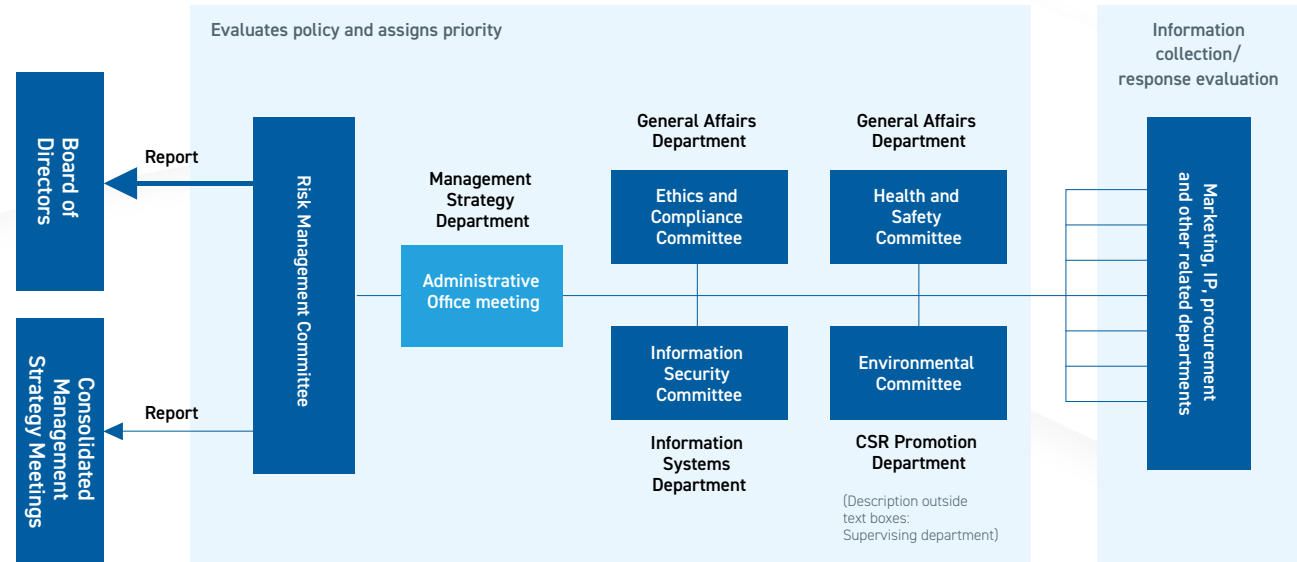
SDGs across all aspects of our business activities. We believe that determining materiality will ultimately lead to achieving the SDGs. As such, we believe that our business activities can contribute in a particularly significant manner to helping achieve the following goals. (→ Pg. 22 KOA Materiality)

Related SDGs	KOA-related themes and initiatives	Business/initiative details
 4. "Quality education"	<ul style="list-style-type: none"> Developing employees and young human resources; supporting local education 	<ul style="list-style-type: none"> Developing human resources via support for education and training programs based on co-creation with the community and application of the Ina Valley Model
 5. "Gender equality"	<ul style="list-style-type: none"> Promoting women's advancement; improving the percentage of employees taking childcare leave 	<ul style="list-style-type: none"> Increasing the ratio of women in management positions; improving the percentage of male employees taking childcare leave
 8. "Decent work and economic growth"	<ul style="list-style-type: none"> Creating fulfilling workplaces; improving productivity 	<ul style="list-style-type: none"> KOA Profit System (KPS) activities, enhancing value-added productivity per employee through DX and automation
 9. "Industry, innovation and infrastructure"	<ul style="list-style-type: none"> Developing technology for resistors, sensors, and modules; developing new AI/EV applications 	<ul style="list-style-type: none"> Developing and expanding applications for thick-film/thin-film resistors, sensors, and modules in our core business
 11. "Sustainable cities and communities"	<ul style="list-style-type: none"> Creating value locally; building local recycling-oriented society models 	<ul style="list-style-type: none"> Collaborating locally with the Ina Valley Foundation; implementing renewable energy and forestry initiatives
 12. "Responsible consumption and production"	<ul style="list-style-type: none"> Resource circulation; improving reuse and recycling rates 	<ul style="list-style-type: none"> Reuse and recycling activities in manufacturing processes; improving recycling rates
 13. "Climate action"	<ul style="list-style-type: none"> Reducing CO₂; adopting renewable energy; "Father Sun" environmental management system activities 	<ul style="list-style-type: none"> Scope 1, 2, and 3 reduction targets; ISO 14001 compliance; Global Environmental Committee structure
 17. "Partnerships for the goals"	<ul style="list-style-type: none"> Collaborating with customers, communities, and supply chains; local co-creation 	<ul style="list-style-type: none"> Local partnerships; joint research with universities and research institutions; Supplier Code of Conduct

Sustainability

Sustainability promotion structure

KOA's sustainability initiatives operate under our Basic Policy on Compliance, with the Board of Directors overseeing the development and progress of all policies, priority issues, and KPIs. Specific initiatives are managed by sub-organizations of the Risk Management Committee, including the KOA Group Environmental Committee (for environmental issues), site-based health and safety organizations (for occupational health and safety initiatives), and the Ethics and Compliance Committee (for ethics and legal compliance). Departments in charge of each committee sets targets aligned with company-wide KPIs, which are then executed across all departments and sites. These departments manage and evaluate progress, compile performance data, and report to the Board of Directors during annual reviews. The Board then approves any necessary revisions. Additionally, through our responsible procurement policy, we share our expectations regarding human rights,



environmental protection, and quality standards with our suppliers. These efforts are fully integrated into our management and risk plans and are transparently disclosed through our integrated report and other corporate channels of communication.

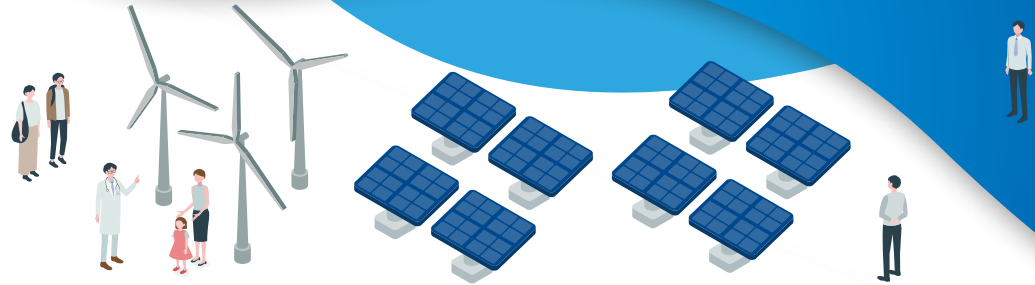
Board of Directors' involvement and oversight of sustainability

The Board of Directors recognizes sustainability as one of the most critical

management issues and bears ultimate responsibility for overseeing all related initiatives. The Board receives regular reports from the Environmental Committee on policies, risks, and the progress of measures regarding priority issues, such as the response to climate change. It discusses alignment with business strategy and provides appropriate oversight and guidance. Through this proactive involvement of the Board, we have established a structure that enhances the effectiveness of sustainability management and aims to improve corporate value over the medium to long term.



Response to Climate Change



Information disclosure based on TCFD recommendations

KOA deeply recognizes the significance of the impact that climate change has on our business environment and finances. We believe that responding to its risks and opportunities is essential for creating sustainable corporate value. Based on this recognition, we have declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are promoting information disclosure in line with its framework. We aim to facilitate constructive dialogue with our stakeholders and enhance management transparency by actively disclosing information on governance, strategy, risk management, metrics, and targets.

Governance

Under the supervision of the Board of Directors, the Risk Management Committee identifies risks and opportunities, including those related to climate change. The Committee is chaired by the President and CEO and is comprised of executive officers and members appointed by the chair. Measures for response to opportunities and risks identified by the Committee are reported to the Board of Directors as key management themes and are reflected in the formulation and revision of management policies and strategies, including the Medium-Term Management Plan. In addition, Environmental Committee meetings are held twice a year as part of the Consolidated Management Strategy Meeting. Managers from relevant departments and each site also attend meetings to discuss the setting of targets, target progress, and actions toward decarbonization.

Strategy

KOA is gradually adopting scenario analysis to assess future risks and opportunities associated with climate change as well as the impact of said risks and opportunities. This analysis will enable us to increase the flexibility of risk response measures and the resilience of our strategies. Each scenario analysis references multiple existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on

Climate Change (IPCC). We conduct analysis based on two scenarios: a 1.5°C scenario, the target of the Paris Agreement that assumes global average temperature increases will be kept sufficiently below 2°C with efforts made to keep global warming at 1.5°C compared to that prior to the industrial revolution. Additionally, we conduct scenario analysis based on the 3.0°C scenario, which assumes the maximum temperature increase due to insufficient climate-related measures and restrictions. Based on these analyses, we extract influencing factors based on important trends related to our business environment (changes in the natural environment and society, technological innovations, etc.). Based on TCFD recommendations, we then identify transition risks, physical risks, and opportunities associated with climate change response.

Existing scenarios referenced	
1.5°C scenario	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2022)
	"Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)
3°C scenario	"Stated Policy Scenario (STEPS)" (IEA, 2022)
	"Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

Scenario analysis

		Environmental regulations	Technological innovation	Regional/social division
Social conditions and impact on KOA	1.5°C scenario	<ul style="list-style-type: none"> Environmental regulations will become stricter, regulations affecting our company and supply chains will be strengthened, demand for renewable energy will increase, and the transition to EVs will progress [Opportunities] <ul style="list-style-type: none"> Increased sales of parts related to environmentally friendly vehicles Increased sales of parts for renewable energy-related equipment [Risks] <ul style="list-style-type: none"> Increased business operating costs (manufacturing and raw material procurement) due to carbon tax on our company and supply chains Decreased sales of Japanese products due to competition from Chinese companies in the transition to EVs 	<ul style="list-style-type: none"> Innovative technologies centered on energy creation, energy storage, and energy conservation will be introduced one after the other (e.g., hydrogen and storage batteries) [Opportunities] <ul style="list-style-type: none"> Increased sales of parts for energy-related equipment Decreased costs of company and supply chain decarbonization due to the proliferation and lower cost of renewable energy [Risks] <ul style="list-style-type: none"> Increased procurement costs for renewable energy-related materials due to increased demand for scarce resource 	<ul style="list-style-type: none"> If environmental measures progress amid international divisions, it is anticipated that excessive carbon border taxes could be introduced [Opportunities] <ul style="list-style-type: none"> Decreased costs of BCP measures due to fewer severe disasters [Risks] <ul style="list-style-type: none"> Increased costs of accommodating inefficient regulatory measures (transition risk)
	3°C scenario	<ul style="list-style-type: none"> Frequent occurrence of severe disasters due to insufficient countermeasures. Additionally, there could be restrictions on the use of water resources [Opportunities] <ul style="list-style-type: none"> Increased sales of parts for BCP-related equipment [Risks] <ul style="list-style-type: none"> Increased costs of BCP measures in addressing the risk of supply chain disruption Decreased product sales due to suspension of operations caused by water intake restrictions 	<ul style="list-style-type: none"> Persistence of existing energy-related technology, causing delays in the development and adoption of new renewable energy technology [Risks] <ul style="list-style-type: none"> Increased decarbonization costs due to difficulty in procuring renewable energy 	<ul style="list-style-type: none"> International disharmony caused delays in implementing countermeasures resulting in the greater severity of natural disasters [Risks] <ul style="list-style-type: none"> Increased costs of BCP measures
	Common to all scenarios		<ul style="list-style-type: none"> Increased demand for digital devices as CASE technology advances and progress is made in the transition to a trillion-sensor society [Opportunities] <ul style="list-style-type: none"> Increased sales for related equipment such as automotive sensors [Risks] <ul style="list-style-type: none"> Increased R&D costs due to accelerating technological innovation 	<ul style="list-style-type: none"> Increasing international disharmony will hamper economic growth. However, if international cooperation is achieved, the global economy, including South Asia and Africa, will grow as a whole Even within Japan, regional development will enable local companies to secure human resources and increase competitiveness [Opportunities] <ul style="list-style-type: none"> Increased sales due to market development in South Asia, Africa, etc. Increased growth through greater competitiveness associated with the development of peripheral regions in Japan [Risks] <ul style="list-style-type: none"> Decreased sales due to market shrinkage caused by decoupling Decreased competitiveness and sales due to lack of human resources in rural areas owing to the concentration of resources in cities

Response to Climate Change

Risk management

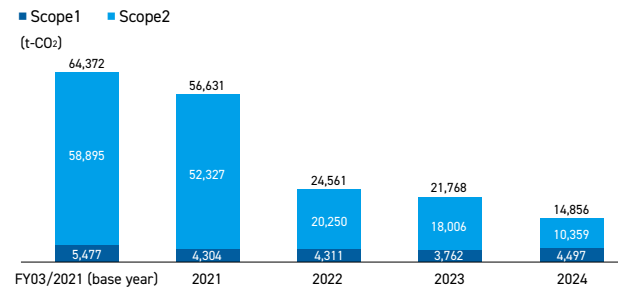
During the risk and opportunity management process carried out by the Risk Management Committee, we evaluate their relative importance and monitor the status of responses.

Metrics/targets

To realize our 2030 Vision, KOA is working to reduce GHG (greenhouse gas) emissions, realize a carbon-neutral society, and aim for coexistence with the environment. The basic policy of these initiatives is to build strong relationships with our Five Groups of Stakeholders through initiatives aimed at realizing carbon-free products. We aim to reduce GHG emissions throughout our supply chain, strengthen our governance structure, and engage in proactive information disclosure.

Type	Summary	Impact timeline	Impact amount	Response
Risks	[Physical risk: urgency] Decreased sales due to road closures and a suspension in supply chain distribution caused by heavy rain that affects production sites	Short-term	¥600 million to ¥1.9 billion Assuming the production scale in southern Nagano Prefecture (approximately 50%) and expected recovery period of one to three weeks	Risk dispersal by manufacturing products at multiple locations
	[Transition risk: regulations] Increased energy costs, fuel adjustment fees, renewable energy surcharges, and other unavoidable burdens on social systems	Mid-term	¥100 million to ¥400 million/year Assuming the introduction of a carbon tax (\$50-\$150/t)	Promoting optimal energy saving and energy creation measures for each location
Opportunities	Increased number of resistors installed due to the electrification of cars, significantly increased demand for high-precision resistors due to the expansion of ADAS	Mid-term	Currently under consideration as part of the formulation process for the next Medium-Term Management Plan	Building a supply system for 2030 (Expansion of production capacity)

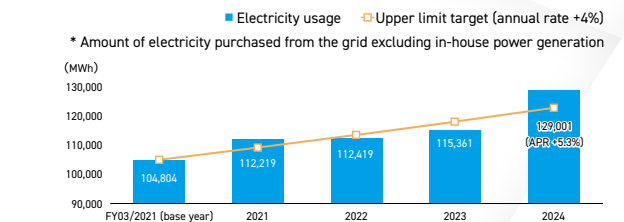
GHG emissions (Scope 1 + 2)



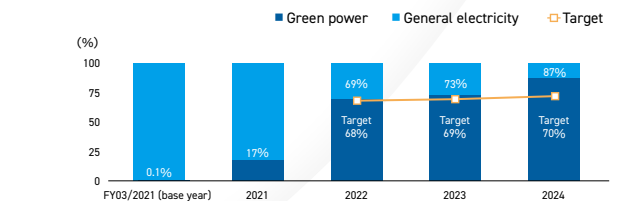
	FY 03 / 2021	FY 03 / 2022	FY 03 / 2023	FY 03 / 2024	FY 03 / 2025
Scope 1 (t-CO ₂)	5,477	4,304	4,311	3,762	4,497
Scope 2 (t-CO ₂)	58,895	52,327	20,250	18,006	10,359

* Scope 1 + 2 emissions for the fiscal year ended March 31, 2025 have been revised from previously published figures to reflect the results of third-party verification. For comparability, the figures for the fiscal year ended March 31, 2021 have also been recalculated using the same calculation method.

Trends in electricity usage



Trends in green power ratio



Human Capital Strategy and Initiatives

To realize our 2030 Vision, we need to make greater efforts such as identifying the essence of our customers' problems and creating and providing new value.



Human resources for creating our future

Historically, our human resource development focused on providing a uniform education to ensure all employees acquired the same essential character, expertise, and management skills. However, we recognize that this approach can lead to rigid thinking and a passive attitude toward career growth. Moving forward, KOA is committed to fostering a culture of diversity and workplace satisfaction.

We envision a "Team KOA" where diverse employees contribute actively while finding genuine happiness and fulfillment in their work. Our current challenge is to develop talent that can enhance individual strengths and confidently take on new challenges. By evolving our HR strategy to meet these goals, we will realize our 2030 Vision, where every employee becomes an irreplaceable and essential part of our success.

Management issues	Human resource strategy
Accelerating commercialization of new products and new businesses	Improving hypothesis formulation and verification capabilities; recruiting and developing highly specialized human resources; strengthening industry-academia-government collaboration
Expanding business into growth markets	Developing KPS kaizen personnel/DX promotion human resources
Improving organizational strength	Restructuring the human resources portfolio; developing next-generation leaders; establishing a new human resources system
Achieving work satisfaction and diversity	Measures to achieve a 3% ratio of women in management positions (as of the end of March 2027); utilizing global human resources

Human resource development policy

KOA positions our human resource strategy at the core of human capital management to realize our business strategy, based on the belief that "people are the source of sustainable growth."

We will enhance our organizational competitiveness and ability to provide value to society by promoting human resource development that addresses the following four management issues.

1. Accelerating commercialization of new products and new businesses

We focus on developing human resources for innovation aimed at strengthening hypothesis formulation and verification capabilities, as well as acquiring and developing highly specialized human resources. We also promote collaboration with industry, academia, and government to deploy advanced technologies and knowledge within the company.

2. Expanding business into growth markets

We enhance our ability to innovate in our operations and respond to global markets through developing human resources who can lead DX promotion and KPS* improvement. We continuously develop human resources who possess both expertise and practical capabilities.

3. Improving organizational strength

We promote reviewing and revising our human resources portfolio to achieve optimal placement and develop next-generation leaders. We also aim to foster employee growth and improve organizational performance by establishing a new human resources system that places value on taking on challenges.

4. Achieving work satisfaction and diversity

We are moving forward with the development of an environment where diverse human resources can thrive. We are particularly focused on improving the ratio of women in management positions as an important goal. We are also focusing on recruiting and developing global human resources and fostering a workplace culture of diversity and inclusion.

* KPS = KOA Profit System (company-wide management kaizen activities with full participation)

Human resources for creating our future

KOA will continue to develop an environment where all employees can grow autonomously and take on challenges. Through this, we will strengthen our "Human resources for creating our future" approach and work to enhance sustainable corporate value.

1. Flexible work styles

We are promoting the introduction of support for the acquisition of qualifications and flextime systems, as well as reviewing systems such as side jobs, remote work, and reduced working hours as flexible work style systems that lead to the improvement and utilization of employee capabilities.

2. Creating psychologically safe workplaces

We aim to create a workplace environment where everyone can express their opinions with confidence and take on challenges without fear of failure, through engagement surveys, harassment prevention training, and one-on-one meetings.

3. Promoting diversity

We are promoting initiatives to create an environment that accepts diverse values and where everyone can thrive, regardless of gender, age, nationality, or disability status.

4. Healthy and safe work environment

We are promoting the creation of a workplace where employees can work safely through implementation of the employee health and productivity management initiatives and by improving the workplace environment. Through these efforts, we support employee autonomy and challenge-taking, and achieve sustainable improvement in corporate value.

Human Capital Strategy and Initiatives

Promotion structure through human resources portfolio development

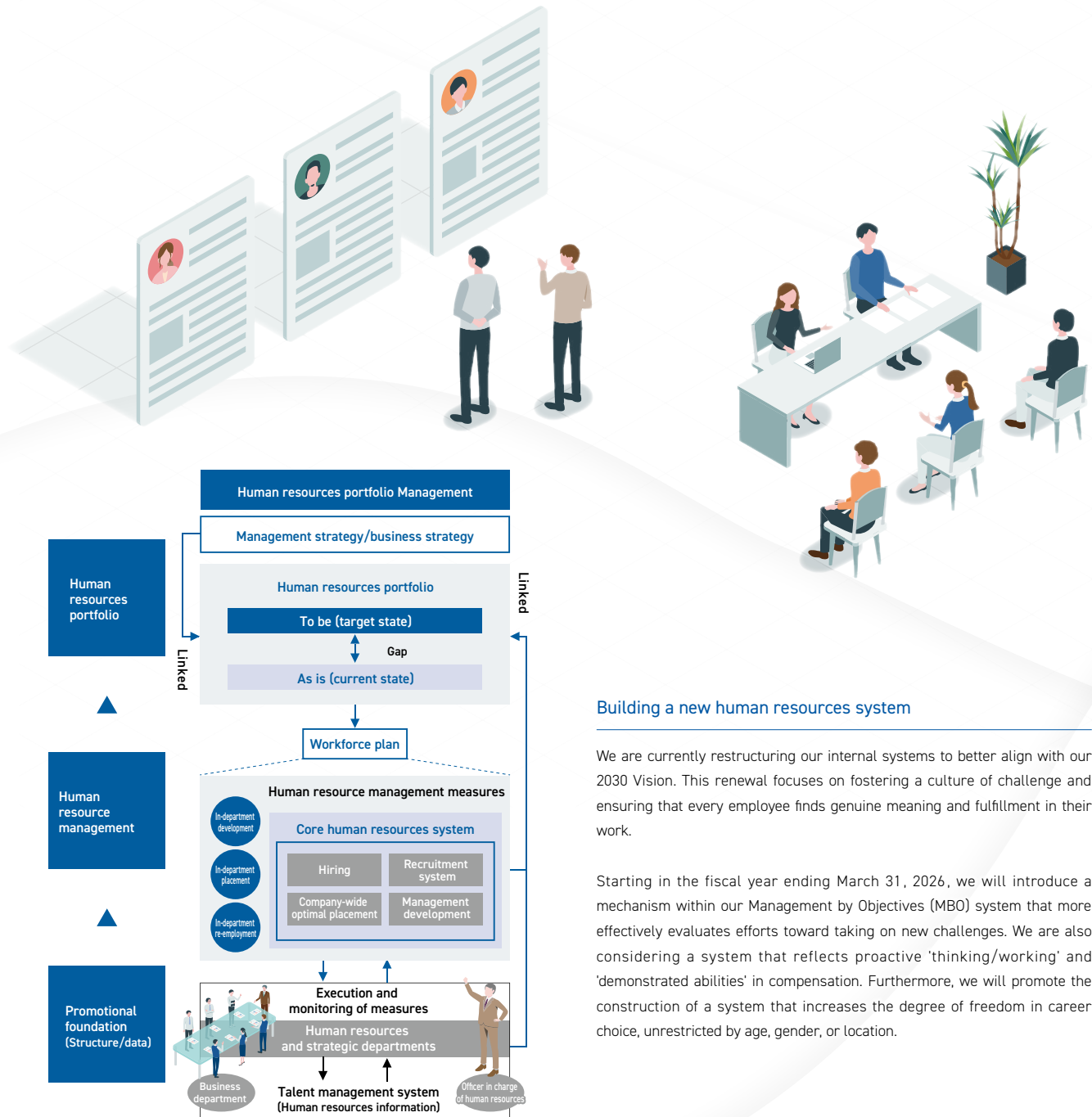
In advancing KOA's human capital strategy, we identify the gap between "As is" (current state) and "To be" (target state) to quantitatively understand the targets and metrics in our human resources strategy based on our business strategy. By developing a "human resources portfolio" from these results, we visualize skills and experience and clarify the human resources needed for the future.

We will formulate a strategic workforce plan based on these objectives. By advancing core HR systems — including new graduate recruitment, mid-career hiring, and internal job posting programs — we will implement "Talent Management" that ensures the right person is placed in the right position. We are also building a structure to execute regular cross-departmental monitoring functions centered on the Human Resources Department to promote company-wide optimization.

Career development and appropriate assignments

As a human resources strategy that enables employees to feel work satisfaction and happiness, we are also working to establish mechanisms and systems that support the realization of each employee's career vision. In particular, we aim to build a "career autonomy" mechanism where employees design their own careers, and, in that connection, are promoting the development of systems focused on "reskilling support" and "providing fair opportunities for obtaining experience."

In the fiscal year ended March 31, 2025, we established a career consultation office within the Human Resources Department to provide a place to address various employee concerns. Starting in the fiscal year ending March 31, 2026, we will launch a qualification acquisition incentive program for official certifications. We are also preparing to launch an internal recruitment system starting in the fiscal year ending March 31, 2027.



Building a new human resources system

We are currently restructuring our internal systems to better align with our 2030 Vision. This renewal focuses on fostering a culture of challenge and ensuring that every employee finds genuine meaning and fulfillment in their work.

Starting in the fiscal year ending March 31, 2026, we will introduce a mechanism within our Management by Objectives (MBO) system that more effectively evaluates efforts toward taking on new challenges. We are also considering a system that reflects proactive 'thinking/working' and 'demonstrated abilities' in compensation. Furthermore, we will promote the construction of a system that increases the degree of freedom in career choice, unrestricted by age, gender, or location.

From Women's Advancement to Gender-neutral Management

KOA has adopted "Human resources for creating our future" as our goal and is promoting the creation of workplaces where diverse human resources can leverage their strengths to take on challenges. In particular, starting from women's advancement, we are strengthening initiatives to achieve fair career development that transcends gender. As part of this effort, we continuously hold lectures and dialogue events featuring external role models, as well as talk events with executives and employees, to promote transformation of organizational culture and awareness.

Lectures and dialogue events featuring outside role models

In August 2024, we held an event titled "Toward Promoting Women's Advancement in Our Company" in a dialogue format between Toru Kitagawa (director) and a guest speaker who serves as Compliance Director at a major foreign-affiliated coffee chain.

Approximately 50 participants, mainly young employees, attended, with an 86% survey response rate. Approximately 70% of participants were in their 20s and 30s, and about half were in production positions, indicating strong interest from the front lines.

Participants expressed strong agreement with messages such as the following.

- "If you're unsure, just try it first."
- "You don't need to aim for perfection. Things will work out."
- "Childcare is an opportunity to develop management skills."

In the post-event survey, 56% of employees (25 people) indicated that they "want to aim for management positions," making visible the existence of a latent leadership-oriented group.

These results have supported the direction of KOA's next-generation leader development and career support.



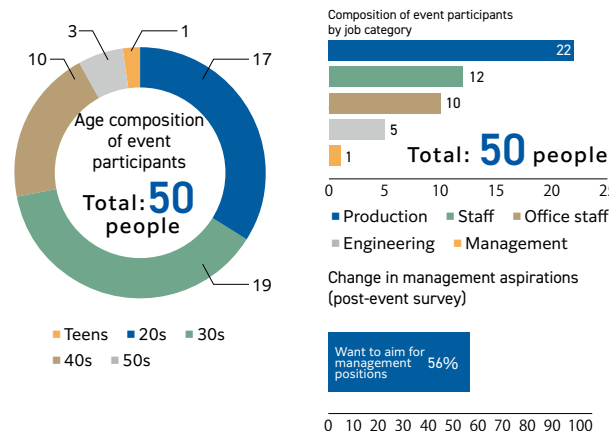
Employee activity talk event

In November 2024, we held an interactive event on the theme of "Toward a Shift to Gender-neutral Management" with executive officers including the President and CEO and employees. Sessions were held with management-level employees in the morning and general employees (separated by gender) in the afternoon, with top management directly listening to employees' opinions.

Main discussion points

- Perceptions of the term "women's advancement" itself, and differing career awareness between men and women
- Factors behind the 0.7% ratio of women in management positions and measures for improvement
- Balancing childcare and nursing care with careers, and the pros and cons of affirmative action
- Clarifying the image of management positions and approaches to development support

Candid employee opinions were shared with management through these discussions, and the necessity of addressing this as a company-wide organizational issue that transcends gender, not just a women's issue, was reconfirmed.



Priority areas identified through dialogue

Area	Main issues and policy direction
Culture and awareness	Spreading the recognition that "women's advancement is not just about women" Continuing unconscious bias and harassment prevention training
Systems and work styles	Developing diverse work styles and fair evaluation systems, including telework, flextime, and return-from-leave support
Career support	Visualizing the image of management positions and required skills, introducing internal and external role models, and supporting career vision development

These initiatives are linked to our ongoing reforms of the HR and grading systems and the restructuring of our talent portfolio. Together, they are designed to foster a corporate culture where every employee can realize their full potential.

Human capital strategy matrix diagram

	Management	Human resources	Employees
Culture	Taking on challenges/diversity <ul style="list-style-type: none"> ■ Spreading the vision that "taking on challenges is valued" ■ Fostering an organizational culture where diverse human resources can thrive ■ Emphasizing "work satisfaction" (as a management issue) 	Fostering the culture through systems <ul style="list-style-type: none"> ■ Supporting the fostering of a "career autonomy" culture ■ Establishing the new human resources system (valuing taking on challenges) ■ Implementing global human resources utilization measures 	Autonomous practice <ul style="list-style-type: none"> ■ Practicing autonomous career design ■ Actively utilizing the new human resources system and recruitment system ■ Accepting diverse values
System	Strategic decision-making <ul style="list-style-type: none"> ■ Approving and top-down promotion of the new human resources system ■ Setting and committing to KPIs (3% of women in management) ■ Approving system design linked to business strategy 	Design, construction, and operation <ul style="list-style-type: none"> ■ Developing the new human resources system (valuing challenges and results) ■ Designing the internal recruitment system (from the fiscal year ending March 31, 2027) ■ Designing the qualification acquisition incentive program (from the fiscal year ending March 31, 2026) 	System understanding and utilization <ul style="list-style-type: none"> ■ Understanding and adapting to the new human resources system ■ Skill improvement by utilizing internal recruitment and incentive programs ■ Using systems for career design
Career	Strategic portfolio <ul style="list-style-type: none"> ■ Defining the human resources portfolio linked to business strategy (growth market expansion) ■ Discovering and selecting next-generation leader 	Provision of development and opportunities <ul style="list-style-type: none"> ■ Understanding the human resources portfolio (As is/ To be) ■ Providing KPS and DX human resources development programs ■ Supporting capability improvement (reskilling) ■ Providing fair opportunities for experience 	Autonomous growth <ul style="list-style-type: none"> ■ Practicing personal capability improvement (reskilling) ■ Taking KPS and DX training ■ Actively participating in development programs

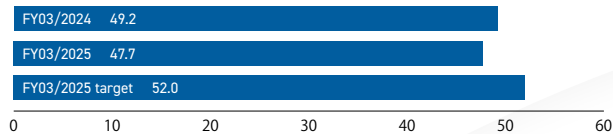
Human Capital Management Starting from Engagement Surveys

KOA conducts engagement surveys every year as part of human capital management. These surveys visualize employees' "trust in the company" and "desire for growth and contribution," and promote organization building centered on work satisfaction. We use survey results as indicators to determine priorities for human resources investment and connect them to continuous improvement.

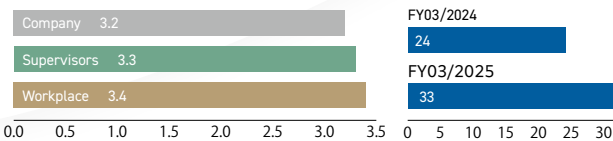
FY03 / 2025 survey results summary

In the fiscal year ended March 31, 2025, the survey was conducted with all 1,645 employees, achieving a high response rate of 97.4%.

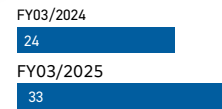
Engagement score trends



Company, supervisor, and workplace overall satisfaction comparison



Score trends by workplace (AAA to A* State of mutual trust)



* Ranks representing the state of the organization are set according to engagement scores. Based on four basic levels (A, B, C, and D), each level is further divided into three categories (AAA AA A), for a total of 12 ranks.
A: Mutual trust B: Can understand each other through discussion C: Mutual distrust D: Mutual resignation

Strengths and issues: Improving supervisors and workplaces improving; trust in the company is an issue

Strengths: Improved communication with supervisors and in the workplace

Items related to supervisor responsiveness and workplace atmosphere exceeded the overall average in satisfaction.

- Supervisors listen to opinions and create a supportive environment for open consultation
- Goal sharing and team collaboration at the front lines are improving

Particularly in workplaces with high scores, characteristics include "daily dialogue," "goal alignment," "rapid decision-making," and "ease of casual conversation and consultation," indicating maturation of the communication culture at the front-line level.

Issues: Trust in the company and future prospects

Scores in company-related areas such as "company foundation," "trust in management," and "future prospects of the business" were generally low, resulting in a large gap between expectations and satisfaction.

Major items	Expected level	Satisfactory level	Difference
Soundness of financial condition	4.3	2.4	(1.9)
Stability of the customer base	4.1	2.7	(1.4)
Business growth potential and future prospects	4.0	2.9	(1.1)
Trust in management	4.2	3.0	(1.2)
Appropriate hiring and placement	3.9	2.8	(1.1)

Free-form responses in employee surveys also included many comments such as "It's difficult to see the company's direction" and "Changes in business are not being shared," indicating that management transparency, accountability, and two-way communication are issues.

Target score and key measures

KOA had set achieving an engagement score of 52 (Rank BB) as a human capital KPI in the 2024 Medium-Term Management Plan.

Metrics	FY 03 / 2024 (Results)	FY 03 / 2025 (Results)	FY 03 / 2025 (Target)
Engagement score	49.2	47.7	52.0
Rank	B	CCC	BB

Company-wide initiatives: Transparency, dialogue, and career autonomy

We use survey results not as "evaluation" but as "an opportunity for dialogue," connecting them to improvements in organizational culture. We are promoting the following initiatives company-wide.

- Sharing results company-wide: Publishing company-wide results, analysis, issues, and messages to employees on the intranet "CoKOA"
- Establishing career support consultation services
- Holding score analysis and countermeasure planning training for all managers
- Holding management skill enhancement training aimed at improving scores

Through these efforts, we are creating an environment where employees can speak up with confidence and proactively design their own careers.

Workplace support: Hands-on support for low-scoring workplaces

To address the polarization of scores between workplaces, we are working with outside partners to provide hands-on support, particularly to workplaces with low scores.

- Management training for managers and follow-up for those who have not attended
- Regular one-on-one sessions for manager and staff member levels
- Panel discussions featuring leaders from high-scoring workplaces (in-person and online combined)
- Distributing interview videos of workplaces where engagement has improved

Through these efforts, we are promoting organizational culture transformation from "leaving it to the front lines" to "changing things together."

Linking career autonomy and work satisfaction

Analysis results confirmed that the degree of career autonomy strongly influences "work satisfaction."

KOA links evaluation systems, education systems, placement policies, and career support measures with engagement surveys, utilizing them as human capital indicators that move from "measuring" to "developing."

Supply Chain Management and Respect for Human Rights

Basic approach

We believe that promoting sustainability through our own efforts alone is not sufficient, and that efforts across our entire supply chain are essential. KOA contributes to promoting sustainability throughout our supply chain by proactively communicating with customers and business partners. We strive to conduct responsible corporate activities based on fair and equal transactions.

Specific initiatives

Supplier Code of Conduct

From the perspective of supplier engagement, we distribute our “Supplier Management Manual”, which was formulated based on the RBA Code of Conduct, to our suppliers and request their compliance.

We released and have distributed a revised version based on the revisions to the RBA Code of Conduct (Ver. 8.0) that were made in 2024 and the contents of Germany’s “Act on Corporate Due Diligence Obligations in Supply Chains” (German DD Law), which was enacted in January 2023.

In addition, in response to the German DD Law, we established a supplier code of conduct for KOA Europe GmbH (KEG), our group company in Germany, and KOA has agreed with KEG to comply with KEG’s supplier code of conduct.

Implementation of self-assessments

We have created a survey based on the purpose and content of RBA’s self-checklist and require responses from our business partners.

We recognize that our future challenge will be to not only collect and evaluate surveys, but also to promote dialogue with business partners based on survey results.

Complaint processing system

We also accept complaints from employees of customers and business partners through our whistleblowing system (“KOA Hotline” and a JaCER engagement and remedy platform whistleblowing helpdesk). We recognize that our future challenge will be to further enhance our systems for

processing complaints from these points of contact and for implementing subsequent responses, etc.

Declaration of Partnership Building

In addition to signing the “United Nations Global Compact” in February 2023, we formed new partnerships in March 2023 by promoting collaboration, coexistence, and co-prosperity with business partners and businesses aiming to create value. To build these partnerships, we have published a “Partnership Building Declaration”. Based on the above, we continue to engage in responsible corporate activities based on an even greater emphasis on fair and equal transactions while also enhancing dialogue with our business partners.



UK Modern Slavery Statement

Based on the UK Modern Slavery Act, KOA has posted our “Statement on the UK Modern Slavery Act” to our website. We are working on the matters outlined in this statement to prevent slave labor and human trafficking at KOA and at our business partners.

Going forward, we will further strengthen our efforts to prevent slave labor and human trafficking at our company and at our business partners. At the same time, KOA will work to assess and manage risks related to global human rights issues, including slave labor and human trafficking.

Responsible mineral procurement

There are concerns that minerals such as tin, tantalum, tungsten, gold, and cobalt mined in the Democratic Republic of the Congo and surrounding countries in Africa may serve as a source of funding for local armed insurgency groups. Such groups are suspected of forcing local residents to work in the mines under inhumane practices. To ensure that the minerals used in our products are not involved in conflicts or human rights violations, KOA has established a “Basic Policy on Responsible Mineral Procurement” in line with the purpose of the OECD Due Diligence Guidance and conducts transactions in accordance with this policy. We carry out appropriate

procurement activities, including thoroughly investigating our business partners and requiring that they investigate the status of the minerals and refineries they use.

We also participate in the Responsible Minerals Procurement Study Group of the Japan Electronics and Information Technology Industries Association (JEITA) to gather the latest information as we work to ensure we remain conflict-free.

Engagement with business partners

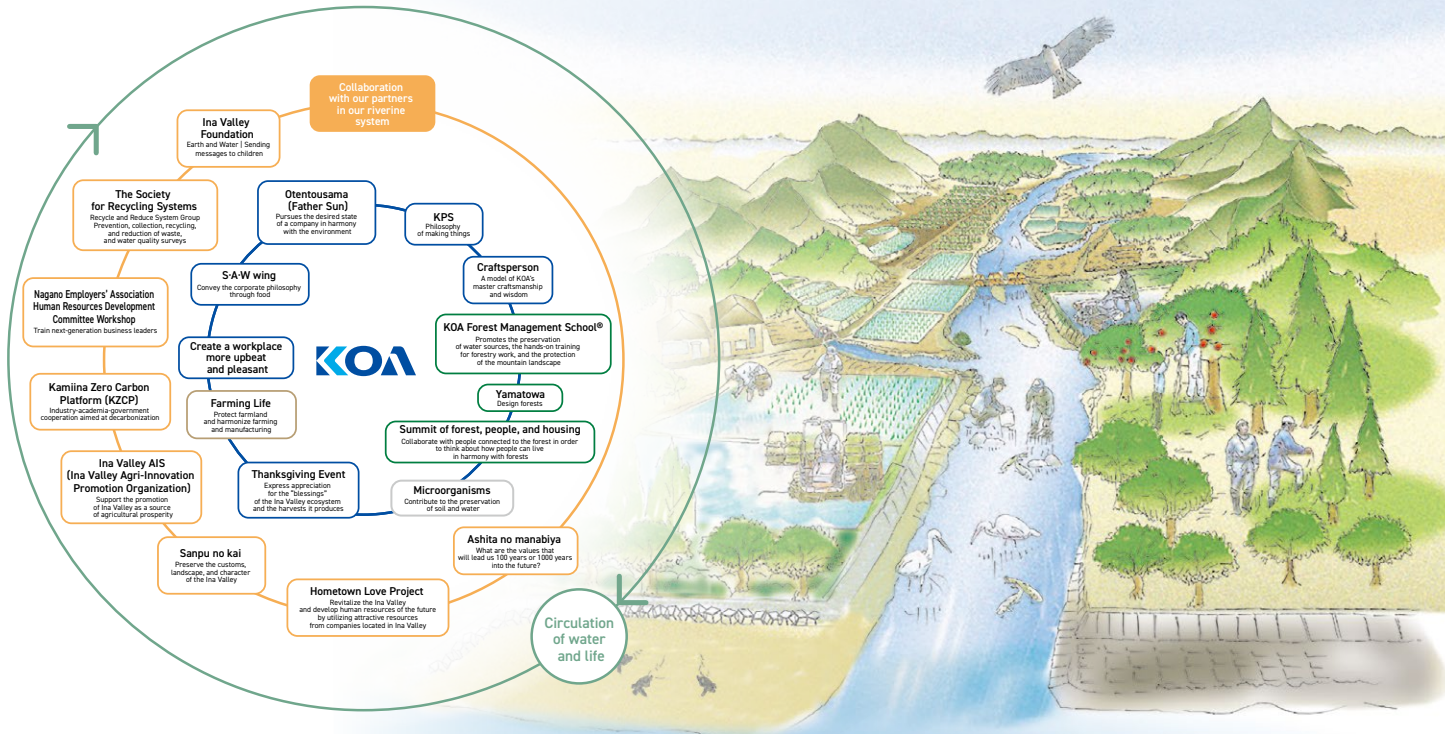
In the fiscal year ended March 31, 2024, we held “Business Partner Meetings” to interact with business partners and share information on our initiatives toward realizing our 2030 Vision. As we move forward with our business strategy, we will anticipate changes in our purchasing activities and their impact on our supplier’s production activities so that we can engage in regular information sharing and communication with our business partners on these matters.

Cooperation with and Contribution to Communities

To remain a global company rooted in the community

Since its founding in 1940, KOA has been headquartered in its birthplace of the Ina Valley, working to develop locally rooted industry and create employment through its electronic components business centered on resistors. Under the philosophy of farming and manufacturing in unison, our consistent mission since our founding has been to support rural life through industry and protect hometowns where families can live and work together. Established in 1996, the Ina Valley Foundation was founded on the 'hometown management' philosophy of KOA founder Kazuto Mukaiyama and the financial foundation of KOA stock and ongoing KOA donations. The Foundation supports a local recycling-oriented society centered on the harmony of Economy, Ecology, and Community. To date, it has provided grants to 257 organizations across seven fields, including agriculture, water, energy, education, culture, landscape preservation, and biodiversity. Currently, the Foundation is advancing support for pioneering initiatives focused on coexistence and harmony through five perspectives: the foundations of living, lifestyle, spirit, homeland, and history. We established the Regional Value Creation Center in September 2024 to promote these social value creation initiatives in an integrated and continuous manner with our business activities. Based on KOA's four values of "Finite," "Circulation," "Harmony," and "Enrichment," the Center supports understanding and resolving social issues and aims to achieve both social value and corporate value through co-creation with the community. Through collaboration with the Ina Valley Foundation, we are also promoting cooperation with diverse local stakeholders and developing a co-creation platform for resolving social issues. KOA will continue to nurture relationships of trust with local communities and, through the creation of social value via our business activities, communicate a model of sustainable growth from the Ina Valley to the world as "a company needed by the Earth, by communities, and by people." We are in the midst of a wave of change unlike anything in the past. Just as our founder created a new business based in the Ina Valley in the field of electronic components, our generation of corporate management strives to contribute to business development in local societies by implementing a

model for a sustainable society in the regions in which we operate. Issues differ in each region for KOA, a company that has expanded operations from the Ina Valley to locations around the world. We are grateful to the communities where we conduct our business and return the value created through trust with local communities to those communities. By doing so, KOA will achieve a virtuous cycle of local revitalization and KOA's development for the future.



Cooperation with and Contribution to Communities

Wuxi KOA Electroceramics Co., Ltd. (WUX) Visit to Harmony Bridge Nursing Home, China

At WUX in China, union members conducted a comfort visit to Heqiao Nursing Home. We created a heartwarming opportunity to connect with elderly community members through direct interaction with residents, deepening our contribution to and trust with the local community.



This activity is highly regarded as a corporate stance that emphasizes community coexistence, in addition to fostering employees' awareness of social participation.

Shanghai KOA Electronics Co., Ltd. (SHA) Low-carbon fitness activity by employees, China

At SHA in China, employees participated in an employee-led "low-carbon fitness activity" to build a sustainable future together with the local community.

Twenty union members participated in a charity cycling event that produced no CO₂ emissions, achieving both health promotion and consideration for the environment.

This spread environmental awareness to local residents and advanced employees' practice of eco-friendly lifestyles, contributing to the improvement of the company's overall ESG value.



KOA Electronics Co., Ltd. (KEC) Supporting disadvantaged shoppers in the community

agricultural cooperative store, it has become an important presence supporting the infrastructure of daily life in the community as the only shopping location in the Niino area of Anan Town, Nagano Prefecture.



In-house sales of croissants that promote goodwill

KOA is advancing initiatives aimed at creating communities where no one is left behind, in collaboration with diverse local stakeholders.

Since October 2024, we have been regularly selling popular croissants from the Ina area within the company. The paper boxes used to package these croissants are carefully folded one by one by people with disabilities who work at "Sakura no Ie," operated by the Ina City Social Welfare Council. When employees purchase these croissants, the income from their work is returned to local welfare activities.



In regions facing depopulation, we support initiatives like the "Yatsufusa Chili Pepper" project, which began from local middle school students' desire to contribute to their community. Members of the "Sakura no Ie" are also involved in producing chili oil from these peppers. KOA supports this cycle of local passion by selling these products — alongside our bakery items — within the company.

Through these initiatives, we aim to achieve a society where all people living in the community can support each other and live happily.

Going forward, we will continue to expand the circle of community coexistence as a "lubricant" that connects community aspirations with KOA's activities.

"KOA Day": Nurturing the future together with the community

KOA sponsors "History Museum Partner Day" hosted by the Nagano Prefectural Museum of History located in Chikuma City, Nagano Prefecture, with the aim of "learning together with children



of the Kamiina region who represent the future, about the activities of people from the past to the present." Every year, one weekend day in January is designated as "KOA Day," with free admission. We also invite local elementary school students to participate in bus tours.

In 2025, the event was held on Saturday, January 18. The bus tour included a visit to the history museum followed by a visit to the Togariishi Museum of Jomon Archaeology in Chino City, Nagano Prefecture. Participants were given the opportunity to get a close look at the "Venus of Jomon" and the "Masked Goddess," clay figurines that have been designated as national treasures.

We hope that KOA Day will serve as an opportunity for participating children to broaden and deepen their interests, leading to learning about their hometown. We will continue these activities to support the learning of children in the community.

Dialogue with Outside Directors

KOA's uniqueness and governance

KOA's outside directors discuss our corporate governance transformation

KOA places a strong emphasis on stakeholder management based on its mission of "establishing strong relationships of mutual trust with the Five Groups of Stakeholders" and its management policy of "trust." In the following dialogue, our Outside Directors Michael John Korver and Toru Kitagawa discuss how KOA's governance reforms have shifted from form to substance based on the company's concept of uniqueness. KOA is pursuing enhanced corporate value and sustainable growth through measures such as separating its supervisory and executive functions, abolishing advisory and consulting roles, and appointing an Outside Director as the Chair of its Board of Directors for the first time.

Toru Kitagawa

Outside Director and
Chair of Board of Directors

**Michael
John Korver**

Outside Director

Founding Spirit and the Five Groups of Stakeholders

Korver The Five Groups of Stakeholders concept has been firmly embedded at KOA for many years. When I was previously involved in KOA's overseas acquisitions as a lawyer, I was most impressed by the importance that KOA placed on building relationships of mutual trust. While other companies struggled, KOA achieved success by prioritizing the building of trusting relationships with people at companies it planned to acquire. Through this experience, I became acutely aware that KOA is a company that values trust. Through my participation in the activities of the Ina Valley Foundation, which was established out of the founder's affection for his hometown of Ina Valley, I came to realize that KOA has a corporate culture that emphasizes consideration for the entire community, extending beyond relationships of mutual trust with its business partners. Following my appointment as an Outside Director in 2008, I learned about KOA's internal workings and realized that within the Five Groups of Stakeholders concept, the company truly values its employees in particular. I witnessed firsthand the company's commitment to prioritizing the work environment of its employees, such as its development of the Pine Park area in which its Head Office is located.

Kitagawa Based on my experience working on several PMIs (post-merger integrations) for both acquiring and acquired companies, I believe that fostering people and culture is the crucial factor for enhancing corporate value. Although corporate valuation prior to an acquisition tends to focus on numbers, the greatest challenge after an acquisition lies in the personal relationships between the respective companies. Forced transformation can lead to backlash and resignations. Even though I was not directly involved in KOA's acquisition of its U.S.-based company, its current sales base KOA SPEER ELECTRONICS, INC. (KSE) has since assimilated KOA's organizational culture while retaining the positive aspects of U.S.-style leadership. I feel that the KSE's management team also

deeply understands the importance of trusting relationships within KOA's Five Groups of Stakeholders concept.

Articulating trust and enhancing corporate value

Korver It is difficult to convey to investors the notion of trust emphasized by KOA. On the other hand, I have repeatedly experienced that many international commercial projects cannot succeed or continue without a relationship of mutual trust. These experiences have taught me that trust leads to not making mistakes. Overseas sales locations are typically expected to deliver concrete results but these results are actually underpinned by a strong relationship of trust with the head office. KOA's overseas sales locations express this relationship with the phrase "KOA is a family," and local employees are strongly committed to sharing KOA's culture. Building trusting relationships with overseas partners is a crucial factor in generating results geared towards reaching financial targets.

Kitagawa As an Outside Director, I am very impressed by how KOA's uniqueness and the values embodied in its Five Groups of Stakeholders concept are alive and well within the company. While many companies are eager to proclaim their corporate motto, what really matters is whether that philosophy truly resonates with their employees. At KOA's Board of Directors meetings, members engage in genuine discussions on the importance of considering the interests of the Five Groups of Stakeholders, such as considering employees' work environments during new plant construction. What makes me happy to be involved with this company is that these discussions encompass broader perspectives beyond simply financial performance and shareholder returns.

Korver KOA's culture is deeply ingrained within the company, forming a truly unique corporate culture. I think that this culture has been responsible for the success of the KOA Profit System (KPS: a management improvement initiative that involves all employees) to date.



The road to governance reforms: From form to substance

Korver When I was appointed as an Outside Director in 2008, I could not describe KOA's corporate governance as functioning adequately. With the introduction of Japan's Corporate Governance Code, it became necessary to appoint a second Outside Director. Following the addition of Mr. Kitagawa, whom I recommended, KOA's corporate governance finally began to function. At the same time, the Japanese government was emphasizing the importance of strengthening corporate governance to improve ROE and PBR, so Mr. Kitagawa's appointment was a timely response in light of prevailing trends. While KOA's corporate governance was initially established as a formality, it gradually underwent substantive reforms.

Kitagawa That's exactly right. At first, we gradually established KOA's governance structure based on the impetus provided by the Corporate Governance Code. A major turning point came with the establishment of the Nomination and Compensation Committee in FY03/2023. Although it was initially established as a formality,

it provided an opportunity to realize substantive corporate governance from the perspective of what KOA wanted to achieve. The Committee has had vigorous discussions between the three outside directors and the two inside directors. In FY03/2025, we held seven meetings and also held an executive retreat. The Committee continued to grapple with questions for which there were no immediate answers, such as medium- to long-term discussions aimed at enhancing corporate value and determining the types of businesses and governance that KOA needed. Through these Committee discussions, the executive officer system was established. Despite some skepticism about the adoption of this system, the Board of Directors continued discussions and concluded that supervisory and executive functions should be separated. The Nomination and Compensation Committee has also been significantly involved in the most recent change of company



president. The decision to include KOA's corporate philosophy in the Articles of Incorporation and the overhaul of the Board of Directors also originated from discussions within the Committee. I recall that discussions on the substantive details began about three years ago.

Establishing distinct supervisory and executive functions and the role of outside directors

Korver While the PDCA cycle is currently operating at KOA's business sites, I recognize that incorporating the PDCA cycle into supervisory functions at the Board of Directors level is an issue to be addressed in the future. The Nomination and Compensation Committee has a very significant role, and although it was established on a voluntary basis and began as a mere formality, in hindsight one could argue that it has since progressed in a stealthy manner. There was some initial skepticism from the executive team about the Committee's role. However, we gradually earned their understanding after Mr. Kitagawa, who was appointed as the Chair, explained that since the Committee had been established, it needed to fulfill its responsibilities. Our dialogue with the executive team has gradually shifted from being a formality to having substance. My takeaway from this process is that when attempting to bring about change in a company, the method and timing are crucial. As the executive team considered the revisions to the Corporate Governance Code and continued listing on the Prime Market, the Committee guided them toward substantive discussions. Mr. Kitagawa's leadership at that time was outstanding.

Kitagawa When you attempt to introduce something different into a world that accepts the conventional way of doing things, you will typically encounter resistance and backlash. That is why we emphasized the internal consensus-building process, prepared a

draft proposal with clear rationale and sound reasoning, and then asked the executive team to review and refine it, and encouraged their counterproposals and new proposals. After that, I think it was very good that the executive team fully understood our intentions once we handed over the initiative to finalize the proposal.

The executive officer system began from FY03/2025 and detailed regulations have since been established, including delegation of authority from the Board of Directors. Meanwhile, the Board of Directors will leverage its status as a "new Board of Directors" to focus its agenda on strategic discussions. We have incorporated previously undiscussed topics such as the business portfolio strategy and human capital strategy into our annual schedule, and have commenced a one-year trial operation.

Korver If I may elaborate, while the recent decision to abolish advisors and consultants represents a departure from outdated practices, its main purpose is to eliminate elements that could potentially have an unnecessary impact on the operation of the Board of Directors. I recognize that the Board of Directors is a forum where each director takes responsibility for expressing their opinions and makes decisions based on the content of their discussions, and thus the Board should be streamlined to enable directors to fulfill their responsibility.

New Chair and future of the Board of Directors

Korver The appointment of Mr. Kitagawa, an outside director, as Chair of Board of Directors was planned to coincide with the timing of the President's succession. At the Nomination and Compensation Committee meeting held at that time, we decided to discuss the topic of a change in president, which was unprecedented in KOA's history. A major factor enabling the outside directors, who constitute the majority of the Committee, to fully participate in this discussion was the fact that individual interviews had

previously been conducted with all inside directors on the topic of CEO succession. That discussion gave rise to a new idea. Specifically, the formation of a “management team” structure to complement the new president, Mr. Mukaiyama, who was still acquiring experience, by appointing a new vice president and having Mr. Kitagawa serve as Chair. I believe this is a historic event for KOA.

I personally thought that this structure could maximize the management team’s potential. Mr. Kitagawa’s leadership has been outstanding as he manages discussion time appropriately and ensures that time is spent on meaningful discussions. The Board of Directors meetings, which previously felt slightly redundant at times, now have a healthy sense of tension.

Kitagawa After assuming the role of Chair of Board of Directors, I compiled my commitments in writing and distributed them to all directors. As Chair, I have pledged to create an environment that facilitates optimal decision-making for KOA. Therefore, I ensure that each director has the opportunity to consider and articulate their opinions, and that the Chair does not control proceedings but rather that the agenda emphasizes consensus-building. Although I will fulfill my fiduciary duties as one of the directors, I have no intention of monopolizing the meeting time or forcing my opinions on others. My goals are to facilitate the active exchange of opinions and good ideas, and to build a satisfactory consensus. The Board of Directors’ self-evaluation of its effectiveness is therefore more important than ever. While I have led the evaluation process up until now, it also includes an evaluation of the Chair so another outside director will take the lead going forward. A framework of systematic checks and balances is also in place to prevent reckless conduct by the Chair.

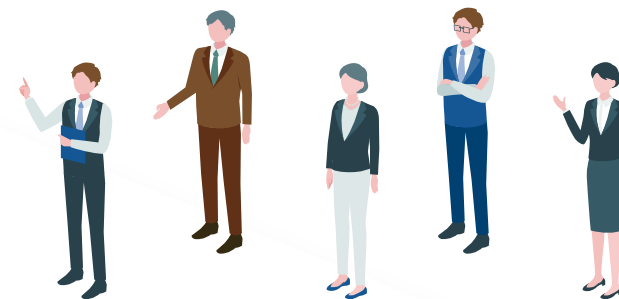
**Message to shareholders and employees:
Toward the Medium-Term Management Plan
and corporate growth**

Korver At the General Meeting of Shareholders in June 2025, Chairperson Mukaiyama candidly apologized for the company’s very poor performance to date. As part of the company’s management, both the Board of Directors and the Executive Officers take their responsibilities very seriously. I believe there will be many challenges ahead. Under the renewed Board of Directors structure, we will pool everyone’s wisdom, formulate hypotheses, develop optimal plans through discussion, and see that these plans are executed. We will also contribute to proper monitoring and strive to restore performance and achieve the targets of the Medium-Term Management Plan. All members of the Board of Directors are working with the same mindset.

Kitagawa I have identified return on invested capital (ROIC) as one of the key metrics to share with employees. I would like to see the establishment of a system where each department contributes to ROIC, reviews areas where we have been too lenient, and lives up to the trust placed in us by our shareholders. Investment should be aimed at generating returns, and must not become an end in itself or be based on a sales-driven approach. I believe it is vital to always be mindful that all investments — whether in people, equipment, or R&D — should generate sound returns, and that these returns should lead to reinvestment in a cycle enabling sustained corporate growth. Finally, it is my hope that by clearly defining what each employee needs to do and what their performance indicators should be, and that by creating an environment where everyone can work with purpose and goals, KOA can achieve company-wide improvements to become a company that contributes to its stakeholders and especially its shareholders.



Corporate Governance



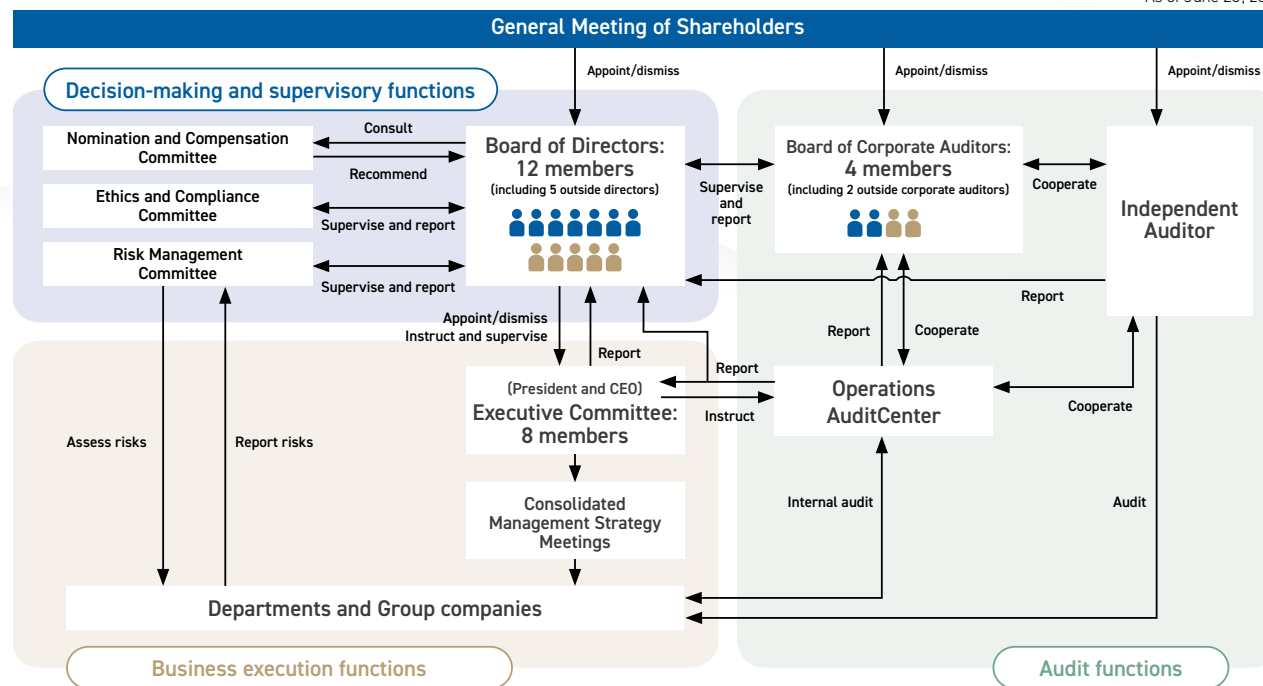
As of June 23, 2025

Basic approach

At KOA, our corporate mission is to build strong relationships of trust with our Five Groups of Stakeholders that support us. KOA understands the importance of corporate ethics based on compliance with relevant laws and regulations. We also believe that achieving sustainable increases in corporate value requires rapid management decisions that reflect changes in our operating environment. Also necessary is the continuous effort towards improving the soundness, transparency, and fairness of our business operations. As such, we continuously work to enhance corporate governance, which contributes to such management.

Strengthening governance

KOA works to strengthen governance based on an awareness that doing so is a critical management issue. Since June 2025, an independent outside director designated by the Board of Directors has served as the convener and chair of Board of Directors meetings.



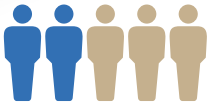



Transitions in governance

	Up to FY03/2023	FY03/2024	FY03/2025	FY03/2026
Directors and Executive Officers Board of Directors and Executive Committee	2008 Appointed one independent outside director 2013 Appointed one substitute outside corporate auditor 2017 Increased the number of independent outside directors (two-person system) 2021 Increased the number of independent outside directors (three-person system) 2022 Increased the number of independent outside directors (four-person system) More than one-third of all directors are independent outside directors	Added an independent outside director (female) (five-person system)	Adopted an executive officer system Established an Executive Committee	Established a system in which an outside director serves as chair of the Board of Directors
Discretionary Committees	2022 Established a discretionary Nomination and Compensation Committee comprised of a majority of independent outside directors (an independent outside director serves as committee chair)			
Compensation System	2022 Revised policy for determining the details of compensation for directors and other officers Adopted restricted stock compensation plan			

Corporate governance structure roles and activity status

As of June 23, 2025

Composition	Role
<p>Board of Directors (meetings held in FY03/2025: 13)</p>  <p>7 inside directors 5 outside directors Including 1 female</p>	<p>The Board of Directors consists of 12 directors, five of whom (including one woman) are outside directors. At the monthly Board of Directors meetings, the Board passes resolutions on important matters and monitors business performance. Deliberations by the Board of Directors enable rapid and accurate decision-making concerning the direction of the company. At the 97th Annual General Meeting of Shareholders held on June 21, 2025, an amendment to the Articles of Incorporation was approved. This amendment stipulates that a director designated by the Board of Directors shall serve as the convener and chair of Board of Directors meetings. In accordance with this amendment, an independent outside director designated by the Board of Directors has since served as the convener and chair of Board of Directors meetings. This change further enhances the independence and transparency of Board operations and strengthens the effectiveness of its supervisory function.</p>
<p>Board of Directors (meetings held in FY03/2025: 13)</p>  <p>2 full-time corporate auditors 2 outside corporate auditors Both are female</p>	<p>The Board of Corporate Auditors is comprised of, two full-time corporate auditors and two outside corporate auditors (both of whom are female), totaling four members and audits the execution of duties by members of the Board of Directors. In accordance with annual audit plans and division of duties, each corporate auditor attends meetings of the Board of Directors and other important meetings. Additionally, corporate auditors inspect important approval documents, exchange opinions with the representative director and directors, and share information with the internal audit department, among other tasks. Investigations of the operations and assets of business offices are conducted through on-site or online audits, and reports on activities are presented to the Board of Directors on a quarterly basis. The Board of Corporate Auditors receives reports from full-time corporate auditors, deliberates on audit policies, formulates audit plans, prepares audit reports, and reevaluates auditing standards for corporate auditors. The Board of Corporate Auditors also exchanges opinions with the accounting auditor to strengthen cooperation.</p>
<p>Nomination and Compensation Committee (meetings held between June 22, 2024 and June 20, 2025: 7)</p>  <p>2 inside directors 3 outside directors</p>	<p>KOA established a Nomination and Compensation Committee to serve as a discretionary advisory body to the Board of Directors. Through this Committee, KOA will enhance the fairness, transparency, independence, and objectivity of the Board of Directors' functions related to the nomination and compensation of directors. This Committee will also help enhance our corporate governance. The Committee is comprised of two inside directors and three independent outside directors. The Committee is chaired by an independent outside director. The Committee discusses director candidates and director compensation, and submits its findings to the Board of Directors.</p>
<p>Executive Committee (meetings held in FY03/2025: 7)</p>  <p>8 executive officers 6 of whom are also serving as directors</p>	<p>The Executive Committee consists of eight executive officers. At the monthly Executive Committee meetings, the Committee discusses and passes resolutions on measures for executing operations based on decisions made by the Board of Directors. We are promoting greater efficiency in business execution by separating the management decision-making and supervisory functions previously handled by the Board of Directors from the business execution function.</p>
<p>Ethics and Compliance Committee (meetings held in FY03/2025: 2)</p> <p>6 directors (concurrently serving as executive officers), 2 executive officers, 2 full-time corporate auditors, and several related department heads</p>	<p>We have established an Ethics and Compliance Committee, chaired by the senior executive officer in charge. This Committee identifies compliance-related risks, formulates measures for eliminating and mitigating risks, and makes basic decisions regarding implementation. The Committee disseminates information on its decisions throughout the group and, when necessary, issues direct instructions to relevant departments and group companies to promote risk elimination and mitigation.</p>
<p>Risk Management Committee (meetings held in FY03/2025: 2)</p> <p>6 directors (concurrently serving as executive officers), 2 executive officers, and several employees appointed by committee chairs</p>	<p>To manage company-wide opportunities and risks across the KOA Group, we have established a Risk Management Committee chaired by the President and CEO. Measures outlined by the Committee to address risks and opportunities, including those related to sustainability, are discussed as core themes at Administrative Office meetings, which involve participation from each of the dedicated committees. These core themes are then reflected in management policy and strategy, including the Medium-Term Management Plan. From the fiscal year ended March 31, 2023, responsible parties from relevant departments also participate in Administrative Office meetings to increase meeting efficacy.</p>
<p>Consolidated Management Strategy meeting (meetings held in FY03/2025: 2)</p>	<p>KOA holds Consolidated Management Strategy Meetings every six months. Meeting participants consist of members of the Board of Directors, other executives, and representatives of domestic and overseas Group companies. Meetings are used to outline strategies and measures for achieving goals, confirm the status of business execution, and deliberate and decide on measures to resolve issues. Through these meetings, KOA also works to ensure thorough compliance.</p>

Members of the Board of Directors and Executive Officers

(as of June 23, 2025) ● Years of service ○ Number of shares held

Director



Mar. 1972
Jun. 1976
Dec. 1977
Oct. 2001
Apr. 2013
Jun. 2018

Joined the Company
General Manager of the Company
Representative Director and President
In charge of the Environmental Business Field
Representative Director and Chairperson
Director and Chairperson (current position)

Koichi Mukaiyama

Director and chairperson
Nomination and Compensation
Committee member

● 49 years ○ 395,443 shares



Apr. 2005
Jun. 2015
Aug. 2018
Mar. 2021

Joined the Company
Director of KOA Trading Co., Ltd. (current position)
Managing Director of KOA Denko (S) Pte. Ltd.
General Manager Commissioned to Top Management
in Charge of the Management Administration
Initiative
Director
In charge of the Management Administration
Initiative
Director and Senior Executive Officer
Representative Director, President and CEO (current position)

Kosei Mukaiyama

Representative Director
President and CEO
Nomination and Compensation
Committee member

● 14 years ○ 89,535 shares



Mar. 1985
Jul. 1996
Oct. 2003
Jun. 2011

S.Joined the Company
General Manager of the KPS Division
General Manager of the Management Strategy
Center of the Management Administration Initiative
Director
In charge of the Management Administration
Initiative
In charge of the Kamina Business Field
In charge of the Manufacturing Initiative (current position)
In charge of the Shimoina Business Field, and the China Business Field
In charge of the Kamina Business Field
In charge of the Minowa Business Field
Director and Senior Executive Officer
Director, Vice President and Executive Officer (current position)
In charge of the Management Strategy Center (current position)
text

Katsuhiko Momose

Director
Vice President and Executive
Officer

● 14 years ○ 33,235 shares



Mar. 1983
Oct. 2003
Dec. 2009
Apr. 2012

Joined the Company
Representative of the Japan Sales Business Field
Managing Director of KOA Denko (S) Pte. Ltd.
General Manager of the Marketing Center of the Business Structure Reform Initiative
Director
In charge of the Business Structure Reform Initiative
In charge of the Sales & Marketing Initiative (current position)
In charge of the Sales & Marketing Initiative (current position) and the Japan Sales Business Field
Managing Director
In charge of the Management Administration Initiative
Director and Managing Executive Officer (current position)

Akira Nonomura

Director
Managing Executive Officer

● 13 years ○ 17,835 shares



Apr. 1986
Apr. 2007

Joined the Company
General Manager of the Fundamental Technology
Commercialization Center of the Manufacturing
Initiative
Director
In charge of the Manufacturing Initiative
In charge of the Shimoina Business Field
In charge of the Minowa Business Field
In charge of the Research & Development Initiative
In charge of the Quality Assurance
Initiative (current position)
Director and Senior Executive Officer (current position)

Etsuji Yamaoka

Director
Senior Executive Officer

● 13 years ○ 20,535 shares



Apr. 1986
Apr. 2007

Joined the Company
General Manager of the Product Management
Center of the Business Structure Reform Initiative
General Manager of the Marketing Center of the Business Structure Reform Initiative
Managing Director of KOA Denko (S) Pte. Ltd.
General Manager of the Product Roadmap
Development Center of the KPS-3 Initiative
Director
In charge of the KPS-3 Initiative (current position)
In charge of the Research & Development Initiative
Director and Senior Executive Officer (current position)
In charge of the Management Administration Initiative (current position)

Toshihiro Kojima

Director
Senior Executive Officer

● 8 years ○ 16,035 shares



Apr. 1995
Apr. 2014

Joined the Company
General Manager of the Thick Film Center of the Shimoina Business Field of the Manufacturing Initiative
President of KOA Electronics (Taicang) Co., Ltd.
President and Chairperson of KOA Electronics (Taicang) Co., Ltd.
Executive Officer
In charge of the Manufacturing Initiative in China (current position)
Senior Executive Officer
In charge of the Research & Development Initiative (current position)
In charge of the KPS-3 Initiative (current position)
Director and Senior Executive Officer (current position)

Shinsuke Chihara

Director
Senior Executive Officer

● New ○ 1,100 shares



Jul. 1983
Jul. 1987
Jun. 1996
Apr. 2004
Jun. 2004

Licensed Attorney with the State Bar of California, U.S.A.
Licensed Attorney with the State Bar of New York, U.S.A.
Director of Global Venture Capital Inc.
Outside Director of BJIT Inc.
Professor at the Graduate School of International Corporate Strategy Research, Hitotsubashi University
Outside Director of Really English.com Limited
Representative director of Global Venture Capital Inc.
Outside Director of Geovector Corporation
Outside Director of KOA (current position)
Representative Director of Real English Broadband Co., Ltd.
Representative Director of Duraziz Holdings Corporation

Michael John Korver

Independent Outside Director
Nomination and Compensation
Committee member

● 17 years ○ 12,500 shares



Apr. 1983
Nov. 1999
Feb. 2001
Jan. 2002
Sep. 2006

Joined Kanematsu-Gosho, Ltd. (currently Kanematsu Corporation)
Joined Japan Communications Inc. as General Manager of the Corporate Planning Office
Joined Baltimore Technologies Japan Co., Ltd. (currently Cybertrust Japan Co., Ltd.)
as Senior Executive Financial Officer
Joined Levi Strauss Japan K.K.
as Finance Controller
Joined Starbucks Coffee Japan, Ltd.
as Officer in Charge of Supervising Finance
Infrastructure and CFO
Outside Director (Chair of the Audit Committee, member of the Compensation Committee) at Cookpad Inc.
Outside Director at Nippon Ski Resort Development Co., Ltd.
Outside Director of KOA (current position)
Outside Director (Chair of the Audit Committee, member of the Nomination Committee) at Cookpad Inc.
Outside Director, Audit and Supervisory Committee member at KAYAC Inc. (current position)
Outside Director (Chair of the Audit Committee, member of the Compensation Committee) at Cookpad Inc.
Outside Director (Chair of the Audit Committee, Chair of the Compensation Committee) at Cookpad Inc.

Toru Kitagawa

Independent Outside Director
Nomination and Compensation
Committee Chair
Chair of the Board of Directors

● 8 years ○ 0 shares



Apr. 1980
Mar. 1988
Oct. 1995

Joined Alps Electric Co., Ltd.
(currently Alps Alpine Co., Ltd.)
Joined Tohoku Kinzoku Kogyo Co., Ltd. (currently TOKIN Corporation)
General Manager of the Product Development
Department of the Electronic Devices Division at Tohoku Kinzoku Kogyo Co., Ltd.
Apr. 1998
Apr. 2001

General Manager of the Magnetic Actuator Division at Tohoku Kinzoku Kogyo Co., Ltd.
Joined Tokyo Weld Co., Ltd. as General Manager of the Technical Planning Office
General Manager of the Elemental Technology
Division and General Manager of the Technical
Center at Tokyo Weld Co., Ltd.
Director of Tokyo Weld Co., Ltd.
Managing Director and Chief Technology Officer at Tokyo Weld Co., Ltd.
Advisor of Tokyo Weld Co., Ltd. (current position)
Outside Director of KOA (current position)

Koji Takahashi

Independent Outside Director

● 3 years ○ 0 shares



Apr. 1986
May 1992
Apr. 1996
Sep. 2000
Jun. 2005
Jun. 2002

Joined Recruit Cosmos Co., Ltd.
(currently Cosmos Intia Co., Ltd.)
Joined Nanken Corporation
(currently Forest Corporation)
Representative Director and President of Nanken Corporation (current position)
Representative Director and President of Rent Life Corporation (current position)
Auditor of Nanchinkouei Co., Ltd. (current position)
Outside Director of KOA (current position)

Hitoshi Ozawa

Independent Outside Director
Nomination and Compensation
Committee member

● 3 years ○ 0 shares



Mar. 1972
Sep. 1982

Joined Japan Airlines Co., Ltd.
Established SUMI Human Resource Development Inst., Representative (current position)
Apr. 1989
Apr. 1991

Part-time Lecturer at Kaetsu Women's College (currently Kaetsu University)
Part-time Lecturer at Josai University Women's Junior College
Apr. 1997

Part-time Lecturer at Iwate Prefectural Miyako College (currently Iwate Prefectural University, Miyako Junior College)
Outside Director of KOA (current position)
Corporate Auditors

Sachiko Sumi

Independent Outside Director

● 2 years ○ 0 shares

Corporate Auditors



Feb. 2001
Jan. 2002
Jul. 2004
Apr. 2007
Jun. 2019

Joined K-TECH Devices Corporation
(currently KOA Corporation)
General Manager of the General Affairs Department at K-TECH Devices Corporation
Transferred to KOA
General Manager of the General Affairs Center of the Management Administration Initiative
Full-time Corporate Auditor (current position)

Tsuyoshi Yajima

Full-time Corporate Auditor

● 6 years ○ 2,300 shares



Oct. 1984
Jun. 1994

Joined KOA Electronics Co., Ltd.
General Manager of the QC Center of KOA Electronics Co., Ltd.
May 2000
May 2005

Head of the Director Support Center of KOA Electronics Co., Ltd.
Representative Director and President of KOA Electronics Co., Ltd.
(In charge of engineering, quality, and general affairs)
May 2022
May 2025

Director and Chairman of KOA Electronics Co., Ltd.
Corporate Auditor of KOA Electronics Co., Ltd. (current position)
Jun. 2025

Full-time Corporate Auditor of KOA (current position)

Yasuhisa Nakato

Full-time Corporate Auditor

● New ○ 1,233 shares



Apr. 1985
Sep. 1986
May 1991
Sep. 1991
Jun. 1998
Aug. 2011
Jun. 2019

Joined Showa Audit Corporation
(currently Ernst & Young ShinNihon LLC)
Joined Yokohama Accounting Firm
Registered Certified Tax Accountant
Joined Iinuma Accounting Firm
Established Mirai Keiei, Director (current position)
Established Mirai Keiei Tax Accountant Office,
Partner (current position)
Outside Corporate Auditor of KOA (current position)

Yoshiko Iinuma

Outside Corporate Auditor

● 6 years ○ 1,000 shares



Oct. 2004
Oct. 2006
Apr. 2012
Oct. 2017
Jun. 2025

Registered as an attorney
Joined Baker & McKenzie
Joined Starbucks Coffee Japan, Ltd.
Manager of the Legal Team, General Affairs and Legal Department, Administration Division of Starbucks Coffee Japan, Ltd.
General Manager of the Compliance Department, Corporate Equity Division of Starbucks Coffee Japan, Ltd. (current position)
Outside Corporate Auditor of KOA (current position)

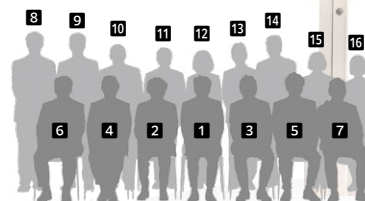
Rei Sato

Outside Corporate Auditor

● New ○ 0 shares

Skill matrix

At KOA, directors and corporate auditors leverage their respective experience and expertise to oversee management decision-making, supervision, and auditing. The skill matrix indicates the areas of expertise expected from each member. By bringing together individuals with diverse backgrounds, we support the company's growth and sound management from a wide range of perspectives. We are also working to establish a composition that considers diversity, including gender and an international background.



As of June 23, 2025

Name	Position	Years of service	Attendance at Board of Directors and Committee meetings in the fiscal year ended March 31, 2025 (Attendance/number of meetings) *1		Areas of particular expectation								
			Board of Directors	Nomination and Compensation Committee	Corporate management	Global experience	Quality Engineering Manufacturing	Sales Marketing	Finance Accounting Capital policy	Legal Compliance	IT Digital DX	Human resources development Diversity	ESG Sustainability
1 Koichi Mukaiyama	Director and Chairperson Nomination and Compensation Committee member	49	13/13	7/7	●					●			●
2 Kosei Mukaiyama	Representative Director, President, CEO, Nomination and Compensation Committee member	4	13/13	7/7	●	●		●		●		●	●
3 Katsuhiko Momose	Director, Vice President and Executive Officer	14	13/13	—	●		●		●				
4 Akira Nonomura	Director & Managing Executive Officer	13	12/13	—	●	●		●		●			
5 Etsuji Yamaoka	Director & Senior Executive Officer	13	13/13	—	●		●				●		
6 Toshihiro Kojima	Director & Senior Executive Officer	8	13/13	—	●	●	●	●			●		
7 Shinsuke Chihara	Director & Senior Executive Officer	(New)	—	—	●	●	●				●		
8 Michael John Korver	Independent Outside Director Nomination and Compensation Committee member	17	13/13	7/7	●	●				●			●
9 Toru Kitagawa	Independent Outside Director Nomination and Compensation Committee Chair	8	13/13	7/7	●	●			●	●			●
10 Koji Takahashi	Independent Outside Director	3	13/13	—	●	●	●						
11 Hitoshi Ozawa	Independent Outside Director Nomination and Compensation Committee member	3	13/13	7/7	●			●	●				●
12 Sachiko Sumi	Independent Outside Director	2	13/13	—	●							●	●
13 Tsuyoshi Yajima	Full-time Corporate Auditor	6	13/13	—					●	●			●
14 Yasuhisa Nakato	Full-time Corporate Auditor	(New)	—	—	●		●						
15 Yoshiko Iinuma	Outside Corporate Auditor	6	13/13	—	●				●				
16 Rei Sato	Outside Corporate Auditor	(New)	—	—						●		●	

*1 The number of Nomination and Compensation Committee meetings held during the member's term of office (June 22, 2024 to June 20, 2025)

Assessment of the Board of Directors' Effectiveness

Human resources for creating our future

KOA believes that continuously enhancing the functions of the Board of Directors, which is responsible for decision-making and supervision, is essential for achieving sustainable growth and medium- to long-term enhancement of corporate value. Accordingly, we conduct an analysis and assessment of the overall effectiveness of the Board of Directors once a year. Further, we strive to improve the quality of governance by formulating and implementing improvement measures to address issues identified through the assessment.

Initiatives to address issues identified through the efficacy evaluation for the fiscal year ended March 31, 2024

Composition of the Board of Directors and shared awareness among directors

The Board of Directors and the Nomination and Compensation Committee are examining ways to ensure that the composition of the Board of Directors reflects diversity, including gender diversity. At the same time, discussions are progressing on specific plans for optimizing the composition of the Board of Directors.

Agenda items

To ensure that the Board of Directors can appropriately perform its supervisory function and to establish such operations, we introduced the executive officer system and established the Executive Committee in June 2024. In response, we delegated certain authority from the Board of Directors to the Executive Committee. We also reached consensus on an annual plan and optimal operating methods to further strengthen the supervisory function of the Board of Directors. Additionally, to reliably achieve and maintain the objectives of the changes to the corporate governance structure, we continue to thoroughly communicate and monitor the executive officer system and its implementation.

Considering and reflecting stakeholder opinions

From the perspective of enhancing shareholder-oriented management awareness, we have begun full-scale consideration of establishing "management that is conscious of capital costs and stock prices" at KOA. We have also deepened our understanding of the responsibilities and importance of IR as a company listed on the Prime Market. Based on this, we have identified current issues and have begun examining improvement measures.

FY 03 / 2025 effectiveness assessment process

Questionnaire survey

We conduct a self-evaluation questionnaire (with names disclosed) for all directors and all corporate auditors, using a combination of multiple-choice and free-response questions.

Evaluation items include Board of Directors composition, secretariat operations and information provision, agenda items, nomination and compensation, relationships with stakeholders, internal control, and officer training.

Analysis, evaluation, and discussion

Based on the results of the survey, the Board of Directors analyzes and assesses the results, and discusses problems and future initiatives. Through this process, we share the current assessment and issues, and formulate improvement measures for the following fiscal year.

Results of the FY 03 / 2025 effectiveness assessment Identified issues

As a result of the FY 03 / 2025 effectiveness assessment of the Board of Directors, we confirmed that the effectiveness of KOA's Board of Directors is being ensured.

Based on this, we identified the following issues related to further improvement of corporate governance. KOA will give due consideration to these issues and continue working to improve the effectiveness of the Board of Directors.

1. We need to achieve as soon as possible the Board of Directors composition optimization plan that has been under consideration. We need to respond actively to the expectations of all stakeholders, including shareholders, by promoting more effective corporate governance befitting a company listed on the Prime Market.
2. To further strengthen the supervisory function of the Board of Directors and promote sound enhancement of corporate value, we need to identify priority strategic agenda items and incorporate them into an annual plan. We also need to strengthen operations focused on deeper discussions and prompt consensus-building.
3. From the perspective of enhancing shareholder-oriented management awareness, the Board of Directors needs to take the lead in establishing "management that is conscious of capital costs and stock prices" and work proactively on IR together with the executive team.

Compensation of Directors and Strategic Cross-shareholding

Compensation of Directors

Compensation for members of the Board of Directors (other than outside directors) is comprised of basic compensation, performance-linked bonuses, and restricted stock grants. Our policy aims to maintain an optimal compensation mix that effectively motivates directors to enhance corporate value. A summary of each member of the Board of Directors (other than

outside directors) compensation is provided below. Compensation for outside directors consists solely of basic compensation.

Item	Summary	Compensation limit amount
Basic compensation	An amount determined based on job title, roles, and responsibilities, etc.	Directors: Up to ¥450 million per year Corporate auditors: Up to ¥100 million per year
Officers' bonuses	Payment eligibility and value are determined based on consolidated financial results (sales, operating margin and return on equity) and other factors for the fiscal year in question.	
Restricted Stock	KOA common shares with a specified transfer restriction period and which are subject to KOA's specified conditions for acquisition without charge, etc. ("Transfer-restricted Shares"), are allocated.	Directors: Up to ¥90 million per year (Separate from the compensation limit amount on directors)

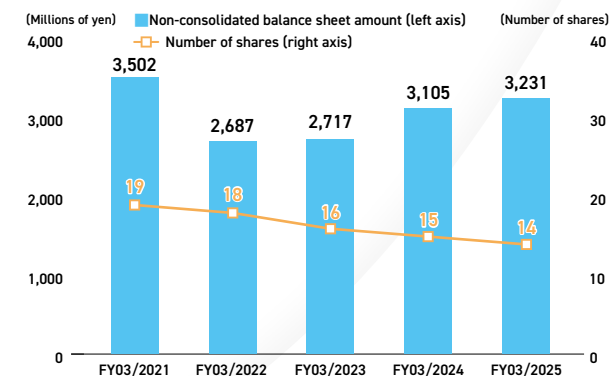
Compensation paid to officers (Fiscal Year Ended March 31, 2025)

Category	Total amount of the compensation, etc. (millions of yen)	Total amount by compensation type (millions of yen)			Number of recipient officers (and other officers)
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (Number of outside directors)	287(38)	252(38)	-(-)	34(-)	12(-)
Corporate auditors (Number of outside corporate auditors)	56(13)	56(13)	-(-)	-(-)	4(-)
Total (Number of outside officers)	344(51)	309(51)	-(-)	34(-)	16(-)

Status of cross-shareholdings

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

The Board of Directors regularly confirms the status of cross-shareholdings. Additionally, the Board confirms the appropriateness of continued retention by comparing and analyzing the performance of these holdings, including total returns, against risks associated with said holdings. At the Board of Directors meeting convened on September 30, 2024, the Board used this data on cross-shareholdings as of the term ended March 31, 2024 to evaluate potential cross-shareholdings to sell. This process involved identifying issues that ranked low for qualitative criteria and that also performed poorly on quantitative measures. Upon review, the Board determined that there were no shareholdings lacking the justification for continued holding in the current fiscal year.



Risk Management (Integrated Management of Risks and Opportunities)

Basic approach

We proactively predict and appropriately assess all risks with the potential to cause physical, economic, or credit losses or disadvantages. Furthermore, we work to ensure that we can achieve the best results at the minimum cost, by preemptively implementing necessary measures to minimize opportunity costs and enable the avoidance, mitigation, and/or transfer of risks.

At the same time, we also ascertain and assess and implement measures as appropriate in response to all opportunities to gain physical, economic, and/or credit advantage.

Risk management structure

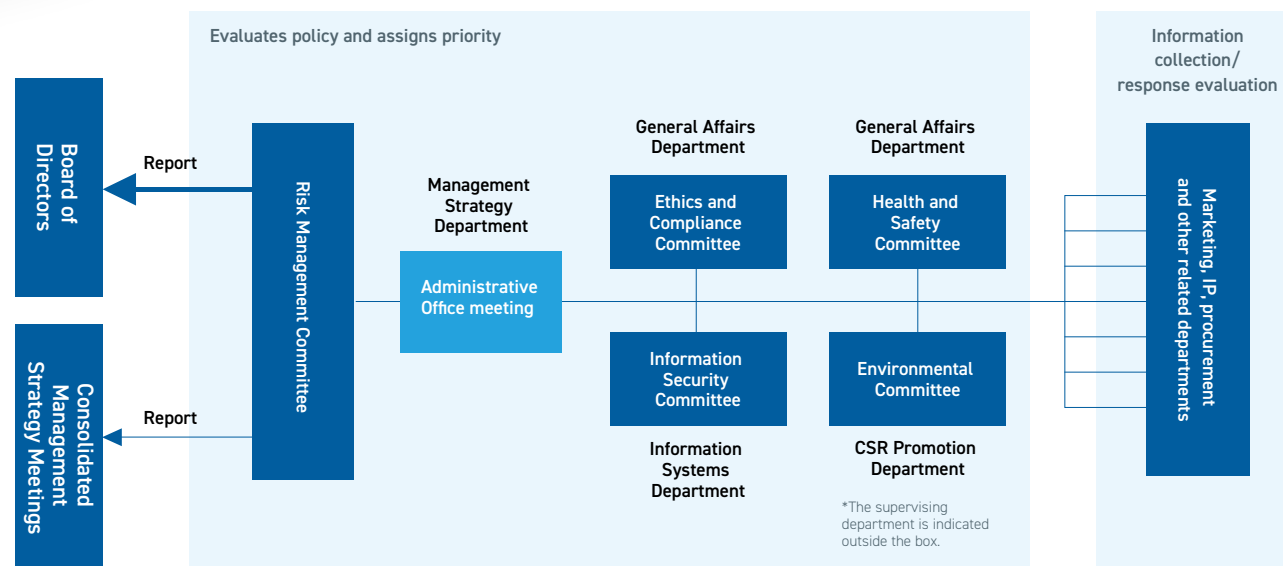
We established a Risk Management Committee to manage risks and opportunities on a groupwide level.

The President and CEO serves as the Committee chair, and the Committee consists of executive officers and employees appointed by the Committee chair. Measures outlined by the Committee to address risks and opportunities, including those related to sustainability, are discussed as core themes at Administrative Office meetings, which involve participation from each of the dedicated committees. These core themes are then reflected in management policy and strategy, including the Medium-Term Management Plan. From the fiscal year ended March 31, 2023, responsible parties from relevant departments also participate in Administrative Office meetings to increase meeting efficacy.

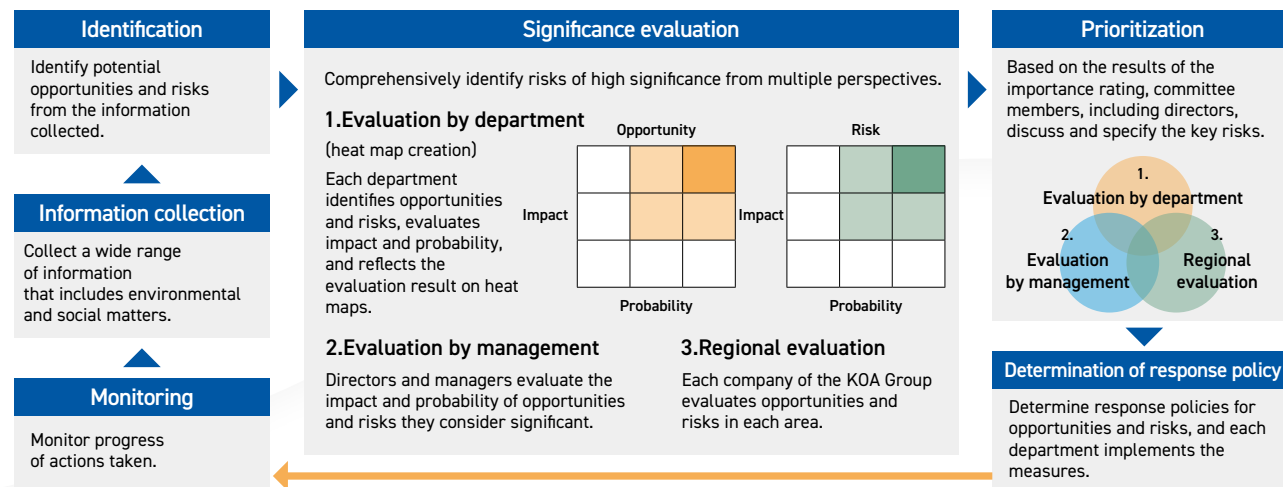
Risks with the potential to have a major impact on KOA businesses are as follows.

- Prolonged suspension of operations or withdrawal from the region due to war or disputes
- A slowdown in digital-driven operational improvements and DX due to a lack of human resources
- Serious customer complaints or recalls due to defective products
- System shutdown due to ransomware or an infection by other computer viruses
- Unavoidable cost increases due to increased energy use from business expansion, fuel adjustment costs, or renewable energy surcharges
- Decline in profitability or market share for automotive products due to improved quality and strengthened supply chains by competitors
- Stoppages in raw material supply due to disruptions in the business operations of suppliers
- Occupational accidents caused by chemical substances, which are increasing in number every year and becoming more difficult to manage
- Recruitment difficulties in terms of both quantity and quality, and inability to secure necessary talent due to a decreasing workforce caused by declining birthrates
- Delays in product development and stagnation in creating distinctive products
- Difficulty in recruiting and retaining talented employees, and declines in productivity and innovation, due to delays in creating an environment where women can fully demonstrate their abilities
- Strengthening of tariffs and export regulations due to US-China supply chain bifurcation, supply restrictions on strategic materials (rare earths, etc.), and the progress of localization (domestic production) in various countries

Risk management system diagram



Risk Management (Integrated Management of Risks and Opportunities)



Information security/cyberattack response

KOA has established a basic policy for information security, positioning it as one of the most important management and business issues. Our Information Security Committee, which is chaired by the responsible member of the Board of Directors, is primarily responsible for ensuring information security on a cross-departmental basis. KOA's information security system is subject to monitoring by the Board of Directors, which receives reports via the Risk Management Committee.

In particular, a cyberattack can not only cause damage to the company, but could also have a major impact on the entire supply chain, including stopping the supply of parts. As we expand our business globally, we are taking measures to strengthen cybersecurity, including from the perspective of geopolitical risks. We established KOA-CSIRT*, an internal organization responsible for responding to cyber incidents and collaborating with offices across the world. KOA-CSIRT oversees initiatives such as employee training and the monitoring of network communications during normal times and

cooperates with the Information Security Committee in the event of an emergency.

We will continue working to maintain and improve information security under the following response policy.

1. Prevention through an increase of employees' awareness of security
2. Early detection through monitoring of communication and systems
3. Minimization of damage in the event of an incident
4. Identification and response to vulnerabilities
5. Transition to the next-generation communications environment in response to environmental changes, increased use of smart factories, telework, cloud services, etc.

* Computer Security Incident Response Team

Compliance and Fair Business Activities

Basic approach

KOA complies with domestic and international laws and ordinances and customer requirements in adherence to the principles of the Charter of the United Nations and the OECD Guidelines for Multinational Enterprises. We also respect social norms and engage in highly ethical business practices. KOA has formulated and promotes initiatives based on our Basic Policy on Compliance, through which we ensure compliance and work to make continuous improvements.

Code of Conduct and Action Guidelines

In April 2013, we established the KOA Group Code of Conduct, which clarifies basic policies on the behavior expected of each officer and employee. By adhering to this Code of Conduct, we strive to build strong relationships with our Five Groups of Stakeholders. We further established the KOA Group Action Guidelines in order to more concretely outline the principles of the Code of Conduct. KOA expects its officers and employees to act in accordance with the Code of Conduct and Action Guidelines.

We have also translated these documents into English and Chinese to increase awareness within the group.



Compliance system

We have established an Ethics and Compliance Committee, chaired by the senior executive officer in charge. This Committee identifies compliance-related risks, formulates measures for eliminating and mitigating risks, and makes basic decisions regarding implementation. The Committee disseminates information on its decisions throughout the group and, when necessary, issues direct instructions to relevant departments and group companies to promote risk elimination and mitigation.

[Main topics regarding compliance]

- Strengthening the compliance system
- Strengthening the whistleblowing system
- Status of compliance with laws and regulations (Personal Information Protection Act, Labor Standards Act, etc.)

Specific initiatives

Signing the United Nations Global Compact

In 2023, KOA became a signatory to the United Nations Global Compact, the world's largest partnership for promoting sustainability. KOA is working to comply with and practice the Ten Principles of the UN Global Compact related to human rights, labor, the environment, and anti-corruption.



Implementation of compliance education

Enhancing education and training is important for ensuring compliance. At KOA, we conduct the following education and training.

Education through group readings of the Code of Conduct and Action Guidelines by officers and employees. Dialogue with employees of each department on social conditions during morning meetings. Labor management training for all managers once a year. Labor management training for all managers once a year. As necessary, managers also provide training to employees in each department.

In 2022, we introduced an online training system to enable the more flexible provision of training. Since then, we have held online compliance training for domestic employees (with some exceptions) each year. In the future, we plan to provide education for employees who have difficulty participating in online training.

Reinforcing corruption prevention

To further prevent corruption, in 2023 we formulated an Anti-Corruption Policy and revised our internal regulations regarding bribery prevention. In Japan, we conducted e-learning training on antitrust laws and bribery prevention. We will continue to promote corruption prevention by reinforcing our compliance training for officers and employees.

In FY03/2025, nearly 100 employees from domestic sales offices participated in an online study session on the Antimonopoly Act, with our legal counsel serving as the instructor.

Compliance, Fair Business Activities, and Information Security

Enhancing the whistleblowing system

KOA introduced a whistleblowing system to prevent, promote early detection, and respond to compliance violations. Furthermore, we established the KOA Hotline as an internal consultation desk. We also revised our whistleblowing regulations to adhere to the revised Whistleblower Protection Act enacted in June 2022. These revisions help increase anonymity and ensure whistleblowers are able to submit reports without feeling discouraged. To increase effectiveness, in addition to the internal consultation desk mentioned above, KOA also joined JaCER* in September 2022 to establish an external consultation desk and strengthen our complaint handling system. To further enhance this system, in 2023 we began accepting reports through a consultation desk operated by an external dedicated provider. We recognize the whistleblowing system as an essential function to ensure thorough compliance. We plan to continue making further improvements.

* Abbreviation for Japan Center for Engagement and Remedy on Business and Human Rights. This is an organization that provides a non-judicial complaint handling platform based on the United Nations Guiding Principles on Business and Human Rights. This organization serves as a dedicated operator to support member companies in the handling of complaints.

Number of whistleblowing cases

FY	03/2021	03/2022	03/2023	03/2024	03/2025
No. of cases in Japan	7	7	6	10	16
No. of cases overseas	0	0	1	0	0

Conducting CSR audits

To ensure thorough compliance, we conduct self-assessment audits and third-party external audits.

- In October 2025, we achieved a score of 81% on the "SAQ5.0 CSR/ Sustainability Results Report" for "Supplier Assurance" conducted by NQC, a leading company in global automotive supply chain risk management.
- For audits by the RBA (Responsible Business Alliance), a corporate alliance that promotes CSR, we conduct self-assessments using checklists at all locations. At critical domestic locations, we also undergo third-party Validated Assessment Program (VAP) audits.
- Regarding compliance with the European Corporate Sustainability Reporting Directive (CSRD), we are currently responding to requests from European companies subject to reporting requirements. Our European bases, as well as our bases in Japan and China, are steadily advancing sustainability promotion initiatives as members of the supply chain.

Health and Productivity Management

Basic approach

The KOA corporate motto is "Let's make our workplace more upbeat and pleasant than anywhere else!" A prerequisite to realizing our corporate motto is the health of our employees.

It is important for employees to be able to engage in their daily tasks and goals with a positive mindset because doing so enhances employee performance. This

means ensuring that employees can lead their lives without worrying about issues with their physical or mental health. The health of our employees represents the health of our company. Furthermore, if the families that support our employees are also healthy, then our employees will be able to work with peace of mind.

Based on this approach, we actively work to promote the health of our employees and their families.



Health and Productivity Management Declaration

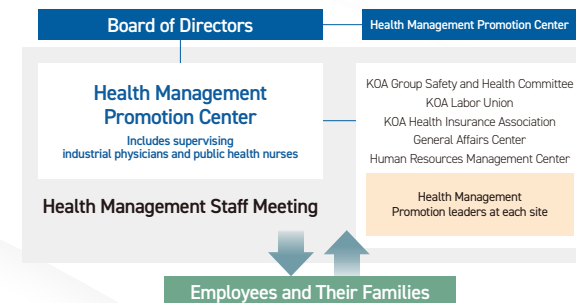
The KOA mission is to build strong relationships with the Five Groups of Stakeholders that support us (shareholders, customers and business partners, local communities, employees and their families, and the environment). We come together to achieve this mission in our day-to-day activities.

We believe that essential to the growth of the KOA is the mental and physical health of all employees to ensure that they are able to work energetically and happily. To this end, we continuously work to promote health management.

Kosei Mukaiyama
Representative Director, President and CEO

Promotion structure

The Health Management Promotion Center, established directly under the Board of Directors, promotes Health Management through the Health Management Staff Meeting, in collaboration with the KOA Group Safety and Health Committee, KOA Labor Union, KOA Health Insurance Association, the General Affairs Center, the Human Resources & Education Center, and Health Management Promotion leaders at each site.



Correlation between our Medium-Term Management Plan and Health Management



Health and Productivity Management



Targets and results

Evaluation indicators include periodic health examination rate, detailed examination rate, family member specified health examination rate, rate of smoking, rate of exercise for 30 minutes or more twice per week, and the walking challenge participation rate. We aim to achieve the numerical targets for each item.

To promote this goal, health promotion staff have been assigned to each location. We proactively encourage eligible employees to get full examinations and have family members get their specified health examination.

Targets and results

Evaluation indicators	FY03 /2021 Results	FY03 /2023 Results	FY03 /2023 Results	FY03 /2024 Results	FY03 /2025 Results	FY03 /2026 Results
Periodic health examination rate	100%	99.4%	99.8%	99.5%	99.9%	100%
Detailed examination rate	86.7%	89.5%	89.0%	84.1%	82.7%	100%
Specified health examination participation rate for family members	86.3%	88.3%	79.3%	84.5%	83.3%	95% or more
Rate of smoking	23.2%	22.5%	22.4%	22.2%	21.7%	20% or less
Rate of exercise for 30 minutes or more twice per week	26.2%	27.3%	27.1%	28.1%	31.8%	40% or more
Walking challenge participation rate	20.4%	20.2%	20.8%	29.6%	25.9%	30% or more

Results of initiatives to promote health

Item	FY03 /2021	FY03 /2022	FY03 /2023	FY03 /2024	FY03 /2025
Stress check participation rate	96.9%	97.7%	88.8%	86.3%	87.9%
Rate of individuals with high levels of stress	12.2%	15.4%	14.3%	12.2%	13.5%
Average hours of overtime per month	7h42m	13h56m	12h21m	7h58m	6h58m
Average number of days of annual paid vacation taken	10.3 days	11.5 days	12.8 days	15.5 days	15.1 days
Turnover rate	3.5%	5.2%	4.3%	4.9%	3.9%
Average length of service	17.6 years	17.1 years	16.6 years	16.4 years	16.3 years
Absenteeism (*4)	0.31%	0.60%	0.56%	0.52%	0.28%
Presenteeism (*5)	-	-	-	78.7%	79.4%

*4 Rate of absence due to illness or injury*5 Measurement method: University of Tokyo Single-Item Presenteeism Question

Since smoking is a factor that causes various diseases such as cancer, strokes, cardiovascular disease, and respiratory disease, we also aim to reduce the rate of smoking by holding events and providing support for in-house activities to encourage smokers to quit.

Furthermore, we are actively working to improve exercise habits to reduce the risk of death from lifestyle-related diseases, heart disease, and stroke. Regular exercise is closely related to a healthy life expectancy, which refers to the ability to live a healthy and independent life. Exercise habits are closely related to healthy life expectancy for living a healthy and independent life. Therefore, we are working to promote understanding, dissemination, and establishment of the importance of exercise.

Initiatives by the Health Management Promotion Center

The Health Management Promotion Center is operated by seven staff members, including a supervising industrial physician and public health nurses, and promotes health initiatives in collaboration with the KOA Health

Insurance Society.

We are currently preparing to introduce a system to centrally manage health check results, stress checks, and attendance information. We strive to prevent and detect health risks early by establishing a structure under which public health nurses are able to comprehensively monitor the health status of our employees and respond quickly.

We also provide opportunities for employees to increase awareness of health management themselves, through health education and health events, the development of walking courses in KOA Pine Park, and efforts to address women's health issues. Through these initiatives, we will establish an environment in which each employee can independently maintain and improve their health.

We also place emphasis on the mental health of our employees, and we have strengthened follow-up after stress checks and enhanced the support system for those feeling unwell. In collaboration with mental health consultants, and with industrial physicians taking the central role, we are engaged in company-wide initiatives to establish a workplace environment in which employees can work with peace of mind.

Through this comprehensive health management system, we aim for all employees to experience self-growth, job satisfaction, and happiness in life. We want our employees to pursue the ideal of living a physically and mentally healthy and fulfilling life, including in their second life after retirement.

Initiatives to promote health

Disease prevention (Lifestyle disease prevention)
<ul style="list-style-type: none"> ■ Periodic health examinations (Enhanced examination items) ■ Recommending detailed examination ■ Specified health exam/health guidance (including family members) ■ Gynecological checkups ■ Zero cavities campaign (dental checkups and treatment recommendations) ■ Influenza vaccination ■ Financial assistance for health exams and neurological exams ■ Recommending quitting smoking ■ Training related to lifestyle habits

Mental health
<ul style="list-style-type: none"> ■ Interviews of all employees ■ Improving the consultation desk ■ Mental health training ■ Development of return-to-work support systems ■ Utilization of stress check group analysis results ■ Strengthening of high-stress individual consultation

Health promotion
<ul style="list-style-type: none"> ■ Use of the healthcare app (PepUp) ■ Walking challenge ■ Health seminars ■ Providing exercise facilities ■ Support for exercise groups ■ Walking path maintenance; walking course map creation ■ Utilization of body composition analyzers ■ Employee restaurant that uses natural seasonings

External Evaluations and Participation in Initiatives

Certified as an Excellent Health and Productivity Management Corporation

We have been certified as an "Excellent Health and Productivity Management Corporation (Large Corporation Category)" by the Ministry of Economy, Trade and Industry and the Japan Health Conference for four consecutive years, from 2022 to the present.



Platinum Kurumin

In 2017, we received the Platinum Kurumin certification as a company that has advanced the adoption and use of systems that support the balance between childcare and work, and that is pursuing high-level initiatives in this area.



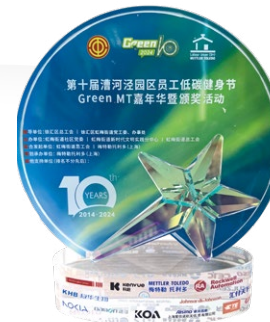
CDP assessment

Since 2015, we have been making environmental information disclosures (CDP surveys) conducted by CDP, an international environmental non-profit organization. We received a B rating in the CDP 2024 climate change survey.



Award for Promoting a Low-Carbon Society (Shanghai, China)

Shanghai KOA Electronics Co., Ltd. was recognized by the Hongmei Subdistrict Regional General Labor Union as one of the founding organizations of a charity event that contributed to promoting a low-carbon society in the region. We participate in this event every year, working with local government organizations and labor unions to raise awareness toward achieving a low-carbon society.



Received the Kanto Bureau of Economy, Trade and Industry Director's Award for Excellent Greening Factory

The Takuminosato Factory was recognized by the Ministry of Economy, Trade and Industry's "Excellent Greening Factory Award Program" and received the Kanto Bureau of Economy, Trade and Industry Director's Award. This was in recognition of its environmental conservation activities, including factory greening and utilization of renewable energy.



JAXA Certified Parts Long-Term Supply 50th Anniversary Certificate of Appreciation

Sanada KOA Corporation received a "JAXA Certified Parts Long-Term Supply 50th Anniversary Certificate of Appreciation" from the Japan Aerospace Exploration Agency (JAXA). This was in recognition of its contribution to Japan's space development activities through the long-term stable supply of JAXA-certified parts.



Adopted ESG indices

S&P/JPX Carbon Efficient Index



Various certifications

- ISO 9001 Obtained in December 1994
- ISO 14001 Obtained in April 1998
- IATF 16949 Obtained in May 2018
- JIS Q 17025 (ISO/IEC 17025) Obtained in July 2007

Stakeholder Engagement and Information Disclosure

Inheriting the "founding spirit" and listening to the opinions of the current era, KOA has established the building of strong relationships of trust with the Five Groups of Stakeholders who support KOA—shareholders, customers and business partners, the community, employees and their families, and Earth (the environment)—as our corporate mission. We are eternally grateful for the benefits and support from our stakeholders. And in turn, KOA's mission is to continue to create value for all of them.

<p>Customers and Business Partners</p>	<p>We aim to be a company chosen by customers and business partners. While responding to expectations conveyed through dialogue, we pursue quality and manufacturing that leverage KOA's distinctive high technological and developmental capabilities. At the same time, we strive to build solid relationships of trust under a robust compliance system.</p> <hr/> <p>■ Daily sales activities ■ Exhibitions ■ Website ■ Provision of technical seminars</p>
<p>Shareholders and investors</p>	<p>To help more people gain a deeper understanding of KOA's appeal, we are working to enhance KOA's initiatives and disclosures, expand opportunities for interaction with investors, and strengthen shareholder return measures.</p> <hr/> <p>■ General Meeting of Shareholders ■ Performance reviews ■ IR interviews ■ Financial information disclosure (shareholder newsletter, Annual Securities Report, integrated report, financial results summary, financial review materials, financial review transcript, Corporate Governance Report, Medium-Term Management Plan)</p>
<p>Employees and Their Families</p>	<p>We conduct various initiatives, including engagement surveys, to ensure that employees and their families are healthy and feel pride and fulfillment in working at KOA.</p> <hr/> <p>■ Engagement surveys ■ Various training opportunities ■ Labor-management council ■ Attendance (as observers) of labor union executive members at executive meetings ■ Company newsletter ■ Company bulletin board ■ Whistleblowing desk ■ Permanent establishment of a career consultant</p>
<p>Communities</p>	<p>We strive to ensure that we hire in each region and contribute to regional development through social contribution activities tailored to the characteristics of each region.</p> <hr/> <p>■ Collaboration with local businesses and municipalities ■ KOA Thanksgiving Festival ■ Support/donations for nearby facilities and events ■ Ina Valley Foundation</p>
<p>Earth (Environment)</p>	<p>KOA and everyone who works at KOA, together with their families and community members, are promoting engagement with Earth (the environment). We do this by advancing activities for biodiversity conservation and achieving a recycle-oriented society in the Tenryu River watershed, where KOA was born, and in the local communities of each of our bases.</p> <hr/> <p>■ Tenryu River water quality surveys ■ Forest conservation activities by Yamatowa ■ Environmental picnics (picking up garbage along the river) ■ Japanese luehdorfia preservation activities</p>

Key Financial Data

	Units	FY03/2015	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
Sales	Millions of yen	46,595	45,462	45,600	52,515	55,895	50,020	50,378	64,955	75,072	64,835	64,120
Operating profit	Millions of yen	3,677	2,591	3,136	5,750	5,670	1,465	2,317	5,721	10,222	3,313	1,176
Net income attributable to shareholders of parent company	Millions of yen	3,423	1,999	2,563	4,378	1,018	1,077	2,034	4,771	7,367	2,769	260
Total assets	Millions of yen	69,972	69,169	71,859	78,012	77,355	75,858	81,340	94,989	112,768	129,566	141,365
Interest-bearing debt	Millions of yen	586	569	620	494	438	3,861	4,404	6,570	16,983	31,209	44,500
Net assets	Millions of yen	56,356	55,615	56,935	60,895	59,839	58,216	61,535	67,103	73,722	78,573	78,110
Cash flow from operating activities	Millions of yen	5,254	4,397	4,101	5,410	2,146	4,094	5,294	5,971	8,688	7,089	8,101
Cash flow from investing activities	Millions of yen	(2,786)	(3,532)	(1,549)	(4,691)	(4,261)	(5,477)	(2,699)	(5,920)	(12,926)	(17,399)	(23,939)
Cash flow from financing activities	Millions of yen	(869)	(1,025)	(929)	(1,241)	(1,294)	2,161	410	1,247	8,046	12,292	11,252
Free cash flow	Millions of yen	2,468	864	2,552	718	(2,114)	(1,382)	2,594	51	(4,237)	(10,309)	(15,838)
Cash and cash equivalents at end of period	Millions of yen	17,224	16,609	17,923	17,474	13,993	14,578	18,146	20,341	25,399	29,165	24,799
Capital expenditures	Millions of yen	2,275	3,668	2,271	5,051	6,210	3,993	2,236	6,921	11,919	19,077	24,229
Depreciation	Millions of yen	2,195	2,370	2,343	2,474	2,944	3,437	3,585	3,525	4,068	4,890	5,860
R&D expenses	Millions of yen	1,536	1,827	2,059	1,985	2,187	2,243	2,328	2,597	3,045	3,195	3,576
Total asset turnover ratio	Times	0.70	0.65	0.65	0.70	0.72	0.65	0.64	0.74	0.72	0.54	0.47
Net income per share	Yen	93.33	54.50	69.90	119.30	27.73	29.26	55.14	129.08	198.75	74.66	7.02
Net assets per share	Yen	1,534.08	1,513.95	1,549.50	1,685.15	1,627.09	1,579.85	1,665.85	1,810.99	1,988.46	2,118.19	2,104.37
Dividends per share	Yen	26.0	28.0	29.0	33.0	36.0	18.0	13.5	36.0	50.0	50.0	40.0
Return on invested capital (ROIC)	%	5.0	3.2	4.0	7.3	6.6	1.8	2.6	6.0	9.3	2.3	0.2
Return on equity (ROE)	%	6.4	3.6	4.6	7.4	1.7	1.8	3.4	7.4	10.5	3.6	0.3
Return on assets (ROA)	%	5.1	2.9	3.6	5.8	1.3	1.4	2.6	5.4	7.1	2.3	0.2
Equity ratio	%	80.4	80.3	79.1	78.1	77.4	76.7	75.6	70.6	65.4	60.6	55.3
Operating margin	%	7.9	5.7	6.9	11.0	10.1	2.9	4.6	8.8	13.6	5.1	1.8
Ratio of investment to sales	%	4.9	8.1	5.0	9.6	11.1	8.0	4.4	10.7	15.9	29.4	37.8
Dividend payout ratio	%	27.9	51.4	41.7	27.7	129.8	61.5	24.5	27.9	25.2	67.0	569.8
Dividend on equity (DOE) ratio	%	1.8	1.8	1.9	2.0	2.2	1.1	0.8	2.1	2.6	2.4	1.9
DE ratio	(times)	0.01	0.01	0.01	0.01	0.01	0.07	0.07	0.10	0.23	0.40	0.57

Key Non-financial Data

Environment

		Scope	Units	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025	
CO ₂ emissions	Scope 1	Consolidated	t-CO ₂	3,090	4,304	4,311	3,762	4,497	
	Scope 2	Consolidated	t-CO ₂	59,358	52,327	20,250	18,006	10,359	
	Scope 3* ¹	Consolidated	t-CO ₂	93,302	145,353	118,016	112,517	154,521	
Greenhouse gas (GHG)	Total energy usage* ²	Consolidated	MWh	108,760	118,583	118,635	125,990	135,821	
	Total electricity usage* ³	Consolidated	MWh	104,804	112,219	112,510	115,469	129,001	
	Electricity from renewable energy sources	Consolidated	MWh	136	16,005	78,965	86,548	111,594	
	Percentage of electricity generated from renewable sources	Consolidated	%	0.1	17	69	73	87	
Total emissions	Consolidated (Japan)	t	1,052.3	1,394.3	1,390.0	1,635.1	1,612.8		
Reuse volume	Consolidated (Japan)	t	50.6	46.2	24.9	22.7	16.0		
Recycled amount	Consolidated (Japan)	t	777.8	1,037.9	1,021.1	1,255.2	1,203.2		
Compost volume	Consolidated (Japan)	t	0.5	0.5	0.4	3.0	4.2		
Emitted materials* ⁴	Energy recovery from waste	Consolidated (Japan)	t	2.8	6.7	4.9	6.3	5.6	
	Direct incineration volume	Consolidated (Japan)	t	2.9	1.8	2.4	6.2	7.9	
	Landfill volume	Consolidated (Japan)	t	1.6	1.7	36.3	37.1	62.2	
	Hazardous waste volume	Consolidated (Japan)	t	216.2	299.5	300.0	304.7	313.8	
Recycling rate	Consolidated (Japan)	%	99.6	99.7	97.2	97.9	95.7		
Water resources	Intake water volume	Public water supply	Consolidated	Thousand m ³	324.5	335.5	331.1	327.7	342.4
		Well water	Consolidated	Thousand m ³	101.9	128.8	118.2	105.6	114.2
Chemicals	PRTR substance* ⁵ emissions and transfers		Consolidated (Japan)	t	52.7	60.0	55.2	59.0	43.2
	Atmospheric emissions of volatile organic compounds (VOC)		Consolidated (Japan)	t	40.3	41.3	41.8	33.7	27.9

*1 Some categories have not been tabulated for figures prior to 2023. *2 Energy used including fuel and electricity is converted into MWh. *3 Includes internal consumption of solar power. *4 Based on the concept of "proper separation transforms waste into resources", KOA avoids using the term "waste" and instead refers to it as "emitted materials". *5 Designated chemical substances specified under the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (PRTR Law).

Key Non-financial Data

Society

	Scope	Units	FY 03 / 2021	FY 03 / 2022	FY 03 / 2023	FY 03 / 2024	FY 03 / 2025		
	Number of employees	Consolidated	People	3,932	4,144	4,311	4,309	4,288	
	Number of employees	Non-consolidated	People	1,468	1,553	1,622	1,687	1,679	
	Of which, percentage of women	Non-consolidated	%	24.3	24.7	25.6	26.1	26.7	
	Percentage of female managers	Non-consolidated	%	-	-	-	0.75	0.7	
	Average length of service	Non-consolidated	Years	17.6	17.1	16.6	16.4	16.6	
	Males	Non-consolidated	Years	18.3	18	17.6	17.3	17.6	
	Females	Non-consolidated	Years	15.4	14.7	13.7	13.8	13.9	
	Number of new graduates hired	Non-consolidated	People	57	62	74	70	57	
	Of which, percentage of women	Non-consolidated	%	33.3	33.8	35.1	32.9	26.3	
	Number of mid-career hires	Non-consolidated	People	10	48	42	23	23	
	Of which, percentage of women	Non-consolidated	%	70.0	37.5	40.5	26.1	39.1	
	Average age	Non-consolidated	Years	41.1	40.8	40.5	40.3	40.3	
	Males	Non-consolidated	Years	41.9	41.7	41.6	41.3	41.3	
	Females	Non-consolidated	Years	38.5	38.1	37.5	37.6	37.7	
	Gender pay gap ^{*1} (All full-time workers)	Non-consolidated	%	-	-	75.6	74.1	72.8	
	Percentage taking childcare leave ^{*2}	Males	Non-consolidated	%	3.2	17.9	48.4	58.5	61.1
		Females	Non-consolidated	%	100	100	100	100	100
	Average number of childcare leave days taken	Males	Non-consolidated	Days	31.0	32.7	12.3	25.2	42.4
		Females	Non-consolidated	Days	673.3	691.0	592.8	478.6	580.6
	Employee engagement rating ^{*3}	Non-consolidated	-	-	CCC (47.1)	B (49.7)	B (49.2)	CCC (47.7)	
	Human resource development	Investment in human resource development/ training ^{*4}	Non-consolidated	-	100	167	173	196	
	Number of serious accidents ^{*5}	Non-consolidated	Cases	0	0	0	0	0	
	Number of severe accidents ^{*6}	Non-consolidated	Cases	0	0	0	0	0	
	Number of accidents requiring leave	Non-consolidated	Cases	0	3	3	1	1	
	Occupational safety and health	Lost time injury frequency rate (LTIFR) ^{*7}	Non-consolidated	-	0.00	1.07	0.97	0.34	0.33
		Occupational accident severity rate ^{*8}	Non-consolidated	-	0.0000	0.0021	0.0027	0.0003	0.0008
		Total recordable incident rate (TRIR) ^{*9}	Non-consolidated	-	0.00	1.88	1.97	0.61	0.60
		No. of deaths	Non-consolidated	People	0	0	0	0	0

*1 Ratio of (average annual wage for women)/(average annual wage for men). The percentage of non-full-time workers (fixed-term workers, etc.) is disclosed in the Annual Securities Report. *2 The rate of return to work after childcare leave is 100%.

*3 Engagement ratings based on MOTIVATION CLOUD by Link and Motivation Inc. There are a total of 11 rating levels (AAA to DD), with "CCC" being the seventh category from the top.

*4 The figures represent comparative figures with FY03/2022 set as the baseline of 100. *5 Accidents that result in a physical disability.

*6 An occupational accident resulting in work-related death, injury, or illness of three or more workers at one time, including injuries that do not require leave.

*7 Lost time injury frequency rate (LTIFR) = number of deaths and injuries due to occupational accidents (requiring one or more days of leave) / total work hours x 1,000,000

*8 Occupational accident severity rate = total lost workdays / total actual work hours x 1,000

*9 Total recordable incident rate (TRIR) = number of deaths and injuries due to occupational accidents (requiring one or more days of leave) / number of average annual workers x 1,000

Key Non-financial Data

Governance

	Scope	Units	June 2020	June 2021	June 2022	June 2023	June 2024	June 2025	
Composition of the Board of Directors	Number of directors	Non-consolidated	People	8	10	11	12	12	12
	Of which, number of outside directors*	Non-consolidated	People	2	3	4	5	5	5
	Of which, number of female directors	Non-consolidated	People	0	0	0	1	1	1
	Of which, number of foreign directors	Non-consolidated	People	1	1	1	1	1	1
	Ratio of outside directors	Non-consolidated	%	25.0	30.0	36.4	41.7	41.7	41.7
	Ratio of female directors	Non-consolidated	%	0.0	0.0	0.0	8.3	8.3	8.3
	Ratio of non-Japanese directors	Non-consolidated	%	12.5	10.0	9.1	8.3	8.3	8.3
Average length of term	Non-consolidated	Years	12.4	10.7	10.5	10.6	11.6	11.3	
Composition of the Board of Corporate Auditors	Number of corporate auditors	Non-consolidated	People	4	4	4	4	4	4
	Of which, number of outside corporate auditors*	Non-consolidated	People	2	2	2	2	2	2
	Of which, number of female corporate auditors	Non-consolidated	People	1	1	1	1	1	2
	Ratio of outside corporate auditors	Non-consolidated	%	50.0	50.0	50.0	50.0	50.0	50.0
	Ratio of female corporate auditors	Non-consolidated	%	25.0	25.0	25.0	25.0	25.0	50.0
	Average length of term	Non-consolidated	Years	5.8	6.8	7.8	8.8	9.8	3.5
Composition of Nomination and Compensation Committee	Committee chair	Non-consolidated	—	—	Independent outside director	Independent outside director	Independent outside director	Independent outside director	
	Number of Nomination and Compensation Committee members	Non-consolidated	People	—	—	5	5	5	5
	Of which, number of outside directors	Non-consolidated	People	—	—	3	3	3	3

*All outside directors and outside corporate auditors meet the requirements for independent directors and corporate auditors as stipulated by the Tokyo Stock Exchange.
Note: The number of people and ratios for each item are figures after the Annual General Meeting of Shareholders.

Corporate Information (as of March 31, 2025)

Company Name	KOA Corporation
Established on	May 24, 1947 (Founded March 10, 1940)
Capital	¥6,033 million

Address	Head office 14016, Oaza, Naka-minowa, Minowa-machi, Kamiina-gun, Nagano, 399-4697 Japan Earth Wing in KOA Pine Park Phone: +81-265-70-7171 (main) (Registered head office) 3672, Arai, Ina-shi, Nagano, Japan
Principal business	Development, manufacture, and sale of various electronic components

KOA Group

Japan
KOA ELECTRONICS CO., LTD.
KASHIMA KOA DENKO CO., LTD.
KOA TRADING CO., LTD.
SANADA KOA Corporation
KOA KASEI CO., LTD.
YAMATOWA CO., LTD
LIFEPRO CO., LTD.
Asagenosato Co., Ltd.
North America

U.S.A.
KOA SPEER ELECTRONICS, INC.

Asia
Malaysia KOA DENKO (MALAYSIA) SDN. BHD.
Singapore, Thailand, India KOA DENKO (S) PTE. LTD.
China SHANGHAI KOA ELECTRONICS CO., LTD.
China SHANGHAI KOA ELECTRONICS TRADING CO., LTD.
China WUXI KOA ELECTROCERAMICS CO., LTD.
China KOA ELECTRONICS (TAICANG) CO., LTD.
Hong Kong KOA ELECTRONICS (H.K.) LTD.
Taiwan DAH HSING ELECTRIC CO., LTD.
Taiwan KOA KAOHSIUNG CORPORATION

Europe
Germany KOA Europe GmbH
Germany VIA electronic GmbH

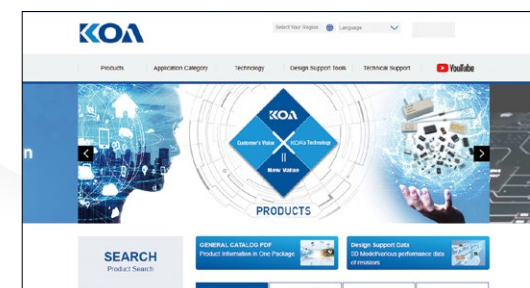


Origin of the logo

The schematic was created by using designs representing outer space, circuitry, and flow, and aims to portray product precision, corporate innovation, and the employees' creativity. The O in KOA represents the Earth. The K and A are composed of interlocking blocks, expressing KOA's corporate mindset of responding to changes in society and creating new products. The two shades of blue suggest the precision essential to microelectronics, a clean environment, and the Earth in space. Corporate Identity System (CIS): Established in 1985

KOA Website

[▶ https://www.koaglobal.com/?sc_lang=en](https://www.koaglobal.com/?sc_lang=en)



YouTube Channel

[▶ https://www.youtube.com/@channel-koacorporation8124](https://www.youtube.com/@channel-koacorporation8124)



KOA is a registered trademark of KOA Corporation.

Stock Information (as of March 31, 2025)

Stock information

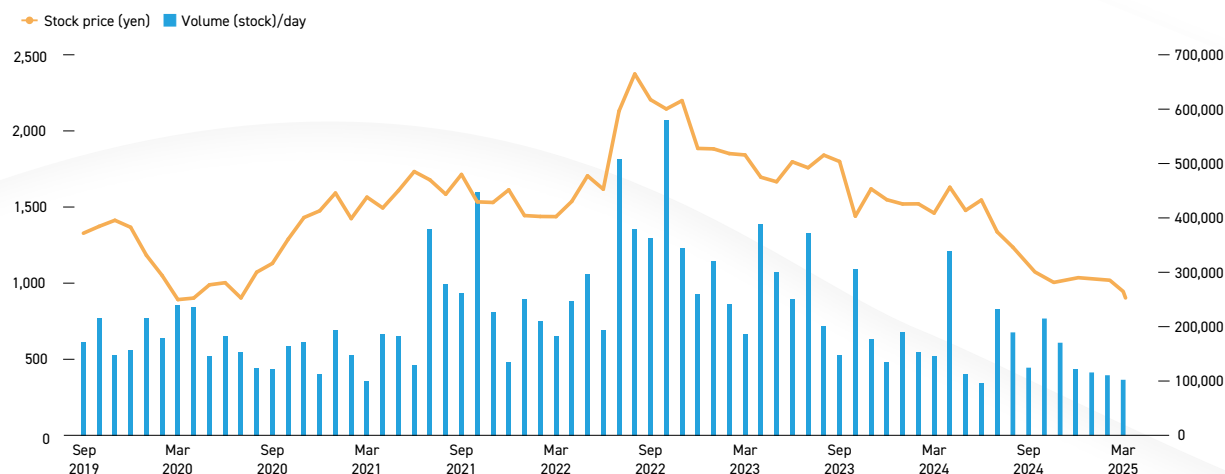
Stock listing	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market
Securities Code	6999
Number of shares authorized	150,000,000
Number of shares issued	37,479,724 shares (including 361,739 treasury shares)
Number of shareholders	14,931

Major shareholders

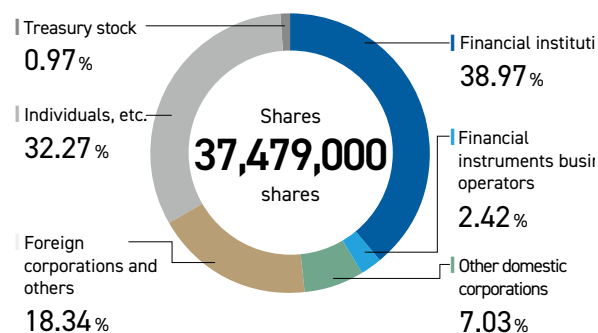
Shareholder name	Number of shares (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,254	14.16
Nippon Life Insurance Company	2,226	6.00
The Hachijuni Bank, Ltd.	1,627	4.38
Custody Bank of Japan, Ltd. (trust account)	1,505	4.06
STATE STREET BANK AND TRUST COMPANY 505227	1,180	3.18
BNP PARIBAS LUXEMBOURG/2S/JASDEC/JANUS HENDERSON FUND	1,018	2.75
MUFG Bank, Ltd.	882	2.38
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	829	2.23
KOITO MANUFACTURING CO., LTD.	680	1.83
Sompo Japan Insurance Inc.	653	1.76

Notes: 1. KOA holds 361,739 treasury shares.
2. The treasury shares held by KOA are omitted from the figures for the shareholding ratio.

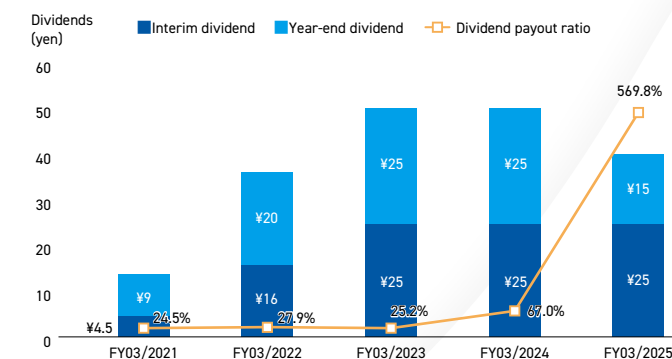
Trends in stock price/volume



Distribution of shares by shareholder



Dividend amount / Dividend payout ratio



Shareholder returns policy (as of December 1, 2025)

KOA previously maintained a policy of providing stable and continuous shareholder returns while aiming for a dividend payout ratio of roughly 30%. However, a look at the historical trends of our dividend per share and dividend payout ratio shows that there have been significant fluctuations. From October 2025, we have revised our dividend policy and, from the perspective of comprehensive capital allocation, our basic policy will be to prioritize reinvestment in the business and optimization of shareholders' equity while continuing to provide shareholder returns including dividends. For the time being, the annual dividend will be set at no less than ¥30 per share, with a dividend payout ratio of around 30% as a benchmark.

KOA CORPORATION

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Nagano, 399-4697 Japan
Earth Wing in KOA Pine Park
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URL <https://www.koaglobal.com>

