

KOA Integrated Report

# 2024

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# To protect the livelihood of our hometown, the Ina Valley



Founder

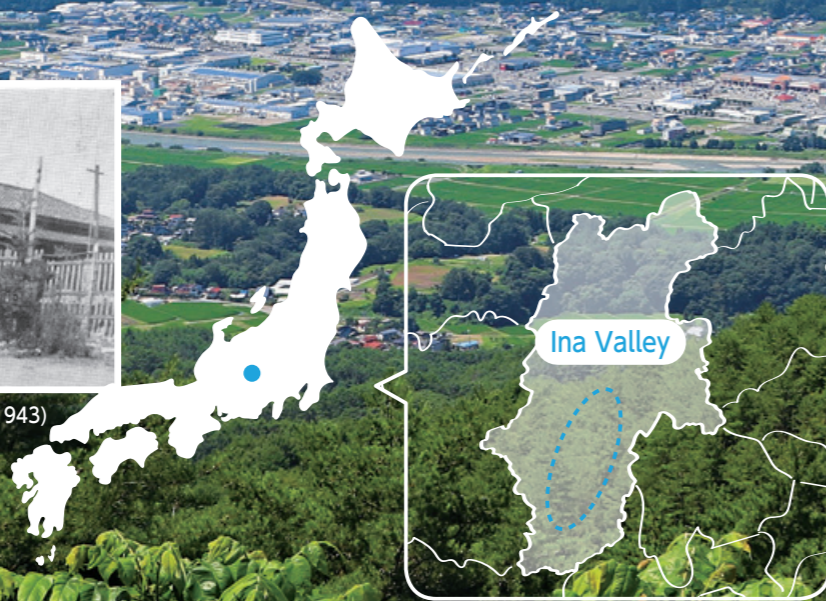
**Kazuto Mukaiyama**  
(1914-1995)

Photo: At the age of 24 (1938)



Ina Factory of the KOA Kogyo-sha (1943)

KOA's founder, Kazuto Mukaiyama, experienced harsh living conditions with his family and other farmers during his impressionable years. This experience led him to decide to foster the seeds of industry in Ina Valley. He came to this resolution 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 and will be operating diligently to be a solution to those social issues.



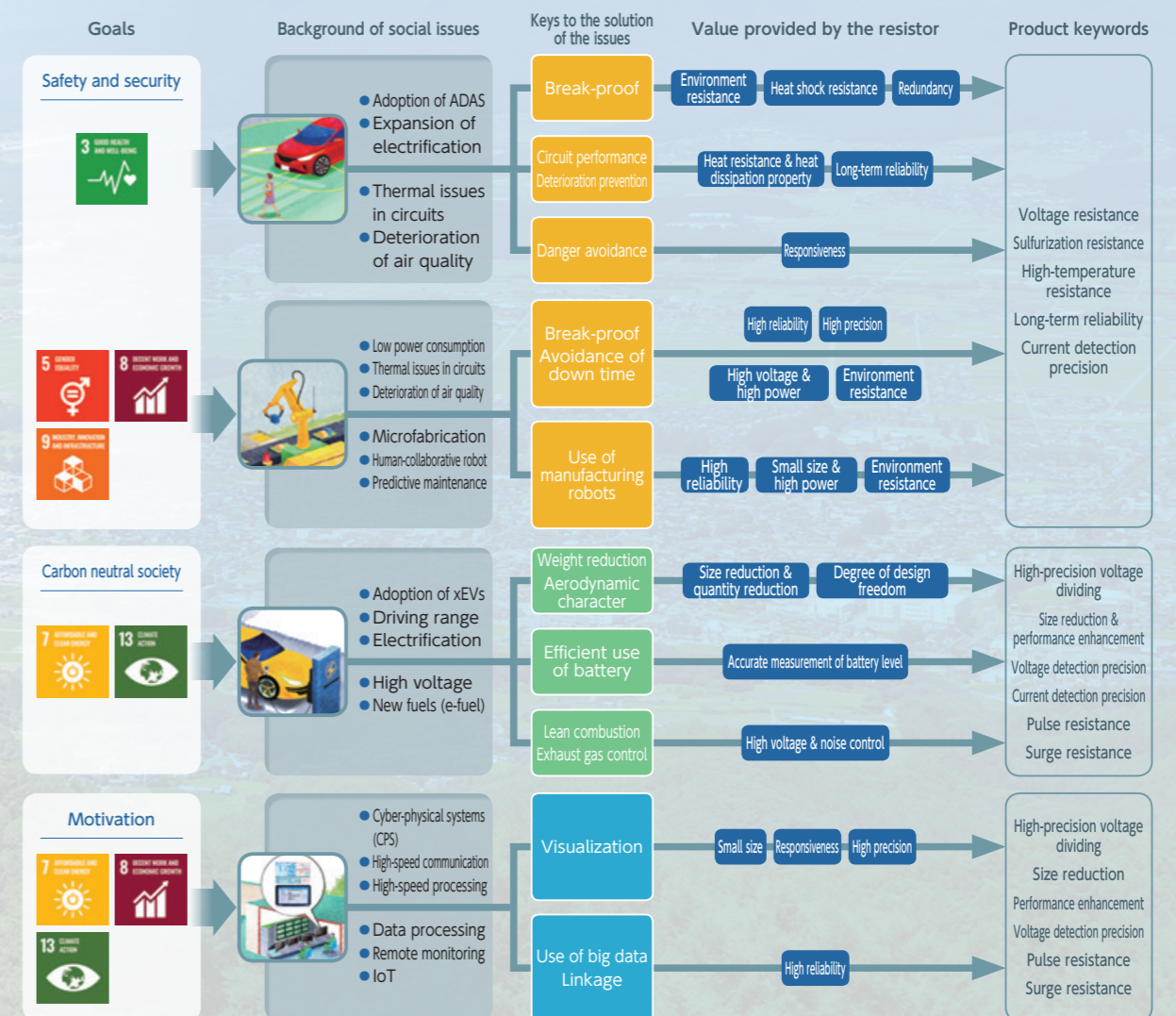
Nagano Prefecture

## Social issues we have resolved in our pursuit of realizing a sustainable society

	Contributions to Society	Popular electronic devices	Contributions to Customers
From founding to 1950s	Supported our hometown region through the electronic components industry		
1960s	Period of rapid economic growth Contributed to increasing the enrichment of people's lives	Household appliances, CRT televisions	Expanded production capacity to meet demand for electronic components
1980s	Popularization of digital devices Contributed to work optimization and comfortable lifestyles	Personal computers, digital cameras, mobile phones, digital AV equipment	Surface mount components Contributed to device size reductions and productivity improvements
2000s	A ubiquitous society linking people together Contributed to the birth of new services through the internet	Smartphones, tablets	Component size reductions Contributed to size reductions and performance improvements for mobile devices
2010s	Realization of a sustainable society Enabling lifestyles with safety and security	Environmentally friendly vehicles (HEVs, EVs)	Contributed to high-quality, highly reliable devices and infrastructure

## We will continue working to resolve social issues and deliver products that contribute to a prosperous future

KOA's products are built into various devices you use, helping address societal challenges through their functions and performance. From the design stage, KOA is dedicated to developing products that enhance daily life and contribute to a sustainable society.



Founding Spirit

“Farming and Manufacturing in Unison”  
“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. Concerned about his hometown, Kazuto Mukaiyama decided to bring manufacturing industry to the community. That way, he tried to build a foundation to provide economic security. Convinced that the future would rely on electricity, he built a resistor factory in the valley to embody his dream “Bring Sunshine to the Ina Valley.” The people of the Ina Valley longed to keep their families together and to maintain their rural way of living. There, Kazuto Mukaiyama tried to create a solution by providing an opportunity for earning income through factory work. This represents 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, 84 years since its founding, KOA has grown into a top-class electronic component manufacturer with a leading share of the global fixed resistor market.

Initial oven-firing ceremony at the Ina Factory of KOA Kogyo-sha (1942)



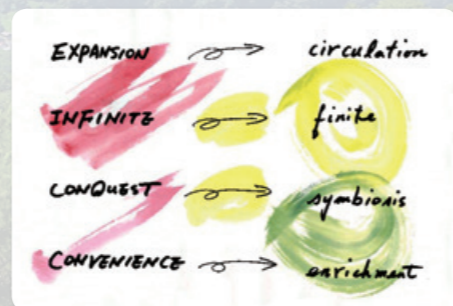
Manual process (1959)

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 the recession induced by a strong yen after the Plaza Accord of 1985. This proved a major management challenge and crossroads. This event provided the company an opportunity to thoroughly review its management practices and to undertake management reforms. Koichi Mukaiyama, then president (now director and chairman), explained, “Our's 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) (⇒ P. 25 KPS Activities for Enhancing CS and ES) 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 management. This was an early precursor to today's megatrends of sustainability and SDGs.

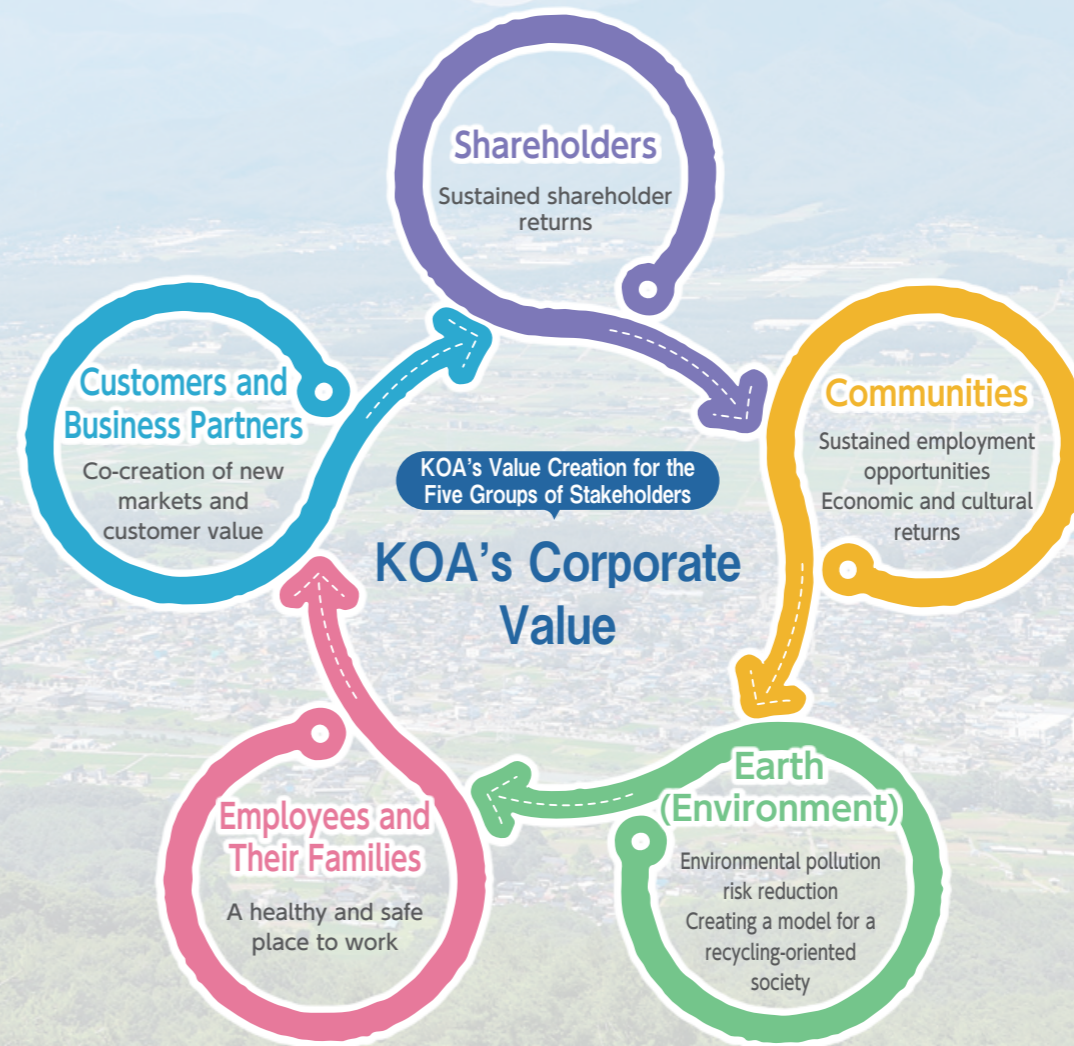
\*Since we have undergone significant shifts in management policies during several corporate crises, we refer to these moments as “turning points.”



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.



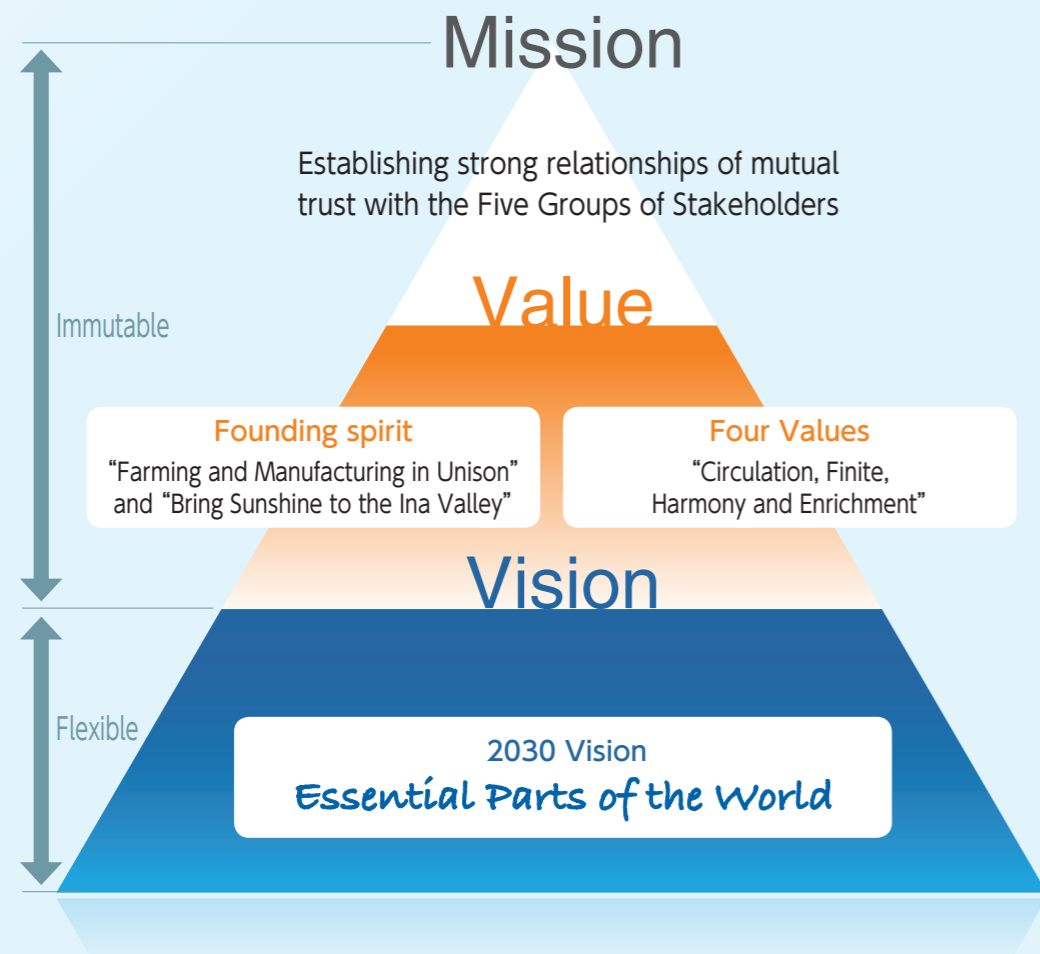
# Value Creation Management Process

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

(⇒ P. 3 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.



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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 Stakeholders (customers, business partners, local communities, employees and their families, and the environment). Integrated Report 2024 is centered on our 2030 Vision, which outlines the purpose and value provision 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 core issues.

### [Reporting Period]

The fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)  
 (Note 1) Certain sections include information from April 2024 and later.  
 (Note 2) All references to FY03/XXXX in this document refer to the financial year ending on March 31, XXXX.

### [Scope]

KOA CORPORATION and KOA Group

### [Referenced Guidelines]

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

### [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.



Representative Director,  
President & CEO  
**Tadao Hanagata**

## Message from our President

# Provide a motivating environment for our employees, promote innovation, and increase our global presence

Our founder, Kazuto Mukaiyama, founded KOA in 1940 and chose his hometown Ina Valley as the location to establish KOA's main factory the following year. Guided by the founding spirit of "Bringing Sunshine to the Ina Valley", KOA has since pursued the vision of "Farming and Manufacturing in Unison" as it has expanded business from Ina Valley to all of Japan and onto the global stage.

The concept of "trust" as outlined in our management policy refers to the trust that is related to our business and products at every level, from the trust-based relationships we have with customers and business partners, to the trust we earn from society by improving our performance as a corporation. Furthermore, our mission is to establish strong relationships with our Five Groups of Stakeholders (shareholders, customers and business partners, communities, employees and their families, and the environment).

In 2022, we formulated our 2030 Vision, Essential Parts of the World, through which we declared our commitment to become a component manufacturer that is essential to society. Since then, we have relentlessly embraced that challenge as we head towards 2030.

Last year, we released the KOA Integrated Report 2023, marking the first time we introduced our Vision, growth strategies, and sustainability initiatives as a single comprehensive report. The publication of the Report was well-received among our Five Groups of Stakeholders, who praised the Report for enabling a better understanding of the KOA Group. We also received advice from investors and other stakeholders on how to provide better information disclosure. By publishing the KOA Integrated Report 2023, we gained a renewed awareness of the importance of disseminating information about our approach.

Moving forward, we will continue working to improve our corporate value by engaging in appropriate information disclosure and reflecting the feedback we receive from our Five Groups of Stakeholders into our management and growth strategies.

### Focus on building a foundation for solid growth

As we work to achieve our long-term vision, we have positioned the 2024 Medium-Term Management Plan (FY03/2023 to FY03/2025) as Phase 1 of our efforts. During this period, we are focused on building a foundation for solid growth. While we recorded a year-on-

year decline for FY03/2024 earnings (net sales: 64.8 billion yen (down 13.6% YoY), operating profit: 3.3 billion yen (down 67.6% YoY)), we conducted capital investments totaling 19.1 billion yen to expand production capacity and construct a new product development facility. Additionally, we allocated 4.9% of sales to R&D expenses. These investments reflect our commitment to building a growth foundation.

We have made bold capital investments to expand production capacity for high-precision, highly reliable chip resistors, which are projected to see a significant increase in demand from the fiscal year ending March 31, 2025 thanks to growth in electric vehicles. For thick film chip resistors, KASHIMA KOA DENKO CO., LTD. completed production system upgrades for the Tonami-no-Sho Factory in October 2024 and construction of the new factory in Malaysia is scheduled for completion in April 2025. For thin film chip resistors, SANADA KOA CORPORATION launched production at its Sanadano-Sato Factory in October 2024. Through these investments, we will double our production capacity for thick and thin film chip resistors as we move forward towards 2030. In August 2024, construction was completed on our new product development and manufacturing facility ("SAKURA Wing"). This investment serves to strengthen our R&D functions, and will enable us to increase our R&D efforts moving forward.

### Responding to future changes in our business environment

While advancing efforts to build a foundation for steady growth, we will also work to develop sensing elements, sensor modules, and other new products that help address customer problems. We will continue to focus on the automotive and industrial equipment domains, which require particularly high functionality and reliability, as we strive for the realization of a new society in which people can maintain prosperous lifestyles with peace of mind and a sense of security.

In the automotive domain, to achieve carbon neutrality by 2050, manufacturers are focusing on developing battery electric vehicles (BEV) and other environmentally friendly vehicles. As a short-term outlook, stagnant BEV sales have caused manufacturers to strengthen their focus on hybrid and plug-in hybrid electric vehicles (HEV and PHEV). However, as a long-term outlook, we believe there



will be no change in the shift to vehicle electrification. Based on our estimates, we expect the volume of KOA resistors and other products used in BEV, HEV, and PHEV to increase compared to internal combustion engines (ICE). To ensure we take advantage of this opportunity, we are advancing the development of products offering the quality and reliability that will fulfill customer requirements.

In the industrial equipment domain, the declining workforce population is driving technological innovation. Companies are working to increase productivity by incorporating IoT and AI into production facilities and utilizing robots to reduce their dependence on human labor. At the same time, companies are also working to reduce energy consumption.

In the medical domain, accelerating population aging is driving the development of various testing equipment capable of performing rapid, high-precision testing and robotic assisted surgery technology. Technological innovation in these domains depend on various sensors. In response to market demands for new sensor development, the KOA Group is leveraging the core technology we have cultivated through our work on resistors to develop sensing elements and sensor modules.

To further support the development of such products, we are also focused on industry- academia-government collaborations. We are working with research institutions and universities in Japan and overseas to accelerate the development of new materials that will be needed by society in the future. We are also working to build simulation technology that will reduce product development lead times.

### **Involving all employees in evolving operations and management**

Over the years, we have seen countless major changes in our operating environment. Each time, we overcame the challenges we faced by using change as an opportunity to strengthen our corporate structure. In response to sudden yen appreciation triggered by the Plaza Accord in 1985, we established the KPS, KOA Profit System, as a system through which all employees engage in activities to

improve operations and management. Through KPS, we worked to reform management processes to reduce operating costs and to strengthen our profit structure. In the 2000s, we worked towards increasing sales to the automotive industry, which we positioned as a new growth market. Aiming to achieve a new standard of quality to meet the demanding needs of the automotive market, we launched KPS-2, through which we increased the quality of not only our products, but also the quality of work by our employees. As a result of those efforts, in the fiscal year ended March 31, 2024, sales to automotive markets accounted for 51% of total sales.

Currently, we are advancing KPS-3 as we aim to evolve into an R&D-oriented company capable of co-creation of products with our customers. Put simply, this means we must be able to foresee the future. We are striving to anticipate changes in societal needs, formulate hypotheses on the essential products and technologies of the future, and then working with customers to develop and validate such products and technologies. With the core technology cultivated through our work on resistors, together with our customers and other partners, we are creating a roadmap for the future (P.25 KPS Activities for Enhancing CS and ES).

### **Creating value through speedy trial and error**

I believe that speed is the most important factor in conceiving and validating technology and products that will be essential to future society. The best way to creating new value for customers and society is to engage in repeated trial and error without any fear of failure. Even if a project involving multiple departments ends in failure, that failure will serve as knowhow that is certain to be beneficial in the future. Based on this philosophy, we decided to adopt an Innovation Management System (IMS) as the method of challenging ourselves to value creation we outline in our 2030 Vision. IMS as viewed by KOA entails employees proactively outlining their own long-term vision and engaging in trial and error, in other words, challenging themselves, towards achieving that vision. In times where "value" is not easily defined by any one individual and the future not easily foreseeable, we believe this method serves as the best way to creating new value (P.27 Expansion of Business Domains).

Developing our workplace environment is also critical to meeting such a challenge. I believe an important part of my role as president is to take action, not only individually, but by encouraging young employees and creating an environment that enables them to take on challenges in their own areas of interest. I joined KOA from an engineering background and, over the years, was able to gain various experiences through being an engineer, being deployed to an overseas site, being responsible for quality control and being a supervisor of production sites. I believe I have an understanding of some of the things employees think and feel but might not want to voice out loud in their workplace environment. That is why I believe it is my role to encourage employees to undertake challenges.

As president, encouraging employees in such a way requires that I lead by example and undertake challenges of my own. My challenge is to implement the large-scale growth investments outlined in the 2024 Medium-Term Management Plan. These investments are on a scale that is unprecedented for our company, and represent a challenge that can only be undertaken by the company president.

Also important to fostering the spirit of challenge in employees is to

provide an environment that allows employees to make their own decisions and take responsibility for those decisions. When you fail because you were following orders, then the responsibility can be placed on the person who gave the order. However, when you act of your own will, it is your own responsibility to accept the results of those actions, even when the result is failure. When things do not go as planned, we can still learn from the results. This also instills the desire and courage to challenge ourselves again via a different approach. As president, it is my job to create an environment that empowers employees to make their own decisions.

With this in mind, we have promoted initiatives such as the assignment of decision-making authority. I believe KOA has changed into an organization that allows department managers to rapidly make their own decisions on necessary investments.

### **Creating teams capable of open discussions**

Building a strong team is essential in spreading the 2030 Vision throughout the company and making it a reality. KOA's corporate motto is "Let's make our workplace more upbeat and pleasant than anywhere else!" Since adopting this motto, we have implemented management practices that emphasize employee initiatives and teamwork.

A company is a team. Even if you have an ace who stands above the rest, they cannot succeed without others to support them. Leaders making better decisions also requires gathering information from team members. A leader cannot run an organization alone. Teamwork and mutual understanding are essential to a company's ability to function as an organization and act with speed.

To build such a team, you must first build relationships that allow for open discussion. If you can express your thoughts to each other openly, then you will be able to talk about your strengths and weaknesses. This promotes teamwork by creating an environment in which members complement each other's weaknesses. Of course, everyone wants to be seen to be strong by others, so they tend to hide their weaknesses. However, having the strength to show your weaknesses enables you take on challenges you may have thought were beyond your capabilities. Also, even if something is beyond your skillset now, you will approach challenges with a positive mindset. The individual desire to succeed will gradually change the company.

Open discussion also allows employees to combine their strengths. Even if a challenger drives innovation, a business cannot succeed with that person alone. Commercializing, maintaining, and expanding the results of these challenges requires assigning personnel based on their respective capabilities. By creating an environment where employees can talk openly about their strengths, weakness, and desires, the team should be able to bring out the full potential of each individual.

When I was a production site manager, I saw that the true nature of people was revealed when they faced difficult quality issues. From this experience, I came to understand how to combine individuals to form a strong team to deal with such issues. As president, I will use of this experience to build strong organizations within KOA.

### **Achieving sustainability in collaboration with local communities**

Positioning the environment as one of our Five Groups of

Stakeholders, we are also focusing on environmental activities. During our 2024 Medium-Term Management Plan, we are working to reduce greenhouse gas (GHG) emissions by focusing on the adoption of renewable energy and reducing electricity consumption. While the use of renewable energy leads to increased costs, we are working internally to resolve this issue through KPS activities. However, reducing the cost of renewable energy requires promoting adoption and technological innovation throughout society. For this reason, we are working with local governments to popularize and promote activities aimed at GHG emission reductions. From the perspective of carbon fixation, we also have been conducting forest conservation projects through our subsidiaries for some 30 years as part of our efforts to create a system that sustainably utilizes forest resources throughout the region. We plan to continue working with forestry workers, construction companies, lumber companies, and other local businesses to create a virtuous cycle between forest conservation and the local economy (P.29 Reduction of GHG emissions).

### **Aiming for long-term growth by further strengthening relationships with our Five Groups of Stakeholders**

KOA has been implementing well-balanced measures to strengthen relationships with our Five Groups of Stakeholders. Improving employee engagement and diligently addressing the concerns of our customers and business partners are critically important to KOA. For local communities, KOA strives to confront and help resolve local issues in our hometown of Ina Valley and other locations around the world. We are also conscious of promoting a recycling-oriented society and are working on business activities that are in harmony with the natural environment from which we "borrow" space to conduct our business activities. We are confident that these measures will lead to increasing our medium and long-term corporate value, and that we will be able to meet the expectations of our shareholders.

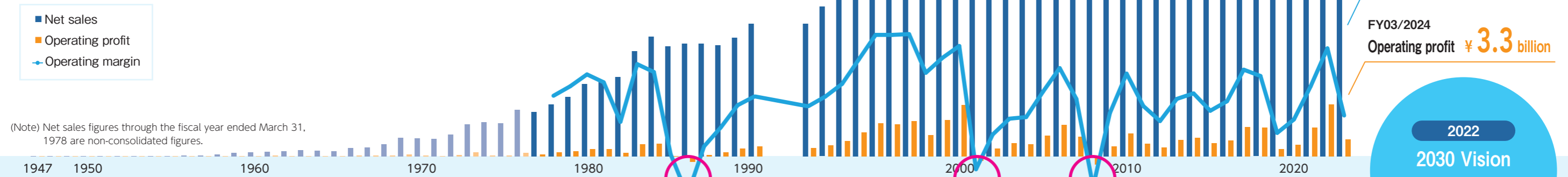
Preparing the KOA Integrated Report provides us an opportunity to reconfirm and recommit ourselves to the meaning of "trust" as outlined in our management policy. Everyone at KOA will continue to apply this policy as we unite towards realizing our 2030 Vision. I want to thank you for taking the time to review the KOA Integrated Report, and I thank you for your continued guidance and support.



# History

## Growth Trajectory

KOA engages in corporate activities with the goal of increasing corporate value for the benefit of the Five Groups of Stakeholders we identify in our Mission. We achieve this by adopting new management systems to overcome the endless changes we face in our operating environment. We leverage the capabilities we have cultivated over the years to offer value that contributes to the realization of a sustainable society.



FY03/2024  
Net sales **¥ 64.8 billion**

FY03/2024  
Operating margin **5.1%**

FY03/2024  
Operating profit **¥ 3.3 billion**

2022  
**2030 Vision**  
**2024 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

**Adoption of New Management System**  
(P. 25: KPS Activities for Enhancing CS and ES)

**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

Supporting communities through the electronic components industry

Global manufacturer of mass-produced resistors

Becoming a world-known resistor manufacturer chosen for quality and reliability

Started manufacturing fixed resistors. We expanded business amid post-war inflation.

With rapid economic growth, manufacturing of leaded resistors for use in CRT televisions and home appliances expanded.

Demand for chip resistors grew with the rapid growth of digital home appliances and mobile phones.

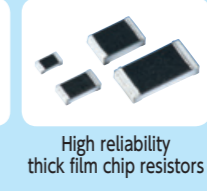
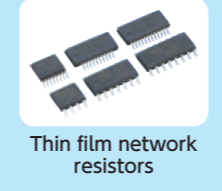
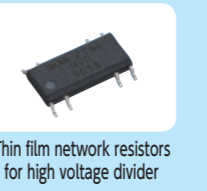
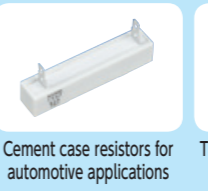
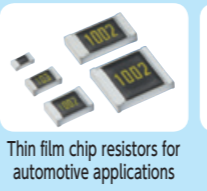
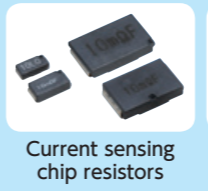
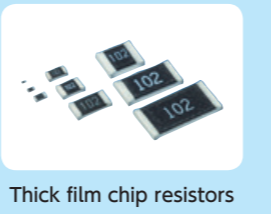
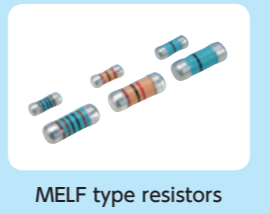
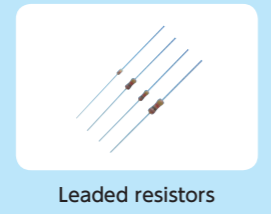
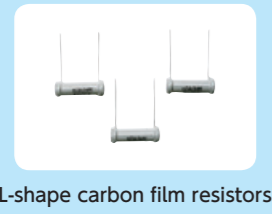
expanded with the rapid growth of digital home appliances such as PCs, LCD TVs, and mobile phones.

As the market for digital home appliances entered a period of maturity, we explored new resistor markets to pursue further growth. KOA targeted automotive products on expectations of high growth potential. Working to improve quality to meet the demands required for automotive products, we have achieved high quality, high precision, and high durability. Additionally, the proportion of environmentally friendly vehicles in global car sales will increase as society aims to achieve carbon neutrality in 2050. As a result, today automotive applications account for some 50% of our net sales.



Applications

Major products (resistors)

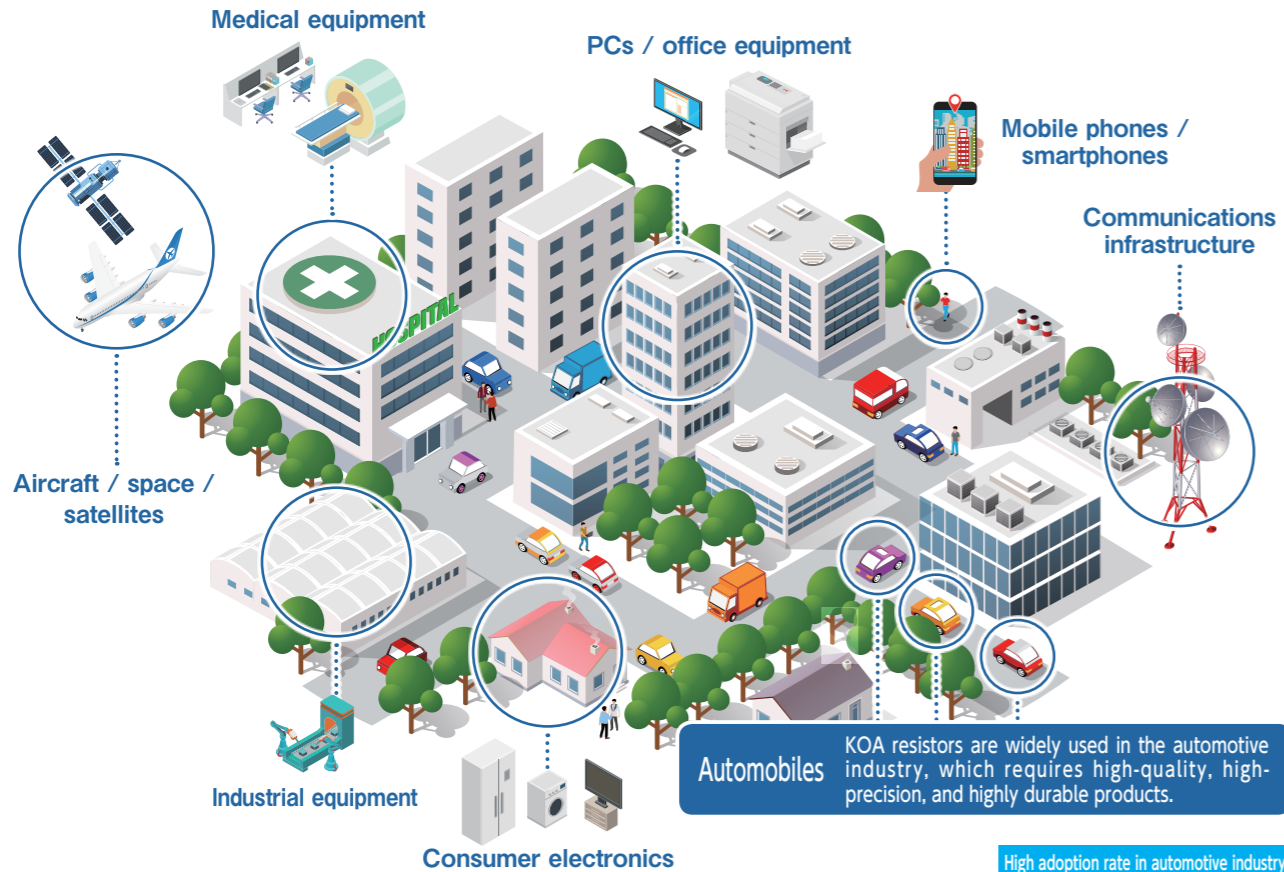


# KOA at a Glance

## KOA's Business



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.



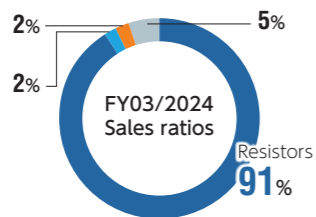
FY03/2024 net sales

¥64.8 billion

Stable provision of numerous products

Production volume  
Over 10 billion units per month

Sales ratios by product

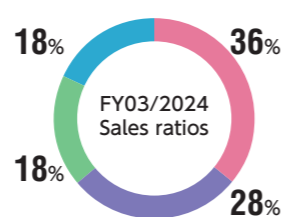


Resistors 91%  
Hybrid ICs 5%  
Safety devices 2%  
Other 2%

Vast selection of resistance values, sizes, and materials

Product lineup  
5.6 million products

Sales ratios by region



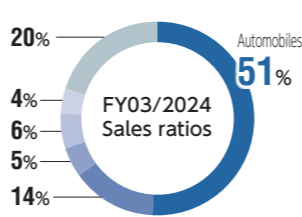
Asia 36%  
Japan 18%  
North America 18%  
Europe 28%

Products among the smallest in the industry

0.25 mm ×  
0.125 mm

High adoption rate in automotive industry

Sales ratios by application



Automobiles 51%  
Industrial equipment 20%  
Consumer electronics 14%  
Power supply 6%  
Communications 5%  
Others 4%

Share of thick film chip resistor volume in the automotive market

25%  
\*KOA estimate

# KOA's Strengths



## Total service capabilities

KOA is a global company with resistors as our main business. Our strength is in the total service capabilities we offer customers. After component verification by the customer, our customer support 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 highly reliable partner to our many customers, and we will continue embracing this commitment to respond to customer needs.

Customer awards received: **14**

A testament



## Participation in growth markets

As a leading company in growth markets, 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

Electric vehicles (EVs)



Chip resistors per vehicle (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.

### Solar power generation power conditioners

We provide products that achieve high-precision sensing to contribute to efficient power generation

Power conditioners



Chip resistors per system (KOA estimate)  
**1,200 to 3,500** units

### AI servers

We provide products able to withstand a wide range of operating environments that contribute to stable infrastructure development

AI servers



Chip resistors per system (KOA estimate)  
**3,500 to 5,500** units



## Global sales network

With broad sales channels and a customer base that spans the globe, 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 stable product supply.

### Global network\* (as of March 31, 2024)

Japan KOA CORPORATION: **21** sites  
Nagano Prefecture: 12 sites, Outside Nagano Prefecture: 9 sites  
Domestic Group companies: **17** sites  
Overseas **14** sites Asia (outside Japan): 11 sites, Europe: 2 sites, United States: 1 site

### Employees (As of March 31, 2024)

Nonconsolidated: **1,687** Consolidated: **4,309**  
Japan: 2,533, Overseas: 1,776  
\*Includes production sites



# KOA's Year in Review

The last year saw a decrease in demand for consumer electronics, industrial equipment, and power supplies among North American distributors as well as in Japan and China. Demand for automotive products increased in North America and Europe, but decreased demand in China had a significant impact on revenue. In response to a difficult operating environment, we made the decision to revise the 2024 Medium-Term Management Plan. Amid such an environment, KOA is working to build a foundation for solid growth as we aim to realize our 2030 Vision. This effort includes building a supply structure and releasing new products to support growth in the EV and mobility markets and industrial equipment market. We are also adopting renewable energy, working to reduce power consumption, and engaging in new governance initiatives.

## July 2023

Launched sales of an airflow measurement system that helps visualize movement in airflows

Launched sales of a system that uses sensor technology to easily provide a multi-point visualization of movements in airflow (P.28)



## October 2023

Completed construction of "Shin-shin-dou"

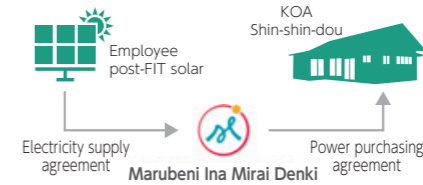
Established a site for promoting the physical and mental health of employees and their families (P.56)



## January 2024

Started supplying electricity using employee's "post-FIT solar power"

KOA uses surplus electricity from solar power generation at employees' homes (P.30)



## February 2024

KOA DENKO (MALAYSIA) SDN. BHD. received award from the Malacca state government

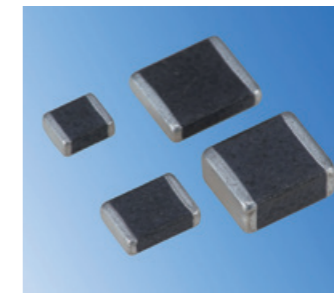
Award for contributing to the stimulation of CSR activities by the Malacca state corporate association (P.57)



## May 2024

Released multilayer chip varistors (NV73S series) with surge resistance up to 6,000A

High surge resistance is achieved by using unique ceramic materials and optimizing the product structure



## June 2024

Adopted an executive officer system

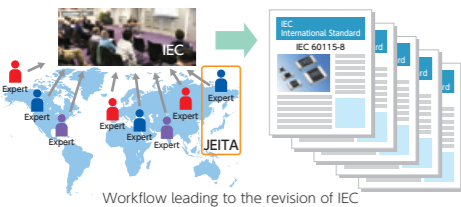
By separating management decision-making and supervisory functions from business execution functions, and working to strengthen both functions, we will speed up the decision-making process and improve the efficiency of business execution while also strengthening corporate governance (P.40)

# 2023

## August 2023

Standardization of power derating by terminal part temperature

Led revisions of international standards to provide safety and security to users of resistors (P.27)



## November 2023

KOA ELECTRONICS (H.K.) LTD. 30th Anniversary

Celebrated the 30th anniversary of the establishment of the KOA Group Hong Kong sales company



## November 2023

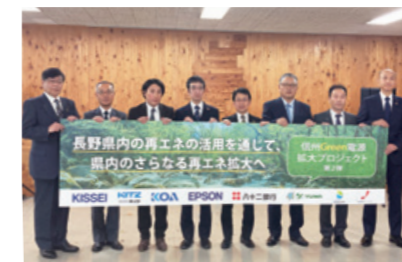
Held KOA Thanksgiving Festival 2023

Following COVID-19, this was the first time in four years holding the in-person event used as an opportunity to express our gratitude to the Five Groups of Stakeholders.

## November 2023

Launched Shinshu Green Power Supply Expansion Project No. 2

Participated in activities to expand renewable energy power sources that are produced locally for local consumption (P.30)



## November 2023

KOA DENKO (MALAYSIA) SDN. BHD. 50th Anniversary

Celebrating the 50th anniversary of the establishment of the KOA Group Malaysia production factory



## August 2024

"SAKURA Wing" construction completed

We completed construction of a product development and manufacturing facility equipped with the latest analysis equipment and prototyping equipment. Through this facility, we will pursue cross-departmental co-creation and improve our technological capabilities by bringing together engineers to create new products and new businesses.



# Important Megatrends and Business Opportunities

We predicted 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.

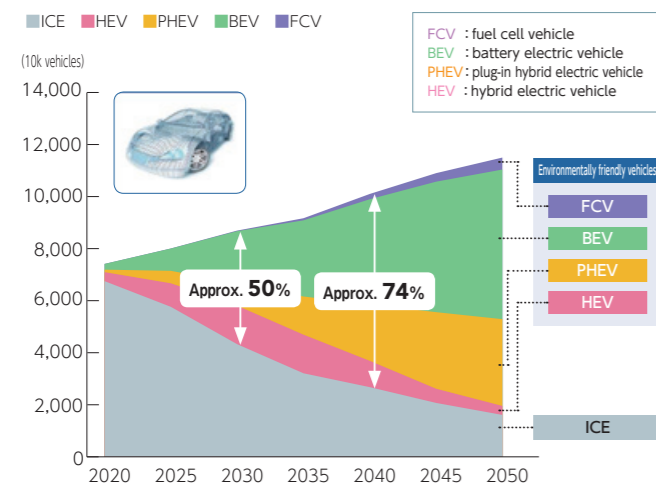
**Earth (Environment)** | SX\*1: Synchronization of corporate and social sustainability

## General adoption of mobility solutions powered by renewable energy and the expansion of social infrastructure, leading to increased needs for resistors

Corporations are expected to engage in initiatives such as the SDGs to promote social and environmental sustainability. The automotive industry is advancing an electrification strategy towards achieving carbon neutrality by 2050. This is expected to drive the general adoption of EVs and compact mobility solutions that help reduce environmental impact. Compared to ICE vehicles, demand for thick film chip resistors is expected to grow for EVs. Also, advances in CASE-related technology\*2 and new energy infrastructure are also expected to drive demand for electronic components. Amid such an environment, resistor manufacturers will be required to meet various demands, including competitive pricing, increased supply capabilities, enhanced functionality, and high reliability. KOA will use our many years of kaizen activities as a foundation to further increase the quality of products for the automotive industry and continue working to build strong relationships in the industry.

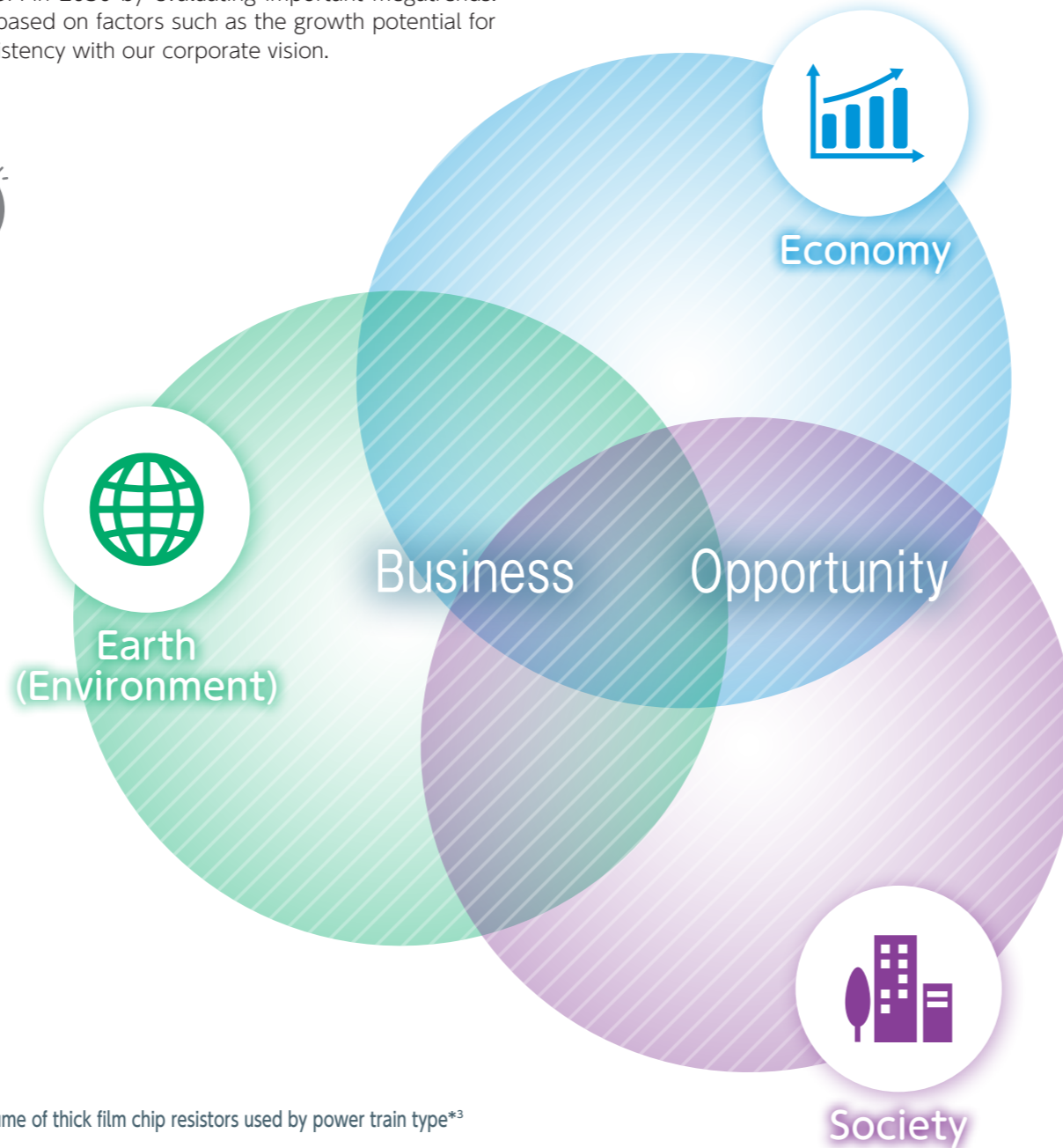
\*1. Sustainability transformation  
\*2. Acronym for Connected, Autonomous, Shared & Services, Electric

Automobile sales projections by vehicle type\*3

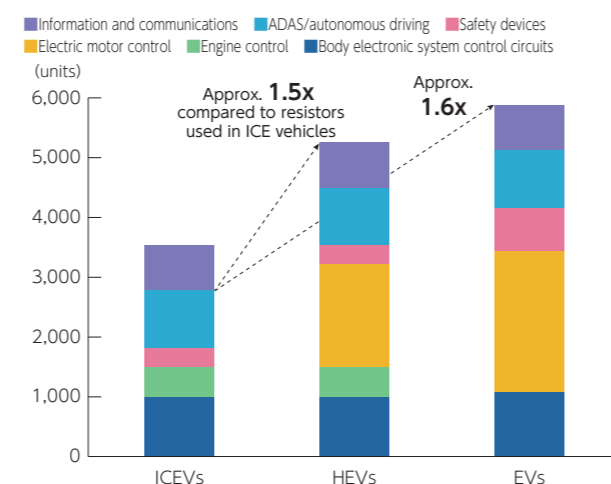


\*3. Figures based on KOA forecasts and calculations

Important Megatrends



Volume of thick film chip resistors used by power train type\*3

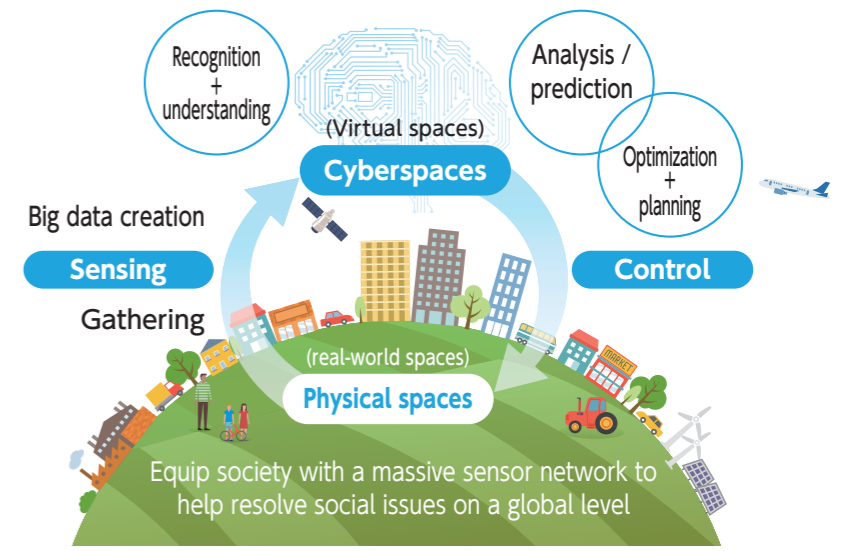


**Economy** | DX: 4th Industrial Revolution

## The arrival of the "trillion sensor society" drives rapid growth for sensors and sensor modules

Rapid advances in AI and IoT technology are expected to drive the adoption of cyber-physical systems (CPS)\*\* that fuse cyberspaces and physical spaces. We are on the cusp of a "trillion sensor society" in which global sensor demand reaches one trillion units per year. In such an environment, KOA believes that sensors and sensor modules created using advanced technological skills and development capabilities will experience rapid growth. KOA is undertaking R&D for products that will help users to better visualize what they cannot easily see and, thereby, change the future for the better.

\*4. Computer systems to read various data that exist in physical spaces and incorporate them into cyberspace, after which big data processing technology is used to analyze that data, and useful information and services are fed back into physical spaces.



**Society** | Changes in population trends and shifts in values

## Approaches to resolving regional issues based on a sustainable perspective will be required

Developed nations are projected to face population aging and labor force decline while emerging nations are projected to see growth in the middle class. The issues facing each region are diverse. Since our founding, KOA has worked to resolve social issues through its business activities. This long-held commitment by KOA has been ratified by the emphasis on sustainability issues now being expected of all corporations. We will continue to respond to the changing times and shifts in societal values as we work to meet the needs of each region and market.



# Overview of 2030 Vision and Value Creation Story

We strive to provide safety and security to our customers around the world through the stable supply of essential parts we aim to realize a sustainable society. In addition, by allowing the visualization of unseen or hard to detect phenomena 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

with high quality and high reliability. With this commitment, through the business domain of sensors and sensor modules, their aspirations and goals in cooperation with colleagues.



## Earth (Environment)

### SX: Synchronization of corporate and social sustainability

It is expected that the demand for resistors will increase due to expanding social infrastructure and the wide adoption of mobility solutions using renewable energy

## Economy

### DX: 4th Industrial Revolution

It is anticipated that the sensor/sensor module will grow with the advent of the "trillion-society"

## Society

### Changes in population trends and shifts in values

Companies will be required to adopt the perspective of sustainability in order to solve local issues

Recognized business opportunities



#### 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-harmony with nature, KOA shall create new solve social problems and create value generated by the high quality of our products

manufacturer that supports the world and to work as part of society to create a better world. changing transformations. With the goal of creating a recycling-oriented society that is in value for our customers by discovering the true sources of their problems as they work to for their own customers. Building on continuous improvement and relationships of trust and processes, we will blaze the trail forward through innovative thought and action\*1.

### KOA's Corporate DNA

**Founding Spirit**

Trust building 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 expertise
- Creating a Model for a Recycling Oriented Society**

Community service projects based on job creation, human capital development, and preservation of community values

### KOA's Challenge to Realize its 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 digitization
- 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 Green House Gas (GHG) Emissions**

Reduce GHG emissions throughout the supply chain
- Development of Human Capital to Create Our Future**

Continue to implement human capital development that enhances capabilities and encourages our employees to take on challenges
- Giving Back to Communities**

Cooperate with local communities to solve issues at each location

### Value to Create

- Safety and Security**

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**

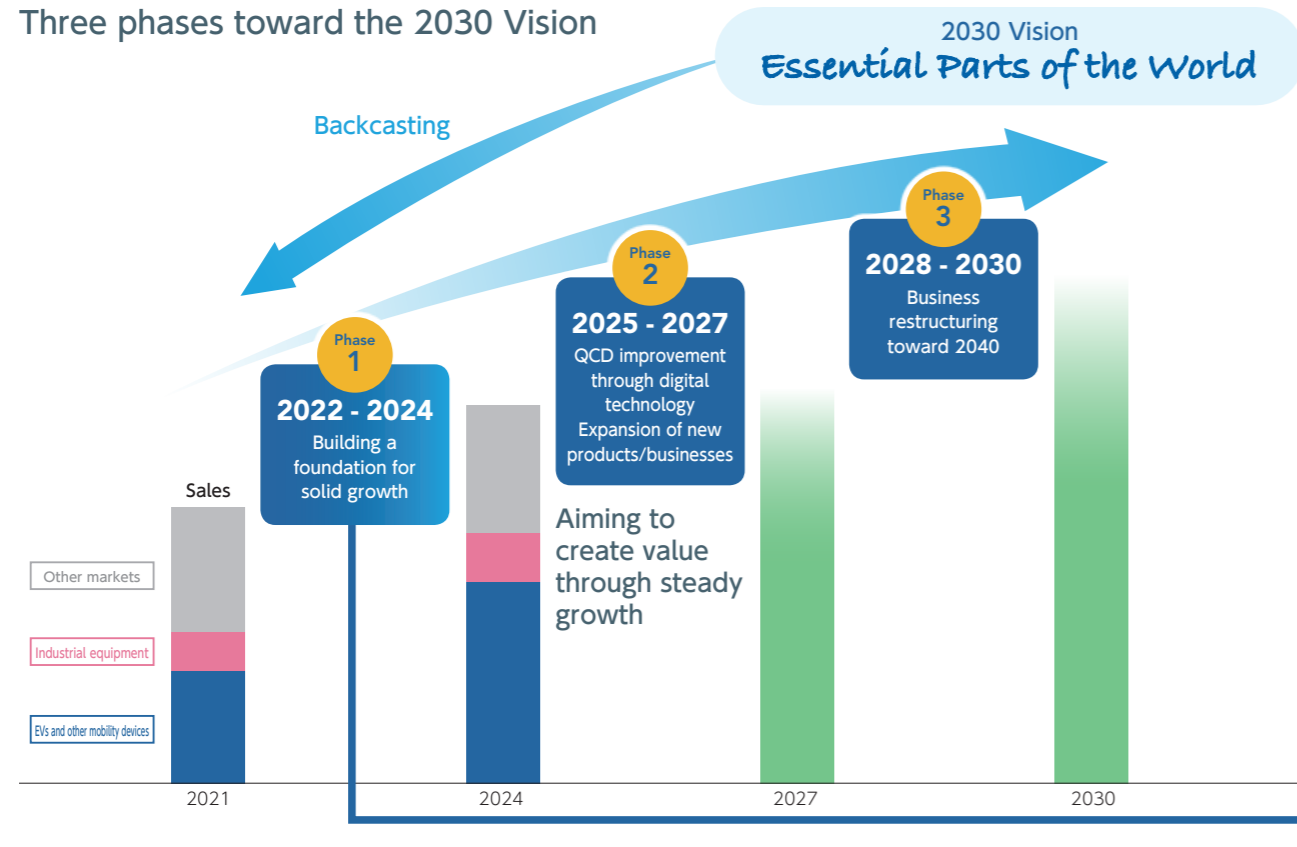
Continuously implement a virtuous cycle of revitalization of each region and the development of KOA

\*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

# 2024 Medium-Term Management Plan and Progress of Initiatives

We have built our Medium-Term Management Plan, our concrete implementation plan, by backcasting from our 2030 Vision, our desired state for 2030. We will formulate and implement a Medium-Term Management Plan with the aim of creating value through steady growth. In the 2024 Medium-Term Management Plan (2022-2024), which marks the first three years on the way to 2030, we are focusing on building a foundation for solid growth.

## Three phases toward the 2030 Vision

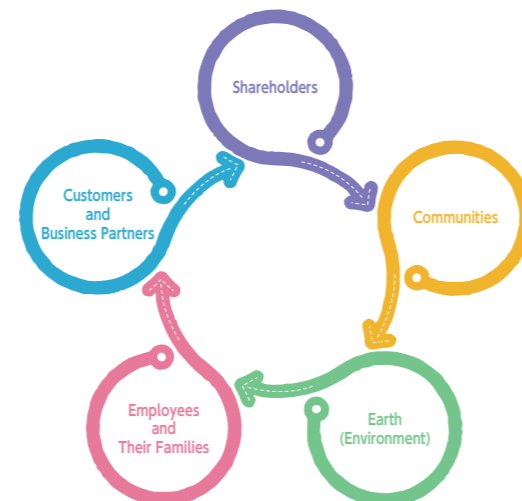


## KOA's challenge to realize the 2030 Vision

- 1. KPS Activities for Enhancing CS and ES ▶P.25
- 2. Expansion of Business Domains ▶P.27
- 3. Reduction of GHG Emissions ▶P.29
- 4. Development of Human Capital to Create Our Future ▶P.31
- 5. Giving Back to Communities ▶P.33

—Relationship between the five groups of stakeholders and our challenges—

- Customers and Business Partners
- Employees and Their Families
- Communities
- Earth
- Shareholders



Management Foundations for Value Creation ▶P.36

## Phase 1

### Key measures of the 2024 Medium-Term Management Plan

<b>Establishment of a supply system for 2030</b> Thick film and thin film chip resistors ● Production increase at plants across the world ● Expansion of production facilities ● Enhancement of business continuation plan (BCP) through multiple-location production <b>1. KPS Activities for Enhancing CS and ES</b>	<b>Introduction of renewable energy and reduction of electricity consumption</b> ● Promotion of renewable energy utilization ● Reduction of power consumption by improving productivity and adopting the latest energy-saving technologies ● Enhancement of the ability to collect and analyze GHG emissions data ● Creation of a model for addressing climate change in conjunction with local communities <b>3. Reduction of GHG Emissions</b> <b>5. Giving Back to Communities</b>
<b>Evolution of KPS activities</b> ● Utilization of digital technology to convert on-site wisdom (tacit knowledge) into processes and technologies (formal knowledge) ● Product development that will be appreciated by customers based on future projections and potential requirements ● Establishment of supply chain management that maximizes management resources and ensures stable supply and flexible delivery <b>1. KPS Activities for Enhancing CS and ES</b> <b>2. Expansion of Business Domains</b>	<b>Development of human capital to create our future</b> ● Enhancement of communications to nurture employees who take the goals of the company as their own and spontaneously make contributions ● Establishment of systems for human capital development and career support to realize the 2030 Vision ● Creation of a system which motivates employees to take on challenges <b>4. Development of Human Capital to Create Our Future</b>
<b>Introduction of Innovation Management System (IMS)</b> ● Establishment of a support system for innovation initiatives by the IMS promotion department. ● Implementation of a new value creation process based on the uncertainty of new and existing businesses ● Distribution of the medium- to long-term strategies by top management. <b>2. Expansion of Business Domains</b>	<b>New governance initiatives</b> ● Adoption of a performance-based compensation system for executives ● Appointment of at least 1/3 independent outside directors ● Establishment of a Nomination and Compensation Committee with a majority of independent outside directors

### Target Values/KPI

Financial performance	(Reference) FY03/2022	FY03/2023	FY03/2024	FY03/2025 Revised target value <sup>3</sup>	FY03/2025 Target value
Sales	¥64.9 billion	¥75.0 billion	¥64.8 billion	¥71.9 billion	¥87.0 billion or more
Operating profit	¥5.7 billion	¥10.2 billion	¥3.3 billion	¥3.9 billion	¥11.0 billion or more
Operating margin	8.8%	13.6%	5.1%	5.4%	13% or higher
ROE	7.4%	10.5%	3.6%	4.1%	11% or higher
Environment	(Reference) FY03/2022	FY03/2023	FY03/2024	—	FY03/2025 Target value
CO <sub>2</sub> emissions (Scope 1 + 2) reduction compared to FY03/2021 (%)	10% reduction	61% reduction	65% reduction	—	65% reduction
Electricity consumption	APR +8.7%	APR +3.6%	APR +3.3%	—	APR +4.0% or lower
Renewable energy utilization rate	17%	69%	73%	—	70%
Human capital	(Reference) FY03/2022	FY03/2023	FY03/2024	—	FY03/2025 Target value
Employee engagement rating <sup>1</sup>	CCC (47.1)	B (49.7)	B (49.2)	—	BB (52 or higher)
Investment in human capital development/training <sup>2</sup>	100	167	173	—	200

<sup>1</sup> Engagement rating based on "Motivation Cloud" by Link and Motivation Inc. Rating is based on an 11-tier scale of AAA to DD (CCC is the 7th highest rating). Rating of all KOA CORPORATION employees (parent company).  
<sup>2</sup> Comparison based on the fiscal year ended March 31, 2022 as 100.  
<sup>3</sup> We revised target figures for the fiscal year ending March 31, 2025 to reflect a decline in resistor demand attributed to longer inventory adjustment periods by distributors and other customers of our products such as industrial equipment and home appliance manufacturers seen since the fiscal year ended March 31, 2024. These revisions also reflect the slowdown in the global economic recovery trends triggered by Chinese economic stagnation and changes in projections for global automobile production volume.

# Capital for Creating Value

	Manufacturing	Quality	Product development	Human capital development	Creating models for a sustainable society
Characteristics	<ul style="list-style-type: none"> <li>Enhancing our manufacturing capabilities and supply networks on a global level to achieve stable supply and continuous improvements to QCD (quality, costs, and delivery times)</li> </ul>	<ul style="list-style-type: none"> <li>Practicing "Quality First" based on a quality policy of "Each item and each piece shall be guaranteed by each employee"</li> </ul>	<ul style="list-style-type: none"> <li>Proposing solutions based on customer needs: creating new products and resolving customer problems</li> </ul>	<ul style="list-style-type: none"> <li>Helping each employee create their own career vision, that not only develops management skills and expertise, but also values character development during training</li> </ul>	<ul style="list-style-type: none"> <li>Activities to contribute to the region, centered on creating job opportunities, developing human capital, and protecting local values and customs</li> </ul>
Results and strengths	<p>Customer support leveraging our global supply network</p> <p><b>40 countries</b></p> <p>Product lineup</p> <p><b>5.6 million products</b></p> <p>Productivity improvements over the past 10 years</p> <p><b>1.5 x</b></p> <p>KPS training<sup>1</sup> participants</p> <p><b>334 employees</b> (Total for FY03/2007 through FY03/2024)</p>	<p>Number of quality defects attributable to KOA</p> <p><b>1/10</b> the number of defects in 2001 (FY03/2024)</p> <p>High praise from our customers for not only product quality, but also for analytical and response capabilities</p> <p>Track record of the use of our products in automotive products with high quality requirements</p> <p>Sales ratio <b>51%</b> (FY03/2024)</p>	<p>R&amp;D expenses</p> <p><b>Approx. ¥3.1 billion</b> (Ratio of sales in FY03/2024: 4.9%)</p> <p>Proprietary core technology cultivated as a dedicated resistor manufacturer</p> <p>Processing, design, materials, mounting measurement, simulations, analysis, evaluation</p> <p>Led revisions of international standard IEC 60115-8 (terminal part temperature specification)</p> <p><b>Standard revised in August 2023</b></p> <p>Number of engineers with a Ph.D.</p> <p><b>5</b> (as of March 31, 2024)</p>	<p>Number of consolidated employees</p> <p><b>4,309</b> (as of March 31, 2024)</p> <p>KOA Story training participants</p> <p><b>1,910</b> (Total since FY03/2005)</p> <p>Career vision training participants</p> <p><b>475</b></p> <p>Support for employee college degrees</p> <p>Engineering Technical College <b>20</b> (Total since FY03/2017)</p> <p>Ph.D. course <b>5</b> (Total as of March 31, 2024)</p> <p>Certified Skilled Worker of Machine Maintenance (number of certified employees)</p> <p><b>98</b> (Total since FY03/2020)</p>	<p>Community engagement activities based on Four Values (circulation, finite, harmony and enrichment)</p> <p><b>37th year</b></p> <p>Creating a model for working with local communities to address climate change (Adoption of Shinshu Green Electricity)</p> <p>Roughly <b>99%</b> [For resistor manufacturing] of KOA Group power consumption in Nagano</p> <p><b>100%</b></p> <p>Contributions to promoting local sports and culture</p> <p><b>Approx. ¥2.1 million to 37 organizations</b> (FY03/2024)</p> <p>Good Day Ina Valley<sup>1</sup> Number of programs produced</p> <p><b>170</b></p> <p>Activities with the Society for Recycling Systems<sup>2</sup></p> <p><b>34th year</b> (FY03/2011 through FY03/2025)</p>
	*1. Training for passing on continuous improvements made to QCD				
Overview	<ul style="list-style-type: none"> <li>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.</li> <li>We continuously implement human resource training to pass on the KOA culture of kaizen activities that we have embraced since 1987.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>We are able to achieve the high quality, precision, and durability required of products used in the automotive industry.</li> <li>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."</li> <li>Our customers highly value KOA's approach to handling defects, including our root cause analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Our sales and engineering departments work together on new value creation initiatives aimed at identifying and solving customer problems.</li> <li>We have acquired various technologies related to materials, processes, and evaluation during our efforts to expand the electronic components business, which is centered on resistors.</li> <li>We are leading the creation of international standards for thermal design to create proper and practical rules for the market.</li> </ul>	<ul style="list-style-type: none"> <li>We conduct training based on the three essential elements of human capital development: character, technical expertise and general education, and management skills.</li> <li>Qualities associated with character, such as initiative, conviction, and mutual trust, help our employee chose and take the right action when required. The combination of those qualities along with management skills and technical expertise serve as KOA strengths that we leverage to create new products and services.</li> <li>We conduct training based on emphasizing the "KOA Story," which passes on KOA's corporate DNA by teaching our important values and founding spirit.</li> <li>We have a unique in-house qualification system for recognizing employees as "Craftsmen" who possess superior and unique skills, and whose achievements contribute to the realization of KOA's corporate mission.</li> <li>We promote diversity, including ensuring women's opportunities for advancement.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
Maintenance and enhancement initiatives	<ul style="list-style-type: none"> <li>Enhance our manufacturing capabilities and supply networks on a global level to achieve stable supply and continuous improvements to QCD</li> </ul> <p>Productivity improvement initiatives</p> <p>Results of kaizen activities, compared to FY03/2014 <b>1.5x productivity</b></p>	<p>Number of quality defects</p>	<p>Full view of SAKURA Wing</p>	<p>Retention rate for new university graduates KOA/General university graduates</p> <p>*General university graduates: Referenced from data of Ministry of Health, Labor and Welfare on retention rates for newly employed graduates (graduates in March 2020) (no statistical data for 4th and 5th years)</p>	<ul style="list-style-type: none"> <li>Strengthen human capital investments</li> <li>Strengthen internal training to improve employee engagement rating</li> <li>Promote diversity</li> <li>Establish and promote career development support system</li> <li>Develop DX talent</li> <li>Create comfortable working environments</li> </ul> <p>"Circle of Life" concert supported by the Ina Valley Foundation</p>

# KPS Activities for Enhancing CS\*1 and ES\*2

KPS activities are kaizen processes that involve all employees. In our current stage of KPS-3, we aim to create new value through existing businesses and new businesses.

Through KPS-1, we aimed to optimize our profit structure and reduce operating costs. With KPS-2, in addition to continuing the initiatives of KPS-1, we conducted activities aimed at implementing structural reforms from the perspective of Quality First. While these activities produced great successes, we also recognized that compliance with established frameworks had become an underlying objective.

In the past, when a problem occurred, we sought resolution through the strengthening of existing frameworks. While the accumulation of practical knowledge and experience by employees is one of KOA's strengths, this also lends to practical knowhow being retained by specific individuals. This resulted in problem resolution that was reliant on the actions of individual employees, creating a state of fatigue due to excessive workloads. Despite projections of a global increase in demand for resistors, our current structure makes it difficult to expand supply, meaning we will not be able to meet customer expectations.

To pursue meaningful kaizen without being constrained by preconceived notions, we shifted from focusing on compliance with existing frameworks. We began redesigning our frameworks to make explicit knowhow that previously was retained by individual employees and worked to create visual representations of the overall status of operations.

If we can create a framework that enables every employee to manufacture products with the same value enables us to reduce the burden on individual employees. This also frees employees from being linked to specific tasks, enabling employees to challenge themselves in other areas. By pursuing ES improvement, we are able to improve production and supply capacity, which in turn helps improve CS by enabling the stable supply of high-quality products to customers.

We refer to this latest series of kaizen activities as "On-site KPS-3", and position these activities as the groundwork for the new value creation we aim to achieve through our KPS activities.

\*1. Customer Satisfaction  
\*2. Employee Satisfaction

**Value to create**

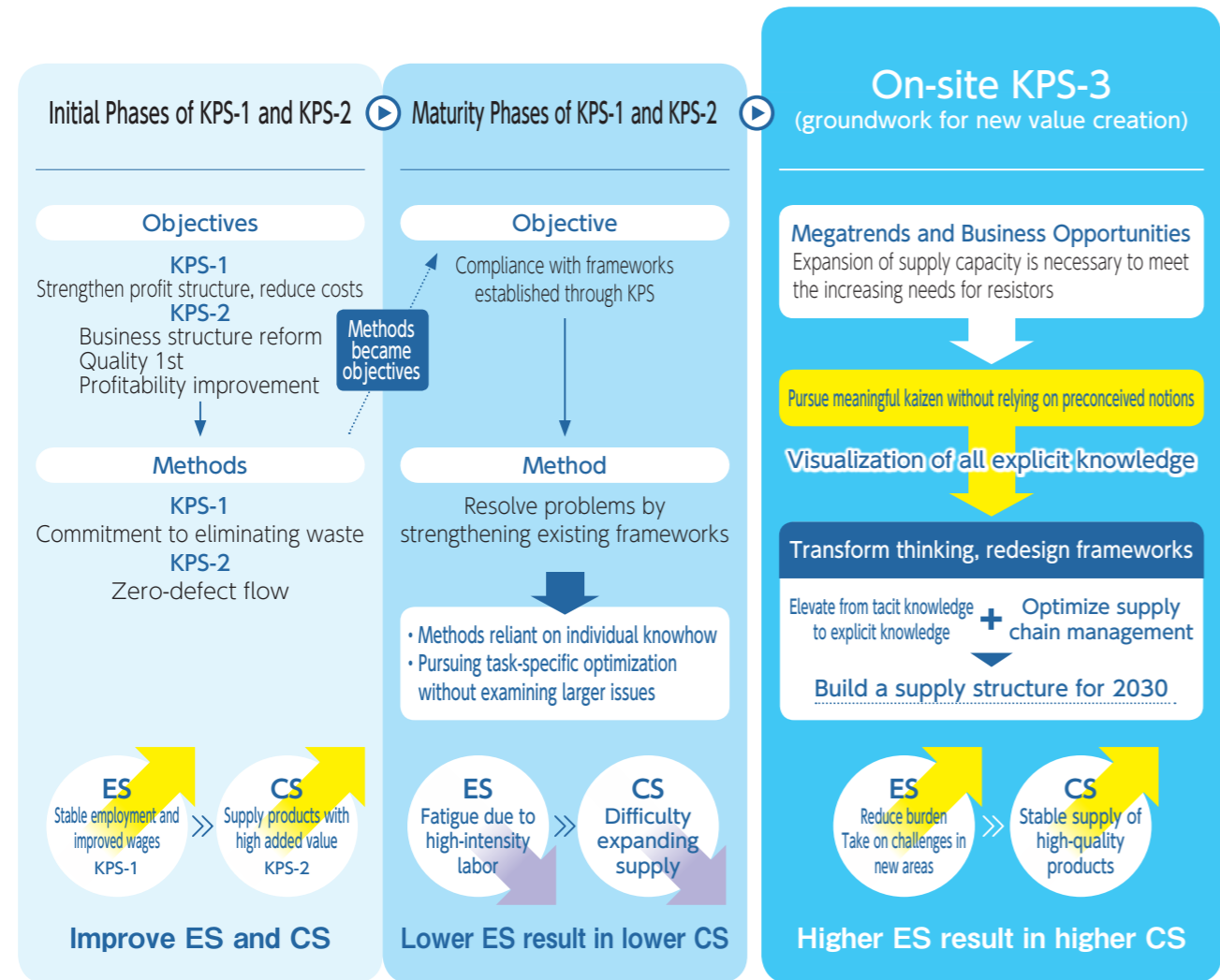
**Security and Safety**  
Provide customers with security and safety through stable production and supply of high-quality products

**Diversity and Motivation**  
Ensure diverse employees are working proactively as Team KOA and feeling motivated and happy in their jobs

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**Challenges to overcome**

Aim to create a "workplace that is more upbeat and pleasant than anywhere else" while improving manufacturing productivity and quality through digitization.



## Automated warehouse to improve ES and CS

Inventory management involves multiple processes, from acceptance to shipment. Our Group sales company in Germany, KOA Europe GmbH (KEG), has thus far relied on manual labor for these operations. The product shipment process required tedious labor involving employees walking around the warehouse all day picking products to be shipped to customers.

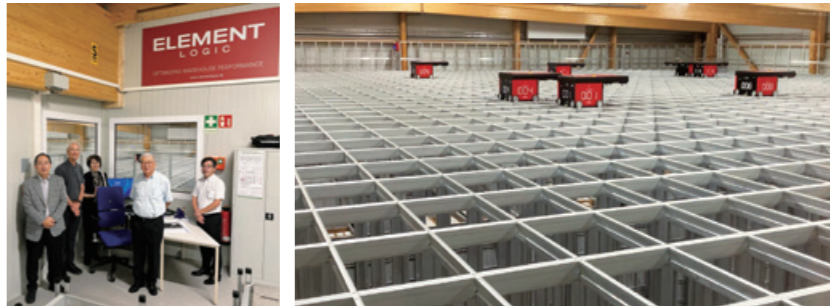
During periods of low order volume, the warehouse would be filled with inventory to a point where it would be necessary to secure separate storage space. When orders increased, a lack of workers would result in the need to increase employee numbers or hire short-term workers (as short-term workers would not have their contracts renewed once demand subsided, this meant a lack of employment stability).

Additionally, the average age of warehouse operators was increasing and there was a trend of younger people shying away from warehouse work, meaning that securing workers for the future was becoming an issue. However, increasing warehouse storage capacity was essential to expanding sales for future growth. Customers also desire to achieve market growth and increase sales. Supporting those desires by providing components in a timely fashion is the value that a components manufacturer is able to provide.

To address such conditions, KEG formulated a plan to automate inventory management and achieve sustainable growth through optimization and work environment improvement. They were further convinced of the need to automate warehouse operations after experiencing a decline in orders received during the COVID-19 pandemic, the subsequent rebound in orders following the pandemic, and the impact Russia's invasion of Ukraine had on logistics in Asia and Europe. After implementing a validation process, the company decided to adopt a system called Autostore developed by a European corporation. Conventional warehouses are managed based on surface area but, with this automated warehouse, the focus is on how to effectively utilize volume. Warehouse storage capacity was increased by 1.5x, labor was made more efficient, and mistakes were reduced. Mistake-free manufacturing, the concept of zero-defects, represents the fundamental quality that customers desire. This also helps reduce employee workloads. This enables the company to provide comfortable work environments, which leads to improved ES. Also, eliminating conventional shelves to using freed space for the automation of other processes and the installation of employee break rooms and meeting rooms is expected to promote further improvements in ES.

As part of its environmental initiatives, the company also installed nitrogen fire extinguishers and expanded the use of energy from renewable sources. The company is planning on switching from a gas furnace to a heat pump system, adopting solar power generation to supplement its power use, and installing EV chargers. These measures will help reduce environmental burden to better fulfill the company's corporate social responsibilities (CSR), which will contribute to improving CS.

Through these initiatives, including the Autostore, which has been in operation since August 2024, KEG has achieved efficient and sustainable warehouse management, and has made major improvements in both ES and CS.

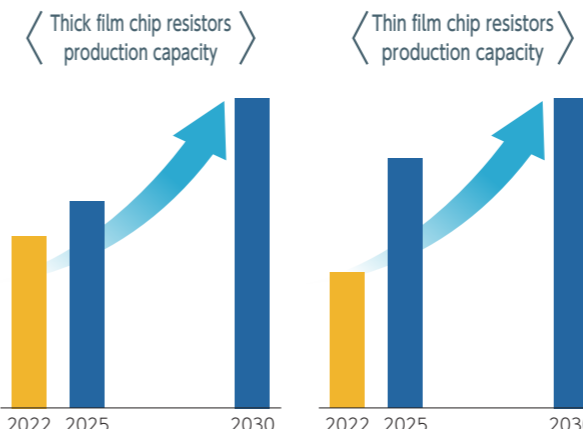


Board member visit Inside the automated warehouse

## Building a supply system for 2030

We are upgrading production capacity at existing factories and building new factories to strengthen our production sites towards building a robust supply system for 2030. By 2030, we are planning to double production capacity for thick and thin film chip resistors. During the period of the 2024 Medium-Term Management Plan, we are planning on capital investments of ¥53.4 billion. At the same time, we are also advancing BCP measures by enabling redundancy for our production lines.

### Doubling production capacity for 2030



- Tonami-no-Sho of KASHIMA KOA DENKO., LTD.**  
October 2022: Thick film chip resistor production line operations started  
October 2024: Thick film chip resistor production expansion upgrades completed
- KOA DENKO (MALAYSIA) SDN. BHD.**  
Existing factory: Thick film chip resistor mass production facility upgrades for FY03/2024 completed  
New factory: Construction started in October 2023, planned for completion in April 2025, planning to begin shipments in October 2026
- Sanada-no-Sato of SANADA KOA Corporation**  
March 2024: Thin film chip resistor production equipment delivery completed  
October 2024: Thin film chip resistor production started
- SAKURA Wing of KOA CORPORATION (Development and production site)**  
October 2022: Construction started  
August 2024: Construction completed  
Facility equipped to strengthen R&D and upgrade our supply structure

## Expansion of Business Domains

Since 2010 KOA has launched KPS-3 as a new stage of KPS activities to pursue new value creation by identifying unpredictable needs in an environment of uncertainty. In September 2022, we began evaluating the adoption of a new management system based on the innovation management system (IMS) approach to further expand these activities. Through this approach, we created a framework for promoting company-wide value creation and began implementing initiatives based on that framework. KOA sees the true value of IMS as its emphasis on employees autonomously formulating long-term visions and engaging in trial and error towards the realization of those visions. This approach is the same for both existing businesses and new businesses. We are aiming to increase the number of employees with this mindset to expand our business domains by changing how we work.

**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

**Challenges to overcome**

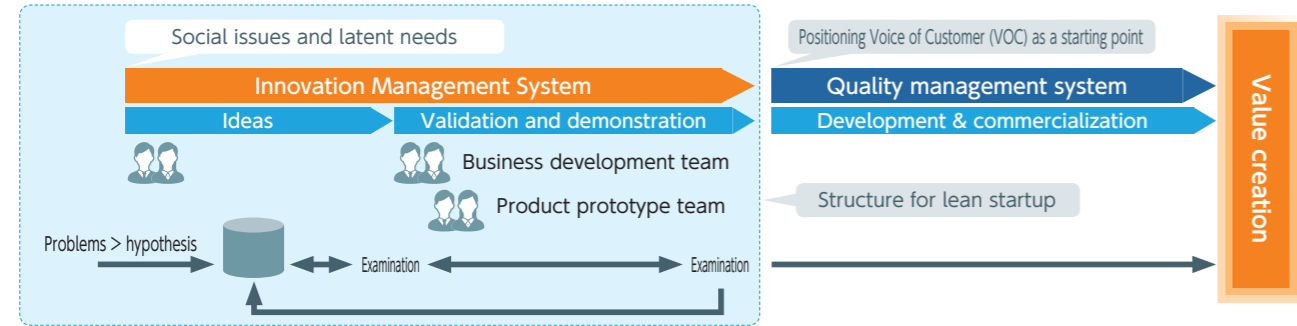
Expand business domains in terms of markets and applications such as automobiles and industrial equipment as well as in terms of addressing social issues such as energy, social infrastructure and the environment.

## Cultivating the desire to take on new challenges

We are working to create a work environment that encourages employees to embrace trial and error. Through dialogue with each department and IMS basic training, management disseminates messages that convey the importance of employees autonomously taking on challenges and the importance of supervisors listening to and creating an environment for their teams to engage in such challenges. We also conduct IMS interviews on past examples of improvement challenges that resulted in major success and received recognition from the company. These examples are disseminated via the company intranet as case studies in process innovation.



## Building new frameworks and structures



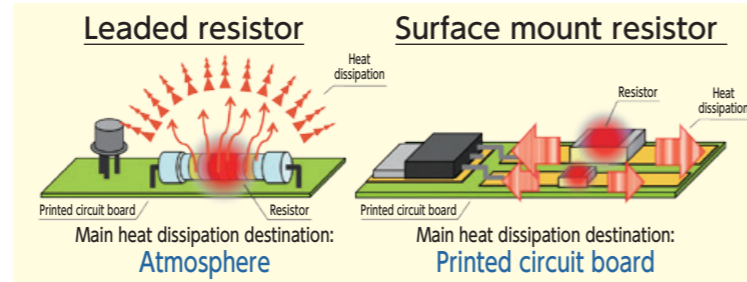
## The challenge of changing industry from a user-oriented perspective

The electronic components industry in which we operate has a standards organization known as the International Electrotechnical Commission (IEC), which is comprised of members from over 80 countries around the world. In principle, manufacturers of components and electronic devices design and manufacture their products in compliance with IEC standards.

Resistors are experiencing technical innovation, including the transition from leaded to surface mounting, miniaturization, and ever higher power ratings. With expert knowledge in heat transfer engineering, KOA predicted more than 10 years ago that IEC standards (IEC60115-8 Ed. 2) for surface mount resistors would cease to function in the near future. This is because, despite the fact that the mechanism for allowing heat to escape on surface mount resistors differs greatly from leaded types, those differences had not been reflected in the standard.

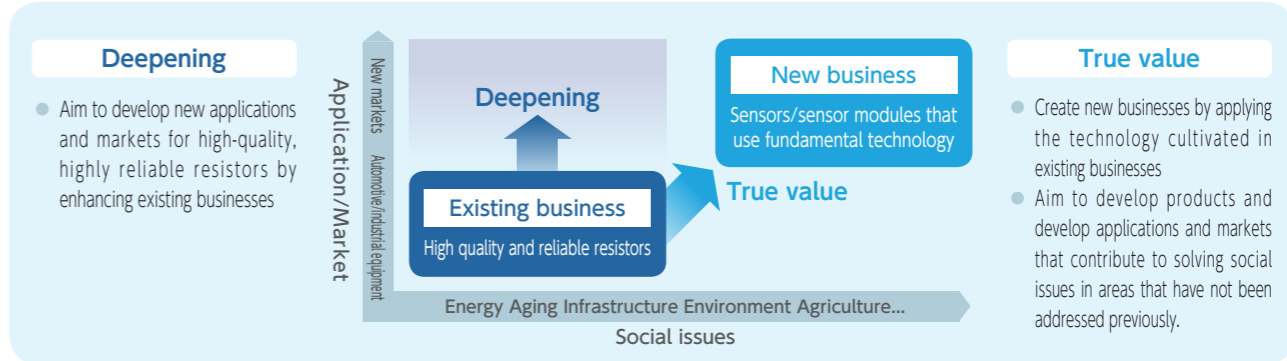
To that end, in 2012 we began activities to change the IEC standard to appropriate specifications. Serving as leader of a standards revisions team comprised of Japanese manufacturers, we created a revised edition of the standard and further took on the role of convincing the resistor manufacturers of each nation to adopt this new standard. This effort included conducting presentations at conferences that would provide scientific evidence for our claims. As a result of these efforts, the third edition of this standard was published in August 2023, ensuring that users adopt practical and safe heat designs for electronic devices using surface mount resistors.

Through that process, KOA has come to lead the industry in heat design. We are increasing the competitiveness of our products by achieving rated power improvements and size reductions for existing products based on the new standard. Recognized for our proprietary research, KOA received the FY03/2024 Technology Award from the Heat Transfer Society of Japan. These activities provided KOA with a solid technological base to develop products that cannot be easily mimicked by other companies. KOA will continue to engage in activities that lead the industry.



## Deepening existing businesses

For existing businesses, we established dedicated exploration teams for each market, including automotive and industrial equipment. Applying the IMS concept, we have begun activities to validate hypotheses at the preliminary stages of product development. Through these activities, we aim to better understand market-specific needs, formulate hypotheses, and reduce uncertainties. Thus far, we have validated several hypotheses and identified new market opportunities. This is expected to increase our potential for business expansion while minimizing investment risks associated with product development.



## True value of new businesses

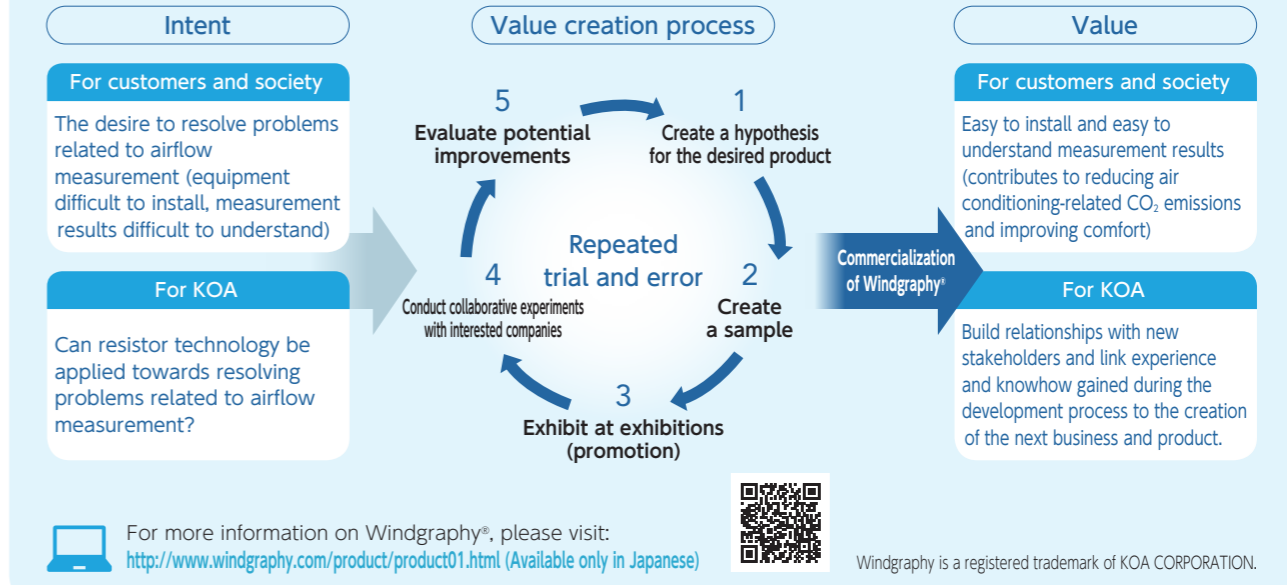
During product development for existing businesses, a clear understanding of VOC is the starting point. However, with new business development, it is necessary to analyze social issues and explore latent needs. We have built a framework for this process and are engaged in new business planning based on the concept of IMS. During business development for Windgraphy®, we simultaneously worked to establish such a framework.

We also provide training on the tools necessary for this activity. To promote new business creation, we also started building an internal recruitment system.

## Commercialization of Windgraphy®, a sensor that measures and visualizes airflows

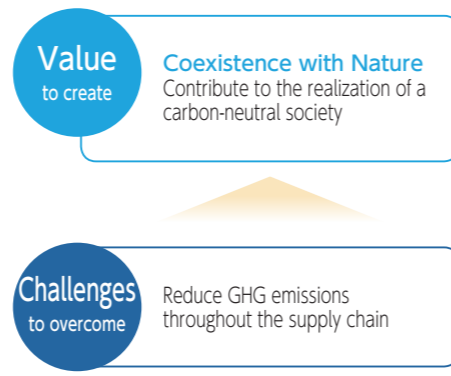
We developed an airflow measurement system featuring Windgraphy®, a sensor product for this new business, and launched sales in July 2023. Windgraphy® is based on our proprietary thermal sensor technology that enables simultaneous multi-point measurements of wind speed and then displays measurement results as data. The installation of the measurement device is simple and measurement results are easy to understand. This system provides a visualization of the wind that enables anyone to intuitively comprehend wind conditions. Prior to the commercialization of Windgraphy®, KOA had no products or business related to airflow measurement. During development, we built relationships with companies and research institutes related to architecture and HVAC equipment that require airflow measurements. We then conducted interviews to ascertain their needs and concerns related to airflow measurements. Starting the entire business development process from scratch, we succeeded in product commercialization through repeated trial and error. Through the development of Windgraphy®, we are able to provide value such as reducing the CO<sub>2</sub> emissions of HVAC equipment and increasing comfort. Our success with this business development has made it possible for KOA to step into the realm of directly contributing to the resolving of social issues, something that had been difficult through our conventional products. From this experience in new business development, we were also able to create a framework for the commercialization of our technology.

## Utilization of IMS in the development of Windgraphy®



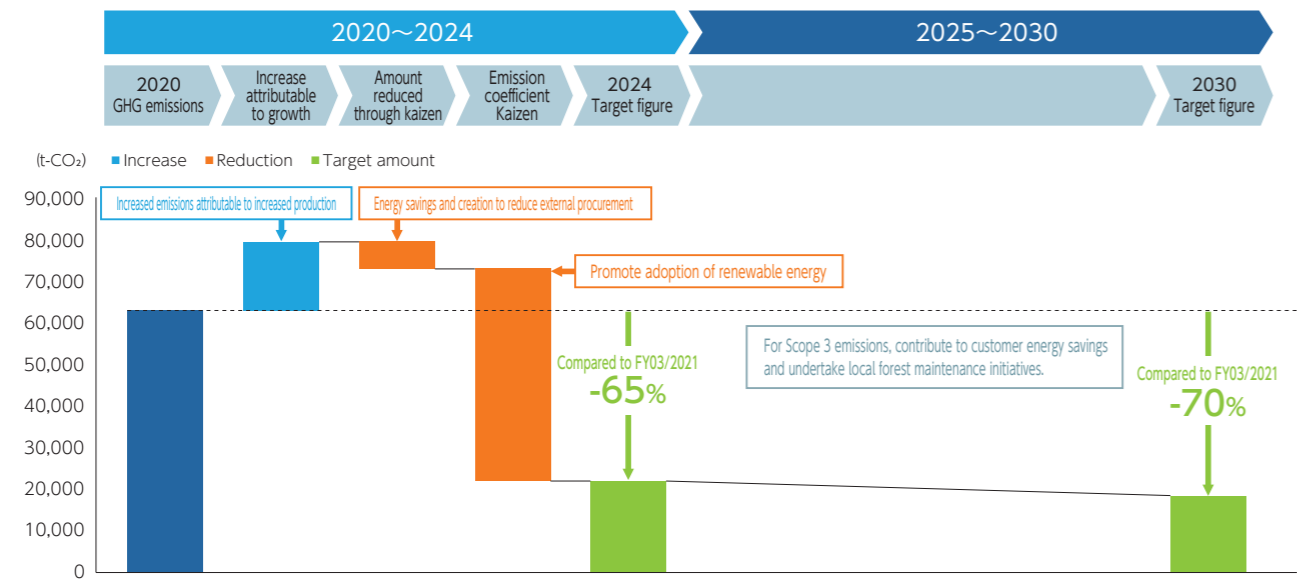
# Reduction of GHG Emissions

The environment is one of KOA's Five Groups of Stakeholders. We have a track record of engaging in initiatives aimed at improving our environmental impact. As the impact of climate change on the global environment has increased in recent years, so too have the critical issues that must be addressed. Climate change can have a significant impact on local communities, including triggering natural disasters, and can cause problems related to business continuity. At the same time, promoting climate change countermeasures also present opportunities to create new value. Limiting the effects of climate change requires more than the efforts of a single company. It is necessary to reduce greenhouse gas (GHG) emissions over the entire life cycle of a product. With this in mind, we will engage in GHG reduction initiatives not only as a single company but across our entire supply chain to make contributions towards the realization of a carbon neutral society.



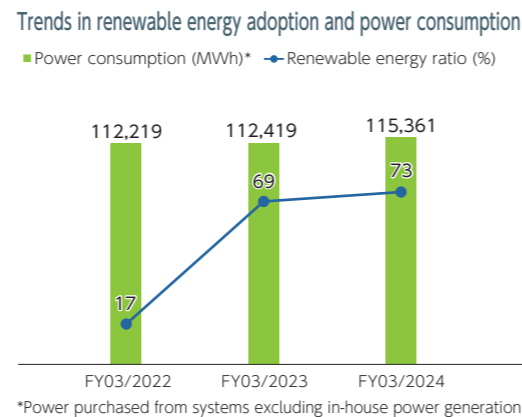
## Climate change initiatives

As an initiative to reduce GHG emissions, we set forth our 2030 Environmental Targets in the fiscal year ended March 31, 2023. At the time, Scope 2 emissions attributable to electricity use accounted for 95% of total Scope 1 and Scope 2 emissions. Therefore, we adopted the policy of shifting as much of that electricity as possible to CO<sub>2</sub>-free green power and covering any resulting cost increase through KPS and various other kaizen measures. For future business expansion, we are adopting the use of renewable energy and the reduction of electricity consumption as core policies. In addition to initiatives to reduce GHG emissions, we are currently engaged in detailed analysis in order to refine our action plan through 2030, so that we can be on the road to achieve carbon neutrality by 2050.



## Adoption of renewable energy

In February 2022, we adopted "Shinshu Green Electricity" at our facilities in Nagano Prefecture to switch to 100% renewable energy for our electronic component development and manufacturing. The Shinshu Green Electricity project is an initiative that aims to increase the ratio of local energy production and consumption and the rate of renewable energy adoption in Nagano by utilizing hydroelectric power generated in the prefecture. Through these initiatives, the project also aims to promote carbon neutrality in the region. We switched two group facilities in Japan (the KASHIMA KOA DENKO Co., Ltd. Nakanoto Factory in April 2023 and the SANADA KOA CORPORATION Fuchu Factory) during the fiscal year ended March 31, 2024 to green electricity. We are also taking steps to adopt renewable energy at overseas facilities, and have starting doing so in Germany (January 2018), America (March 2022), and two facilities in China (January 2022 and January 2023). As a result, the KOA Group renewable energy ratio reached 73% in the fiscal year ended March 31, 2024.



## Reducing energy use

In addition to energy conservation activities, which we have continuously undertaken for over 20 years, we also have taken steps to adopt in-house power generation in order to reduce the increase in energy use (procured energy) due to the expansion of production capacity. For example, in July 2023 we started generating solar power for use at our facility in China. Combined with reductions from our head offices, at which we installed our first solar power facilities in the fiscal year ended March 31, 2023, we are projecting a reduction effect of roughly 133t-CO<sub>2</sub> per year through these efforts. Energy derived from natural sources such as solar power fluctuates due to the weather and other climatological conditions. KOA will continue to accumulate knowhow related to in-house power generation and to test its efficacy so that we can develop and implement the optimal energy conservation and creation policies for each production facility.

## Trends in GHG emissions

	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Scope 1	3,090	4,304	4,311	3,762
Scope 2	59,358	52,327	20,250	18,006

(t-CO<sub>2</sub>)

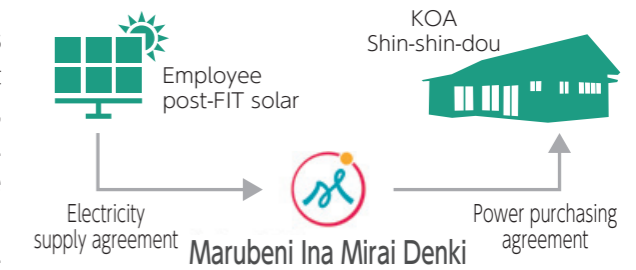
## Measures for adapting to a decarbonized society

### Enhancing climate-related information disclosure

The expectation that corporations provide accurate disclosure of climate-related information is increasing. At KOA, we have been preparing to be able to disclose climate-related information in compliance with recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). In the fiscal year ended March 31, 2024, we identified climate-related risks and opportunities associated with KOA's business. We then conducted scenario analyses to formulate plans in preparation for future uncertainties. (P. 49 Information Disclosure Based on TCFD Recommendations). Moving forward, we will request a third-party assessment of our GHG emissions, set Scope 3 reduction goals, and work towards acquiring SBT certification. At the same time, we will work to provide sufficient information to contribute to decision-making by investors and customers.

### Promoting action for reducing GHG emissions

KOA conducts various initiatives to encourage employees to think about decarbonization. This includes quarterly meetings designed to increase employee literacy regarding decarbonization. At our facilities, we switched to LED lights, centralized air conditioning control, and EVs for company cars. These initiatives not only help reduce GHG emissions, but also increase employee comfort. In January 2024, we also began supplying locally produced electricity for local consumption. This scheme uses electricity generated from the residential solar power systems of employees whose feed-in tariff (FIT) contracts have ended (post-FIT solar). Through this scheme, electricity retailers purchase electricity and environmental credits generated by post-FIT solar systems owned by KOA employees, then supply that electricity and environmental credits to KOA for use in its facilities. Through this system, we acquire CO<sub>2</sub>-free power supply based on local production and consumption. Furthermore, for electricity demands not fulfilled through solar power generation, we use Shinshu Green Electricity, which is also CO<sub>2</sub>-free electricity. We will continue working with employees to promote initiatives towards carbon neutrality.



### Building a model for collaborating with local communities on climate change measures

From November 20, 2023, KOA began participating in the No. 2 Shinshu Green Power Expansion Project, which aims to expand renewable electricity in Nagano Prefecture. Through this project, a portion of charges for Shinshu Green Electricity are used towards hydroelectric power plant development by the Nagano Prefecture Public Enterprises Bureau and the Chubu Electric Power Group to contribute to the expansion of renewable energy in Nagano Prefecture. With Project No. 2, KOA and five other corporations in Nagano Prefecture will contribute to the expansion of hydroelectric power generation within Nagano. In addition to these activities, we also participate in local zero-carbon events and conduct activities to disseminate information about KOA's efforts to reduce GHG emissions. KOA Group member Yamatowa Co., Ltd. aims to promote tree-planting activities, foster the development of forest maintenance and logging workers, and increase the value of forests as an industry. Through its furniture and packaging materials business, which uses wood and materials generated through these activities, the company is developing new applications for local wood resources. We will continue collaborating with local communities on activities aimed at promoting the reduction of GHG emissions.





# Development of Human Capital to Create our Future

Realizing our 2030 Vision requires that we take on the challenge of creating and providing new value by accurately identifying customer needs. The first step in taking on this challenge is for our employees to have the ability to think and act based on a vision of the future. At KOA, we believe that for our employees to develop the ability to think and act for the future, they must have formulated a career path based on their own career vision. To that end, KOA strives to create workplace environments that enable employees to think and act for the future.

Thus far, human capital development has concentrated on providing a uniform education for all employees that focused on the character, expertise, knowledge, education, and management skills that all KOA employees were expected to acquire. This was designed to constitute the foundation for the work conducted by KOA employees and the resulting business growth. At the same time, we recognize the problem of rigid thinking and actions as well as a passive approach to career development by many of our employees.

As a result, we have redefined what we recognize as our ideal human capital and are building relationships that enable employees and the company to pursue career development from an equal footing. Leadership now recognizes that all our employees play an essential role in realizing our 2030 Vision, and it has been a major issue discussed at management meetings as we formulate and advance initiatives to further this end.

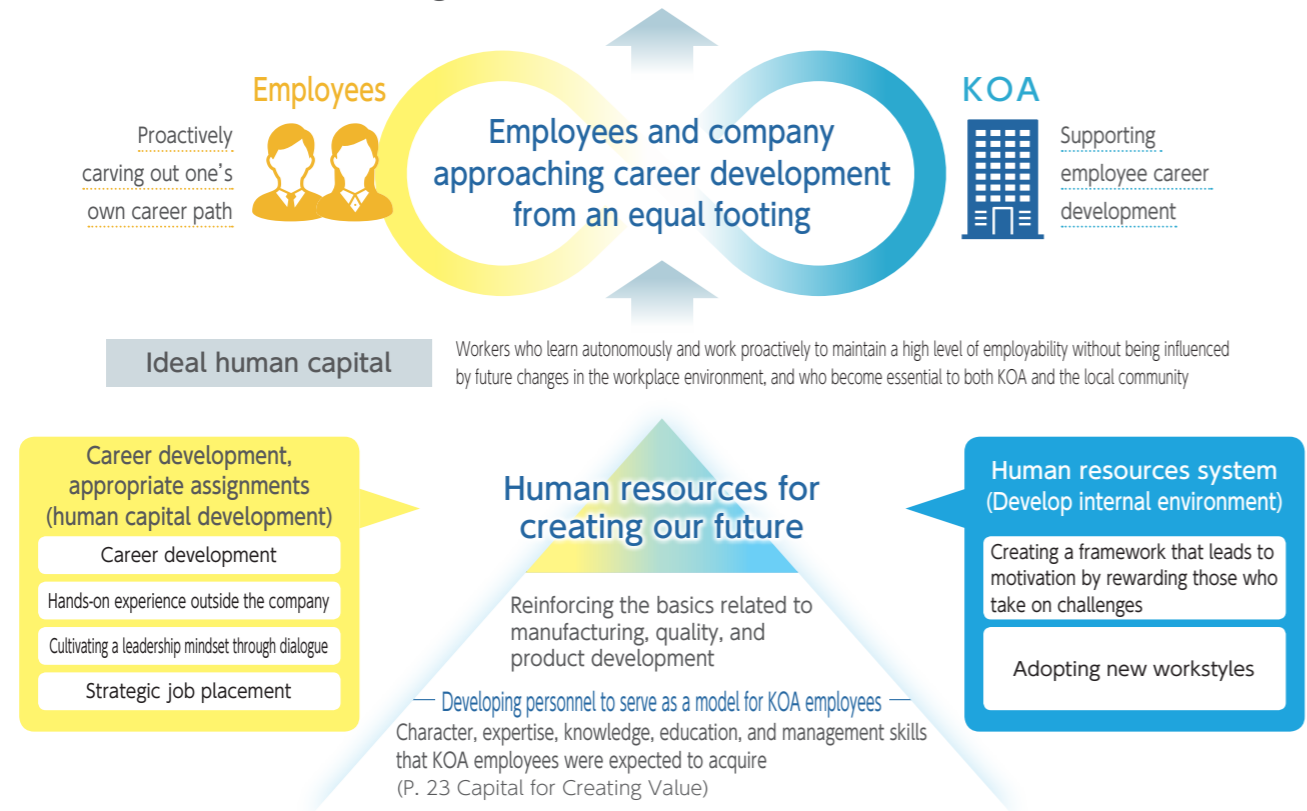
**Value to create**

**Diversity and Motivation**  
Ensure diverse employees are working proactively as Team KOA and feeling motivated and happy in their jobs

**Challenges to overcome**

Continue to implement human capital development that enhances capabilities and encourages our employees to take on challenges

## Realizing our 2030 Vision to create the future



The KOA Group views building strong relationships with our Five Groups of Stakeholders as our mission. One of those stakeholder groups is our employees. The growth of each employee is essential to business continuity and achieving growth as a company. We position employees as not only human resources but also as human capital. In other words, we view employees as a valuable asset among our management resources.

### ■ Career development, appropriate assignments

To further strengthen human capital development, we are planning to double investments in development and training during the period of the 2024 Medium-Term Management Plan from the investment amount for the fiscal year ended March 31, 2022. In the fiscal year ended March 31, 2024, we conducted new training, including holding Next Management Basic Skills Seminars, and increased the number of participants in career vision training. We also increased opportunities for department-specific training, including for technology, production, quality, and sales. These initiatives resulted in a 73% increase in investments compared to the fiscal year ended March 31, 2022. In particular, with respect to training for career vision formation, we provide our employees opportunities to outline their career visions at multiple stages of the employee experience: at time of hiring and at ages 30, 50, and 57. This enables our employees to independently think about the kinds of experiences they want to accumulate and what type of learning they want to pursue from a short, medium, and long-term perspective. This system provides opportunities to promote employee autonomy. We will continue to enhance our career development support structure and cultivate a corporate culture of self-designing one's own career. Through such initiatives, we will foster the development of numerous employees who are able to act independently.

### ■ Building a new human resources system

To realize our 2030 Vision, management is working on building a new human resources system, aiming for a system where challenges are recognized and work is rewarding. To create a system that evaluates employees based on their actions and that leads to job satisfaction, we must create an environment where human resources are able to learn independently, act autonomously, and take on new challenges. We are also designing a system in which proactive thinking and actions are recognized and reflected in wages. To ensure that a diverse range of employees can take appropriate action and demonstrate their abilities as warranted, not only are we ensuring greater job and advancement opportunities for female employees, we are also adopting measures to create an environment that provides opportunities regardless of an employee's age, gender, or location. We will gradually introduce this new human resource system beginning from the fiscal year ending March 31, 2026.


### ■ Creating a motivating workplace (initiatives to increase our engagement score)

Since the fiscal year ended March 31, 2020, we have used employee engagement ratings as an indicator to check the status of employee job satisfaction and of employees taking on new challenges.

	(Reference) FY03/2022	FY03/2023	FY03/2024	FY03/2025 Target
Employee engagement rating	CCC (47.1)	B (49.7)	B (49.2)	BB (52 or higher)


We use the results of our engagement surveys to identify management issues and work to resolve them. Specifically, we have seen cases where engagement scores have significantly improved by strengthening training for managers and increasing dialogue and communication with employees in their respective workplaces. We will continue to implement this initiative as we strive to create a workplace that is motivating for employees.

#### Interview on innovation activities and improving engagement



**Minowa Factory High Frequency Center Line Leader (at time of interview)**  
**Tomohito Imai**

At the Minowa Factory, we launched the Active Thinking and Action for Future Innovations Project, which is based on IMS knowhow. The members who participated in the IMS training started this project with the initiative of discussing "Innovation" during all-hands morning meetings to promote the idea that innovation can occur even in production sites. Through a survey conducted anonymously to gain the honest opinions of employees, we found that many employees have the spirit to take on challenges and have the desire to learn and grow. In response to those results, the general manager (plant manager) took the initiative to hold training sessions involving participation by all employees (129 people) working at the plant. During this training, opinions were exchanged through group work and poster sessions. From those opinions, I was reminded of the importance of fostering communication and creating a good workplace atmosphere. Through detailed feedback from their supervisors, we have begun to see results such as an increase in the number of people who interact with each other after training. The original purpose of this project was to help people understand innovation. In reality, the project had the effect of revitalizing communication across divisions, age groups, and between superiors and subordinates. Creating an environment in which each employee can work proactively and embrace the habit of working independently increases production efficiency, promotes innovation, and leads to the provision of value to customers. Also, I think employees who are able to work proactively and independently experience an increase in their motivation towards work.



### ■ Status of diversity promotion

Creating an environment in which female employees can thrive is an urgent issue for KOA as we strive to create an environment that enables a diverse range of human resources to achieve success. As of the end of March 2024, the ratio of female employees was 26.1%, and the ratio of female managers was 0.75%. This indicates that equal advancement opportunities for women are significantly lagging behind those for men. Since the fiscal year ended March 31, 2018, we have worked to improve this situation by continuously conducting career vision training for both men and women. Since the fiscal year ended March 31, 2022, we have strengthened our recruitment of female employees. As a result, the ratio of women in technical, sales, and general positions has increased significantly. Furthermore, in production positions, we are working to break down unconscious bias within the company by allowing both men and women to perform shift work, which was previously the responsibility only of male employees. Since the fiscal year ended March 31, 2024, we have worked to accelerate this process by having management lead employee interviews aimed at promoting women's empowerment. Changing the mindset of managers and the way male employees work is also essential to promoting the active participation of women. At KOA, we have been working to change the mindset of male employees regarding childcare, including by holding pre-parenting courses for men that are conducted by external organizations. We also have been working to encourage male employees to take childcare leave. Thanks to these efforts, as of the end of March 2024, the rate of childcare leave taken by eligible male employees was 58.5% and the average number of days taken was 25.2 days. We will continue to promote mutual understanding among all employees and further create an environment where a diverse range of employees can demonstrate their abilities.

#### Voice of male employees who took childcare leave



**Production worker in his 30s working at Nanakuri no Mori**

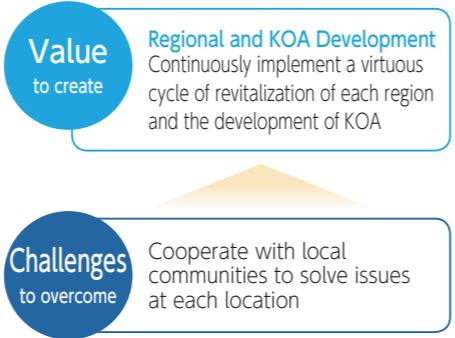
I currently have two children, age six and age one. When my second child was born, I took a year of childcare leave and am currently working reduced hours. In my department, it was unprecedented for a man to take one year of childcare leave, so I was a little nervous. However, everyone around me, including my superiors, kindly accepted it, and so the process was smooth. As I raise my children, I want to respect the opinions of my children and let them pursue what they want to do. Taking childcare leave allowed both of us as parents to have more time to raise our children and has enabled me to put my childcare philosophy into practice. I have heard people commend me for taking childcare leave, but I think it should be normal for fathers to participate in raising children. I am grateful to be blessed with such a good environment.

# Cooperation with Communities

In an age when a sustainability perspective is essential to business management, KOA believes that we must help create sustainable local societies in which no one is left behind.

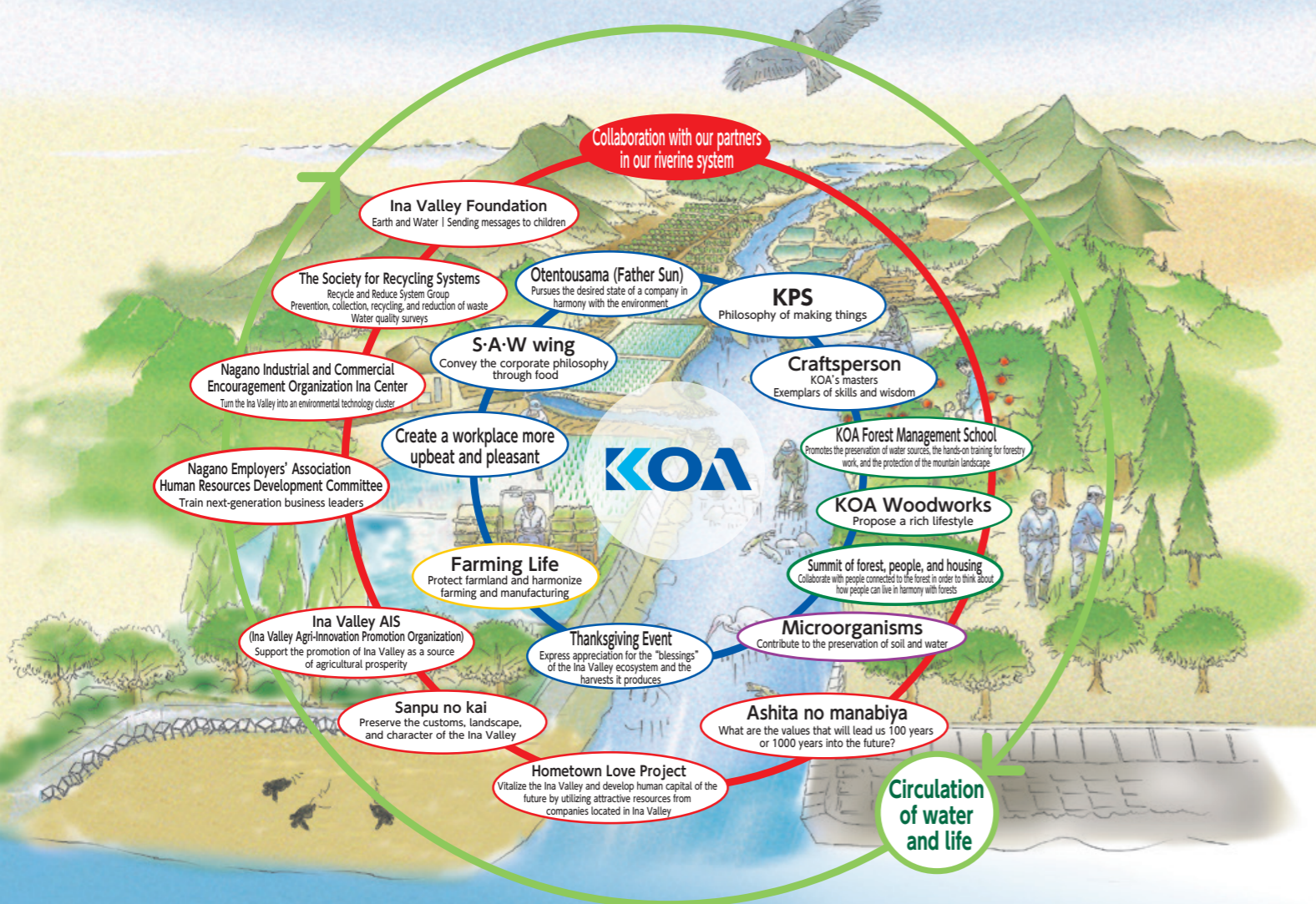
Today, social structures are changing at a remarkable pace. From workstyles not dictated by location or adherence to a particular form to low birth rates and population aging and the outflow of younger generations from the communities in which they were born and raised, society is undergoing unprecedented, dramatic changes in demographics, working styles and family values. 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.

As a company that has expanded operations from the Ina Valley to around the world, issues differ with each region. By feeling gratitude for the regions that allow us to operate in their communities, trying to be of service to the residents of those communities, and returning to those communities the value generated through the trust we have developed with those local societies, KOA hopes to foster a benevolent cycle of stimulating local regions and promoting growth for KOA far into the future.



## KOA's hometown development of the riverine system in the Ina Valley

Ina Valley, KOA's hometown, is located on the upper portions of the Tenryu River, which connects Lake Suwa in Nagano Prefecture and the Pacific Ocean in Shizuoka Prefecture. The people living and companies operating in the region are all part of an ecosystem that interacts with the global environment. Under this awareness, we position the Tenryu River region as an ecosystem and are aiming to establish it as a model for a sustainable system for both the local economy and the environment. We are collaborating with local governments, businesses, and civilian groups to implement practical activities aimed at conserving precious local resources and achieving harmony with the environment.



## Activities that support the growth and learning of children in Ina Valley

We donate funds and send employees as staff for the Ina City Children's Future Support Project, which provides lunches to elementary school students during summer vacation. Our company fulfills its role as a member of the local community, not only by making donations to address local issues, but also through our direct participation in local activities.

We also provide instruction on career education and provide active learning sessions at local junior high and high schools. At Inanishi High School, we participate in the activities of the English club to create English subtitles for "Good Day, Ina Valley," a program sponsored by KOA that introduces the traditional culture of the region. These activities not only enable KOA to support the development of local children, but also provide an opportunity for employees who participate in these activities to broaden their horizons. Through these activities, employees get an up-close look at local issues and current conditions that would not be possible through their regular work or training.



Curry Challenge by the Ina City Children's Future Support Project

## Activities to convey compassion for Ukraine

We cooperate with organizations that have donated to support Ukraine and carry out activities in collaboration with the local community. To educate local people about the current state of conflicts and disasters in Ukraine and other parts of the world, we held a photo exhibition in cooperation with the international NGO AAR Japan and invited lecturers to give presentations. We also support the ADRA Sunflower Project. For this project, employees work with local junior high school students to grow sunflowers, through which we try to send a message of support to the people of Ukraine.



## Examples of initiatives in each region

### Minowa Factory exterior maintenance activities (Minowa, Nagano Prefecture) .....

The Minowa Factory is located near Tenryu Park, making it a familiar spot to the local community. We actively contribute to local events by providing parking spaces and other support. We also conduct work around the building exterior to maintain its clean condition. This work includes maintaining flower beds and cleaning street gutters. Recently, employees brainstormed ideas and created handmade signs to address the fading text on signboards around the premises. In the future, we will continue to work to keep the exterior of our factory clean, with the goal of building strong relationships with our Five Groups of Stakeholders.



### KOA KAOHSIUNG CORPORATION (TKC) invasive plant removal activities (Taiwan) .....

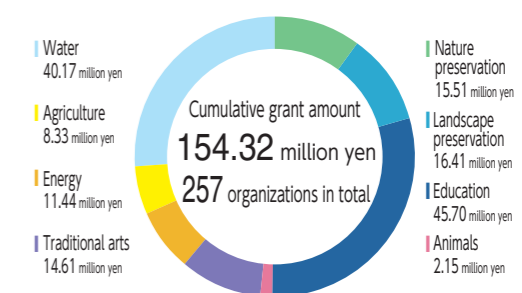
At TKC in Taiwan, every year we participate in an event called "Love of Earth Regional Environmental Initiative." This event is a collaborative effort by multiple local companies to contribute to local environmental conservation by removing invasive plant species that have taken root in the town. In 2023, 98 TKC employees and their families participated, and we held study groups to convey the importance of this activity. We participate in this event as part of our efforts to contribute to the realization of the SDGs. At the same time, this activity provides an important opportunity as a place for interaction with local companies, employees, and their families. Through these activities, we not only contribute to the local community, but also increase our company's name recognition within the community and improve environmental awareness among our employees. We will continue these activities and work together with the local community towards building a sustainable future.



## Ina Valley Foundation

The Ina Valley Institute for Regional Social Systems, the predecessor of the Ina Valley Foundation, was established in 1996. The purpose of this Institute is to make contributions not only through our business operations, but also to contribute to the local community in Ina Valley, our hometown. Like KOA, the Foundation upholds the values that should be passed on to future generations: namely, circulation, finite, harmony, and enrichment. By providing grants to individuals and organizations active in Nagano Prefecture, we aim to create a small model for the local community and continuously engage in activities that embody our values. Since our founding, we have provided approximately ¥150 million in grants to a total of 257 organizations. This includes supporting the Hometown Love Project, a collaboration between industry, academia, and government to foster the development of human capital who love their hometown, support the region in various ways, and continue to embrace a passion for the local community. Other projects we support include the Sanpu no kai, a project that aims to protect the landscape of Ina Valley and foster an appreciation for the beauty of nature, and the Society for Recycling Systems, which plays a role in creating sustainable societies around riverine systems.

### Inadani Foundation cumulative grant amount by field (1997-2024)



## Message from our Director in Charge of the Management Administration

### Updating our group structure to increase core competence and realize our 2030 Vision

Director and Senior Executive Officer  
Management Administration Initiative, Top Management

**Kosei Mukaiyama**



#### ■ Creating a culture for increasing core competence

As the company engages in various initiatives, one thing that concerns me is the time required to formulate new plans. In an age of accelerating changes in our business environment, even when significant effort is put into plan creation, those plans are subject to unpredictable changes or new issues that arise during the implementation phase. Carefully evaluating plans and implementing the PDCA cycle is a good way to address projects that have significant upfront costs, involve risks related to implementation, or require budget planning. However, for plans that are not applicable to any of those categories, over-emphasizing planning may not be the best course of action. Better results can be gained by using an OODA loop or TEFCAS cycle, and then revising plans as necessary by continuously evaluating progress throughout implementation. Committing to a cycle of rapid action and continuous improvements enables us to respond to factors that are sometimes overlooked during the planning phase. Throughout the course of the plan, this eventually leads to increasing the quality of our results. Getting our employees to adopt this approach requires that we foster a culture of forgiving mistakes. To that end, we are working to create a culture that encourages employees to try new ideas without fear of failure. Of course, while I do think that some mistakes are forgivable, some mistakes must also be avoided. We cannot make the kinds of mistakes that would have a severe impact on operations. It is important that we build successes in critical areas. That said, we should look to accept the small mistakes and the process of trial and error needed to achieve major innovation.

We are also enhancing our human resource rotation. Thus far, the company did not significantly promote reassigning personnel for the purpose of developing professionals. I personally experienced department reassignments three times, and felt that each time was a valuable experience that provided an opportunity to learn or gain important experience. While gaining expertise in a specific field is important, the times ahead will require that employees expand their perspectives by acquiring new knowledge and skills rather than remain in the same department. This will enable employees to better identify customer needs and preferences. It is also important that we increase the adaptability of our human resources to increase our flexibility as an organization.

Taking on challenges without fear of failure and acting rapidly to take advantage of business opportunities is the key to responding to rapid changes in our business environment. Also, attempting to respond to various demands can result in a dispersal of capacity that makes it difficult to drive innovation. That is why, personally, my approach is to concentrate 100% of my effort into the most important 1%. Often, it will be impossible to avoid addressing various issues. However, by focusing the mind on a single

important theme, we can create a benevolent cycle through which we help improve our competitiveness while also having a positive impact in other areas.

#### ■ Promoting human resource system reforms

The lack of a system or framework for encouraging the career visions of employees is also a problem. In response, we are evaluating the adoption of an internal recruitment system as a solution.

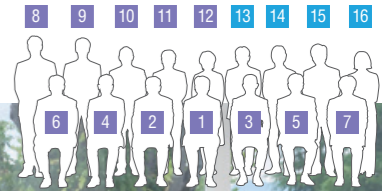
Specifically, we will use our corporate intranet to conduct internal recruitment. Candidates will be provided tours of the relevant department and undergo an interview after receiving an explanation of duties. Candidates who pass this process will be reassigned provisionally before the move is made official after evaluation results are issued. If motivated employees and those interested in a particular line of work proactively apply for positions, we can expect improvements in performance after reassignment. Employees are able to engage in work they enjoy or are particularly skilled at, so this system would also contribute to an increase in motivation and engagement.

Our company is also aiming to increase our rate of female officers to 30% by 2030. Currently, all of KOA's female officers are outside directors, but our policy moving forward is to foster the development of female officers internally. To this end, the most urgent issue is increasing the ratio of female managers, which currently stands at just 0.75%. We will revamp the negative images associated with management positions, such as "only responsibilities increase" and "long work hours." At the same time, we will establish HR systems and build an organizational support structure that makes it easier for women to pursue management positions.

#### ■ Taking our next leap forward

I believe it is important to adopt a stance of ensuring unbiased assessments. Communication is important but it is also important that we value both verbal and non-verbal communication. We are incorporating opinions and ideas received from employees to advance new initiatives aimed at realizing our 2030 Vision. As I referred to earlier regarding the use of the PDCA cycle and similar tools, it is important to select the optimal tool based on the job and conditions rather than simply making the job fit the tool in order to produce speedy results. Also, over-emphasizing tools will not produce results. As such, we must focus on the innovativeness, feasibility, and problem resolution potential of ideas that are proposed. We will foster a proactive mentality that promotes taking on appropriate risks to discover how to turn ideas into reality, thereby increasing our corporate value.

## Members of the Board of Directors and Executive Officers (as of June 24, 2024)



### ■ Skill matrix for directors

Name	Position in the Company	Attendance at Board and Committee meetings in the fiscal year ended March 31, 2024 (Attendance/number of meetings) *1		Areas where directors are expected to make contributions										
		Board of Directors meetings	Nomination and Compensation Committee meetings	Corporate management	Global experience	Quality assurance, technology, manufacturing	Sales, marketing	Finance, accounting	Legal, compliance	IT, digital	Human resources development, diversity	ESG, sustainability		
1 Koichi Mukaiyama	Director and Chairman Nomination and Compensation Committee member	13/13	7/7	●				●						●
2 Tadao Hanagata	Representative Director, President & CEO Nomination and Compensation Committee member	13/13	7/7	●	●	●					●			
3 Akira Nonomura	Director & Managing Executive Officer	13/13	—	●	●		●							●
4 Katsuhiko Momose	Director & Senior Executive Officer	13/13	—	●		●		●	●					
5 Etsuji Yamaoka	Director & Senior Executive Officer	13/13	—	●		●					●			
6 Toshihiro Kojima	Director & Senior Executive Officer	12/13	—	●	●	●	●				●			
7 Kosei Mukaiyama	Director & Senior Executive Officer	13/13	—	●	●		●					●	●	
8 Michael John Korver	Independent Outside Director Nomination and Compensation Committee member	13/13	7/7	●	●					●	●			
9 Toru Kitagawa	Independent Outside Director Nomination and Compensation Committee Chair	13/13	7/7	●	●			●	●					●
10 Koji Takahashi	Independent Outside Director	13/13	—	●		●					●			
11 Hitoshi Ozawa	Independent Outside Director Nomination and Compensation Committee member	13/13	7/7	●			●							●
12 Sachiko Sumi	Independent Outside Director	11/11*2	—	●									●	●

\*1 The number of Nomination and Compensation Committee meetings held during the member's term of office (June 24, 2023 to June 21, 2024)  
\*2 As the person was appointed as a director at the 95th Ordinary General Meeting of Shareholders held on June 24, 2023, the number of Board of Directors meetings available for attendance differs from other directors.

Members of the Board of Directors and Executive Officers (as of June 24, 2024) ● Years of service ○ Number of shares held

Directors



**1 Koichi Mukaiyama**  
 Director and chairman  
 Nomination and Compensation Committee member  
 ●48 years ○398,154 shares

Mar. 1972 Joined the Company  
 Jun. 1976 Director  
 Dec. 1977 Representative Director and President  
 Oct. 2001 In charge of the Environmental Business Field  
 Apr. 2013 Representative Director and Chairman  
 Jun. 2018 Director and Chairman (current position)



**2 Tadao Hanagata**  
 Representative Director, President & CEO  
 Nomination and Compensation Committee member  
 ●16 years ○23,946 shares

Mar. 1979 Joined the Company  
 Apr. 2000 General Manager of the Discrete Product Block, KOA Resistor Production Dept.  
 Oct. 2001 General Manager of the Quality Improvement Center of the Global Quality Assurance Initiative  
 Oct. 2003 Representative of the Kamiina Business Field of the Manufacturing Initiative  
 Jun. 2008 Director in charge of the Manufacturing Initiative and Kamiina Business Field  
 Apr. 2009 In charge of the Shimoina Business Field and Minowa Business Field  
 Apr. 2013 Representative Director and President  
 Jun. 2015 In charge of the KPS-3 Initiative (current position)  
 Jan. 2017 In charge of the Quality Assurance Initiative  
 Jun. 2024 Representative Director, President & CEO (current position)



**3 Akira Nonomura**  
 Director & Managing Executive Officer  
 ●12 years ○13,946 shares

Mar. 1983 Joined the Company  
 Oct. 2003 Representative of the Japan Sales Business Field  
 Dec. 2009 Managing Director of KOA DENKO (S) PTE. LTD.  
 Apr. 2012 General Manager of the Marketing Center of the Business Structure Reform Initiative  
 Jun. 2012 Director in charge of the Business Structure Reform Initiative  
 Jun. 2015 In charge of the Sales & Marketing Initiative (current position) and the Japan Sales Business Field  
 Apr. 2018 Managing Director  
 Jun. 2018 In charge of the Management Administration Initiative  
 Jun. 2024 Director & Managing Executive Officer (current position)



**4 Katsuhiko Momose**  
 Director & Senior Executive Officer  
 ●13 years ○28,846 shares

Mar. 1985 Joined the Company  
 Jul. 1996 General Manager of the KPS Division  
 Oct. 2003 General Manager of the Management Strategy Center of the Management Administration Initiative  
 Jun. 2011 Director in charge of the Management Administration Initiative  
 Apr. 2013 In charge of the Kamiina Business Field  
 Jun. 2015 In charge of the Manufacturing Initiative (current position), the Shimoina Business Field and the China Business Field  
 Jan. 2017 In charge of the Kamiina Business Field  
 Jun. 2017 In charge of the Minowa Business Field  
 Jun. 2024 Director and Senior Executive Officer (current position)



**5 Etsuji Yamaoka**  
 Director & Senior Executive Officer  
 ●12 years ○16,146 shares

Apr. 1986 Joined the Company  
 Apr. 2007 General Manager of the Fundamental Technology Commercialization Center of the Manufacturing Initiative  
 Jun. 2012 Director in charge of the Manufacturing Initiative  
 Apr. 2013 In charge of the Shimoina Business Field  
 Jun. 2013 In charge of the Minowa Business Field  
 Jun. 2015 In charge of the Research & Development Initiative  
 Mar. 2018 General Manager of the Research & Development Strategy Center of the Research & Development Initiative  
 Jun. 2018 In charge of the Quality Assurance Initiative (current position)  
 Apr. 2023 General Manager of the Research & Development Center of the Research & Development Initiative  
 Jun. 2023 General Manager of the Research & Development Center and the Kitakyushu Laboratory of the Research & Development Initiative  
 Jun. 2024 Director and Senior Executive Officer (current position)



**6 Toshihiro Kojima**  
 Director & Senior Executive Officer  
 ●7 years ○11,946 shares

Apr. 1986 Joined the Company  
 Apr. 2007 General Manager of the Product Management Center of the Business Structure Reform Initiative  
 Jun. 2011 General Manager of the Marketing Center of the Business Structure Reform Initiative  
 Jun. 2012 Managing Director of KOA DENKO (S) PTE. LTD.  
 Jun. 2015 General Manager of the Product Roadmap Development Center of the KPS-3 Initiative  
 Jun. 2017 Director in charge of the KPS-3 Initiative (current position)  
 Mar. 2018 General Manager of the New Application Research Center of the KPS-3 Initiative  
 Jun. 2023 In charge of the Research & Development Initiative (current position)  
 Jul. 2023 General Manager of the Research & Development Center of the Research & Development Initiative (current position)  
 Jun. 2024 Director and Senior Executive Officer (current position)



**7 Kosei Mukaiyama**  
 Director & Senior Executive Officer  
 ●3 years ○86,046 shares

Apr. 2005 Joined KOA  
 Jun. 2015 Director of KOA TRADING CO., LTD. (current position)  
 Aug. 2018 Managing Director of KOA DENKO (S) PTE. LTD.  
 Mar. 2021 General Manager Commissioned to Top Management in Charge of the Management Administration Initiative  
 Jun. 2021 Director in charge of the Management Administration Initiative (current position)  
 Jun. 2024 Director and Senior Executive Officer (current position)



**8 Michael John Korver**  
 Independent Outside Director  
 Nomination and Compensation Committee member  
 ●16 years ○12,500 shares

Jul. 1983 Licensed Attorney with the State Bar of California, U.S.A.  
 Jul. 1987 Licensed Attorney with the State Bar of New York, U.S.A.  
 Jun. 1996 Director of Global Venture Capital Inc.  
 Apr. 2004 Outside Director of BJIT Inc.  
 Jun. 2004 Professor at the Graduate School of International Corporate Strategy Research, Hitotsubashi University  
 May 2006 Outside Director of Really English.com Limited  
 Jun. 2006 Representative director of Global Venture Capital Inc.  
 Oct. 2006 Outside Director of Geovector Corporation  
 Jun. 2008 Outside Director of KOA (current position)  
 Sep. 2011 Representative Director of Real English Broadband Co., Ltd.  
 Jul. 2013 Representative Director of Durafizz Holdings Corporation



**9 Toru Kitagawa**  
 Independent Outside Director  
 Nomination and Compensation Committee Chair  
 ●7 years ○0 shares

Apr. 1983 Joined Kanematsu-Gosho, Ltd. (currently Kanematsu Corporation)  
 Nov. 1999 Joined Japan Communications Inc. as General Manager of the Corporate Planning Office  
 Feb. 2001 Joined Baltimore Technologies Japan Co., Ltd. (currently Cybertrust Japan Co., Ltd.) as Senior Executive Financial Officer  
 Jan. 2002 Joined Levi Strauss Japan K.K. as Finance Controller  
 Sep. 2006 Joined Starbucks Coffee Japan, Ltd. as Officer in Charge of Supervising Finance Infrastructure and CFO  
 Mar. 2016 Outside Director (Chair of the Audit Committee, member of the Compensation Committee) at Cookpad Inc.  
 Oct. 2016 Outside Director at Nippon Ski Resort Development, Co., Ltd.  
 Jun. 2017 Outside Director of KOA (current position)  
 Mar. 2018 Outside director (Chair of Audit Committee, member of the Nomination Committee) at Cookpad Inc.  
 Mar. 2018 Outside Director, Audit and Supervisory Committee member at KAYAC Inc. (current position)  
 Mar. 2022 Outside Director (Chair of the Audit Committee, member of the Compensation Committee) at Cookpad Inc.  
 Jan. 2023 Outside Director (Chair of the Audit Committee, Chair of the Compensation Committee) at Cookpad Inc.



**10 Koji Takahashi**  
 Independent outside director  
 ●2 years ○0 shares

Apr. 1980 Joined Alps Electric Co., Ltd. (currently ALPS ALPINE CO., LTD.)  
 Mar. 1988 Joined Tohoku Kinzoku Kogyo Co., Ltd. (currently TOKIN Corporation)  
 Oct. 1995 General Manager of Product Development Department of Electronic Devices Division at Tohoku Kinzoku Kogyo Co., Ltd.  
 Apr. 1998 General Manager of Magnetic Actuator Division at Tohoku Kinzoku Kogyo Co., Ltd.  
 Apr. 2001 Joined Tokyo Weld Co., Ltd.  
 Apr. 2007 General Manager of Technical Planning Office Division and General Manager of Technical Center at Tokyo Weld Co., Ltd.  
 Jun. 2009 Director of Tokyo Weld Co., Ltd.  
 Jun. 2013 Managing Director and Chief Technology Officer at Tokyo Weld Co., Ltd.  
 Mar. 2021 Advisor of Tokyo Weld Co., Ltd. (current position)  
 Jun. 2022 Outside Director of KOA (current position)



**11 Hitoshi Ozawa**  
 Independent outside director  
 Nomination and Compensation Committee member  
 ●2 years ○0 shares

Apr. 1986 Joined Recruit Cosmos Co., Ltd. (currently Cosmos Initia Co., Ltd.)  
 May 1992 Joined Nanken Corporation (currently Forest Corporation)  
 Apr. 1996 President and Representative Director of Nanken Corporation (current position)  
 Sep. 2000 President and Representative Director of Rent Life Corporation (current position)  
 Jun. 2005 Auditor of Nanshinkouei Co., Ltd. (current position)  
 Jun. 2022 Outside Director of KOA (current position)



**12 Sachiko Sumi**  
 Independent Outside Director  
 ●1 year ○0 shares

Apr. 1972 Joined Japan Airlines Co., Ltd.  
 Sep. 1982 Established SUMI Human Resource Development Inst., Representative (current position)  
 Apr. 1989 Part-time Lecturer at Kaetsu Women's College (currently Kaetsu University)  
 Apr. 1991 Part-time Lecturer at Josai University Women's Junior College (currently Josai Junior College)  
 Apr. 1997 Part-time Lecturer at Iwate Prefectural Miyako College (currently Iwate Prefectural University, Miyako Junior College)  
 Jun. 2023 Outside Director of KOA (current position)

Corporate Auditors



**13 Masashi Gomi**  
 Full-time Corporate Auditor  
 ●7 years ○4,500 shares

Mar. 1980 Joined the Company  
 Apr. 2000 General Manager of the Product Development Center in the Resistor Production Dept.  
 Oct. 2001 Representative of the Resistor Business Field  
 Apr. 2011 General Manager of the Intellectual Property Center of the Management Administration Initiative  
 Jun. 2017 Full-time Corporate Auditor (current position)



**14 Tsuyoshi Yajima**  
 Full-time Corporate Auditor  
 ●5 years ○2,100 shares

Feb. 2001 Joined K-TECH DEVICES CORPORATION (currently KOA CORPORATION)  
 Jan. 2002 General Manager of the General Affairs Department at K-TECH DEVICES CORPORATION  
 Jul. 2004 Transferred to KOA  
 Apr. 2007 General Manager of the General Affairs Center of the Management Administration Initiative  
 Jun. 2019 Full-time Corporate Auditor (current position)



**15 Tetsuro Kamijikkoku**  
 Outside Corporate Auditor  
 ●22 years ○7,000 shares

Mar. 1992 Registered Attorney  
 Mar. 1992 Joined Asanuma Law Office  
 Apr. 1995 Established Kamijikkoku Law Office (currently Kamijikkoku · Nakamura Law Office) (current position)  
 Feb. 2001 Outside Corporate Auditor at CAN DO CO., LTD.  
 Jun. 2002 Outside Corporate Auditor of KOA (current position)  
 Feb. 2016 Outside Director (member of Audit Committee) at CAN DO CO., LTD.



**16 Yoshiko Inuma**  
 Outside Corporate Auditor  
 ●5 years ○1,000 shares

Apr. 1985 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)  
 Sep. 1986 Joined YOKOYAMA ACCOUNTING FIRM  
 May 1991 Registered Certified Tax Accountant  
 Sep. 1991 Joined Inuma Accounting Firm  
 Jun. 1998 Established Mirai Keiei, Director (current position)  
 Aug. 2011 Established Mirai Keiei Tax Accountant Office, Partner (current position)  
 Jun. 2019 Outside Corporate Auditor of KOA (current position)

Executive Officers (excluding Executive Officers serving as Directors)

Executive Officer **Kazuaki Kitazawa**

In charge of Manufacturing Initiative, Kamiina Business Field, Shimoina Business Field, and Minowa Business Field / Representative of Shimoina Business Field

Executive Officer **Shinsuke Chihara**

In charge of Manufacturing Initiative, and China/President of KOA ELECTRONICS (TAICANG) CO., LTD.

Executive Officer **Hiroyoshi Satomi**


In charge of Sales Initiative, and Japan Sales Business Field/General Manager of Marketing Center

# Corporate Governance

## Basic approach

At KOA, our corporate mission is to build strong relationships with our Five Groups of Stakeholders. We understand 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.

For more information on KOA's corporate governance, please refer to our Corporate Governance Report available at the following website.  
[https://www.koaglobal.com/ir/message/governance?sc\\_lang=en](https://www.koaglobal.com/ir/message/governance?sc_lang=en)



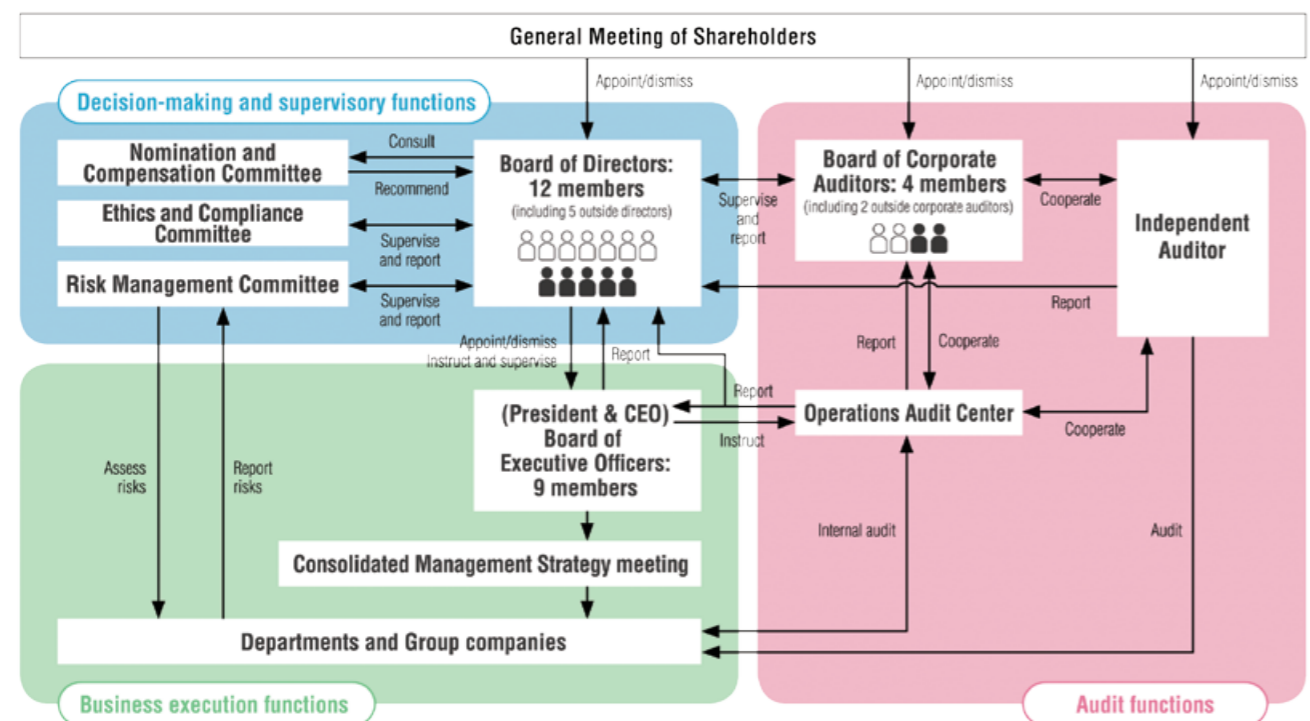
## Strengthening governance

KOA works to strengthen governance based on an awareness that enhancing corporate governance is a critical management issue. One of the core themes of our 2024 Medium-Term Management Plan is to undertake new governance initiatives. In that connection, we added a female independent outside director in the fiscal year ended March 31, 2024 and adopted an executive officer system in the fiscal year ending March 31, 2025.

### Transitions in governance

	Up to FY03/2022	FY03/2023	FY03/2024	FY03/2025
Directors and Executive Officers	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)	Increased the number of independent outside directors (four-person system) More than one-third of all directors are independent outside directors	Added a female independent outside director (increased to a five-person system)	Adopted an executive officer system
Discretionary Committees		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		Revised policy for determining the details of compensation for directors and other officers Adopted restricted stock compensation plan		

## Corporate governance structure (as of June 24, 2024)



## Board of Directors

The Board of Directors is comprised of 12 directors, of which five are independent outside directors (including one female director). The Board of Directors is chaired by the Representative Director. At monthly meetings, the Board of Directors decides on important matters and confirms the status of business performance and other matters. Deliberations by the Board of Directors enable rapid and accurate decision-making concerning the direction of the company.

FY03/2024 Results Number of proposals: **104** (44 items to be resolved, 60 items to be reported)

## Executive Committee

(Established June 2024)

In June 2024, KOA adopted an executive officer system and established an Executive Committee comprised of nine executive officers. Through this structure, we are aiming to separate supervisory functions from executive functions, which will increase the efficiency of business execution while also strengthening governance.

## Nomination and Compensation Committee

(meetings held between June 24, 2023 and June 21, 2024: 7)

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 Board of Directors' functions related to the nomination of and compensation of directors. This Committee will also help enhance our corporate governance. Nomination and Compensation Committee members are comprised of the Director and Chairman, the Representative Director, and three independent outside directors. The Committee is chaired by an independent outside director. The Committee discusses director candidates and officer compensation, and submits its findings to the Board of Directors.

## Board of Corporate Auditors

(meetings held in FY03/2024: 13)

The Board of Corporate Auditors is comprised of four members, two full-time corporate auditors and two outside corporate auditors (one of whom is a female), 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 dept., 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.

## Ethics and Compliance Committee

(meetings held in FY03/2024: 2)

KOA established an Ethics and Compliance Committee, which is chaired by a member of the Board of Directors. See p. 53 for committee details.

## Risk Management Committee

(meetings held in FY03/2024: 1)

KOA established a Risk Management Committee, which is comprised of members of the Board of Directors and other members. See p. 43 for committee details.

## Consolidated Management Strategy Meeting

(meetings held in FY03/2024: 2)

KOA holds Consolidated Management Strategy Meetings every six months. Meeting participants are comprised 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.

# Corporate Governance

## Compensation of directors

Compensation for members of the Board of Directors (other than outside directors) is comprised of basic compensation and performance-linked compensation, which consists of bonuses and non-monetary compensation. KOA's policy is to set the optimal payment ratios for contributing to the motivation of each member of the Board of Directors (other than outside directors) to improve corporate value. A summary of each member of the Board of Directors (other than outside directors) compensation is provided in the following table. Compensation for outside directors consists solely of basic compensation.

Item	Overview	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.	
Non-monetary compensation	KOA common shares with a specified transfer restriction period and which are subject to the KOA's specified conditions for acquisition without charge, etc. ("Transfer-restricted Shares") are allocated.	

### Compensation paid to officers (Fiscal Year Ended March 31, 2024)

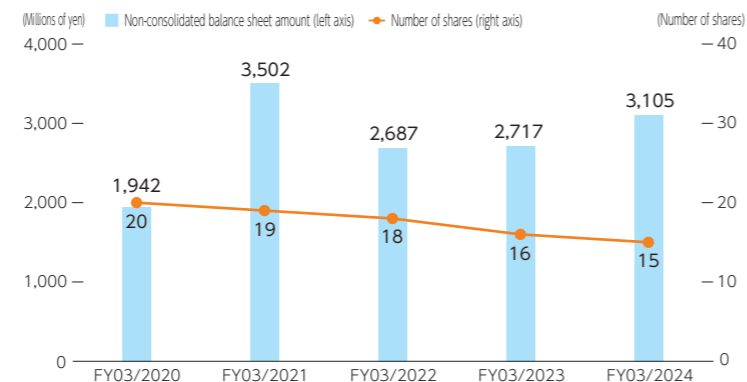
Category	Total amount of the compensation, etc. (millions of yen)	Total amount by compensation type (millions of yen)			Number of recipient officers (and other officers)
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (outside directors)	342 (36)	268 (36)	39 (-)	34 (-)	12 (5)
Corporate auditors (outside corporate auditors)	66 (13)	58 (13)	8 (-)	- (-)	4 (2)
<b>Total (outside officers)</b>	<b>409 (50)</b>	<b>327 (50)</b>	<b>47 (-)</b>	<b>34 (-)</b>	<b>16 (7)</b>

## 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 26, 2023, the Board used this data on cross-shareholdings as of the term ended March 31, 2023 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.

### Status of cross-shareholdings



## Assessment of board's effectiveness

To improve the functions expected of the Board of Directors, an assessment of the effectiveness of the Board of Directors is conducted annually.

### (1) Initiatives to address issues identified through the efficacy evaluation for the fiscal year ended March 31, 2023

Issues identified in FY03/2023	Initiatives for the fiscal year ended March 31, 2024
1 Composition of the Board of Directors	In June 2024, KOA adopted an executive officer system and established an Executive Committee to strengthen the decision-making and supervisory functions of the Board of Directors, and to promote rapid business execution.
2 Administrative office operations and information provision	Since the fiscal year ended March 31, 2024, KOA holds information sharing meetings. These meetings are used to share the details of Consolidated Management Strategy Meetings, with outside directors in order to promote constructive contributions to management strategy during Board of Directors' meetings.
3 Nomination and compensation	The Nomination and Compensation Committee met seven times during the term of office for the committee members. The Committee repeatedly engaged in independent deliberations concerning what compensation constitutes more appropriate incentives for officers and how to select and train successors.
4 Relationships with stakeholders	From the perspective of increasing management awareness of the shareholder perspective, opportunities were provided for members of the Board of Directors to engage in dialogue with domestic and international institutional investors towards enhancing their understanding of KOA.
5 Internal controls	To more reliably identify risks of high importance that impact our operating environment and to promote deliberations, KOA has held regular risk management committee secretariat meetings since the fiscal year ended March 31, 2024.
6 Training for officers	The adoption of the executive officer system is creating opportunities for talented human resources to excel. The system also functions as a training ground for acquiring the skills necessary to become future members of the Board of Directors.

### (2) Effectiveness assessment in the fiscal year ended March 31, 2024

#### Analysis and assessment process

Target	Members of the Board of Directors and corporate auditors
Survey method	Self-assessment survey with a combination of multiple-choice and open-ended questions (with names entered)
Checked items	<ol style="list-style-type: none"> <li>1. Composition of the Board of Directors and shared awareness among directors (number, skills, experience, knowledge, diversity, etc.)</li> <li>2. Operations of the administrative office and information provision (timing of notifications and information provision, content of information)</li> <li>3. Agenda items (frequency of meetings, contents to be discussed, submitter's presentation)</li> <li>4. Deliberations (proceedings, deliberation time, status of statements, etc.)</li> <li>5. Nomination and compensation (appropriateness, status of discussions)</li> <li>6. Evaluating and reflecting stakeholder opinions (dialogue with shareholders and investors, examination of opinions and requests, status of reflection, etc.)</li> <li>7. Internal controls (division of roles, status of establishment and operation of systems)</li> <li>8. Training for members of the Board of Directors</li> </ol>



Based on the results of the survey, the Board of Directors analyzes and assesses the results, and discusses problems and future initiatives.

#### Analysis and assessment results: problem recognition

From the results of the Board of Directors effectiveness assessment for the fiscal year ended March 31, 2024, we confirmed that the Board of Directors is effective. Furthermore, KOA recognized the following as issues to be addressed to further improve corporate governance. KOA will give due consideration to these issues and continue working to improve the effectiveness of the Board of Directors.

1 Composition of the Board of Directors and shared awareness among directors	Further improvements need to be made to the composition of the Board of Directors to ensure diversity, including gender.
2 Agenda items	With the introduction of the executive officer system, there is a need to ensure that the Board of Directors is able to appropriately perform its supervisory functions. Also, work needs to be done to permeate this system within KOA.
3 Considering and reflecting stakeholder opinions	To increase awareness among management of the shareholder perspective, it is necessary to continue increasing opportunities for constructive dialogue with domestic and international institutional investors.

# Risk Management

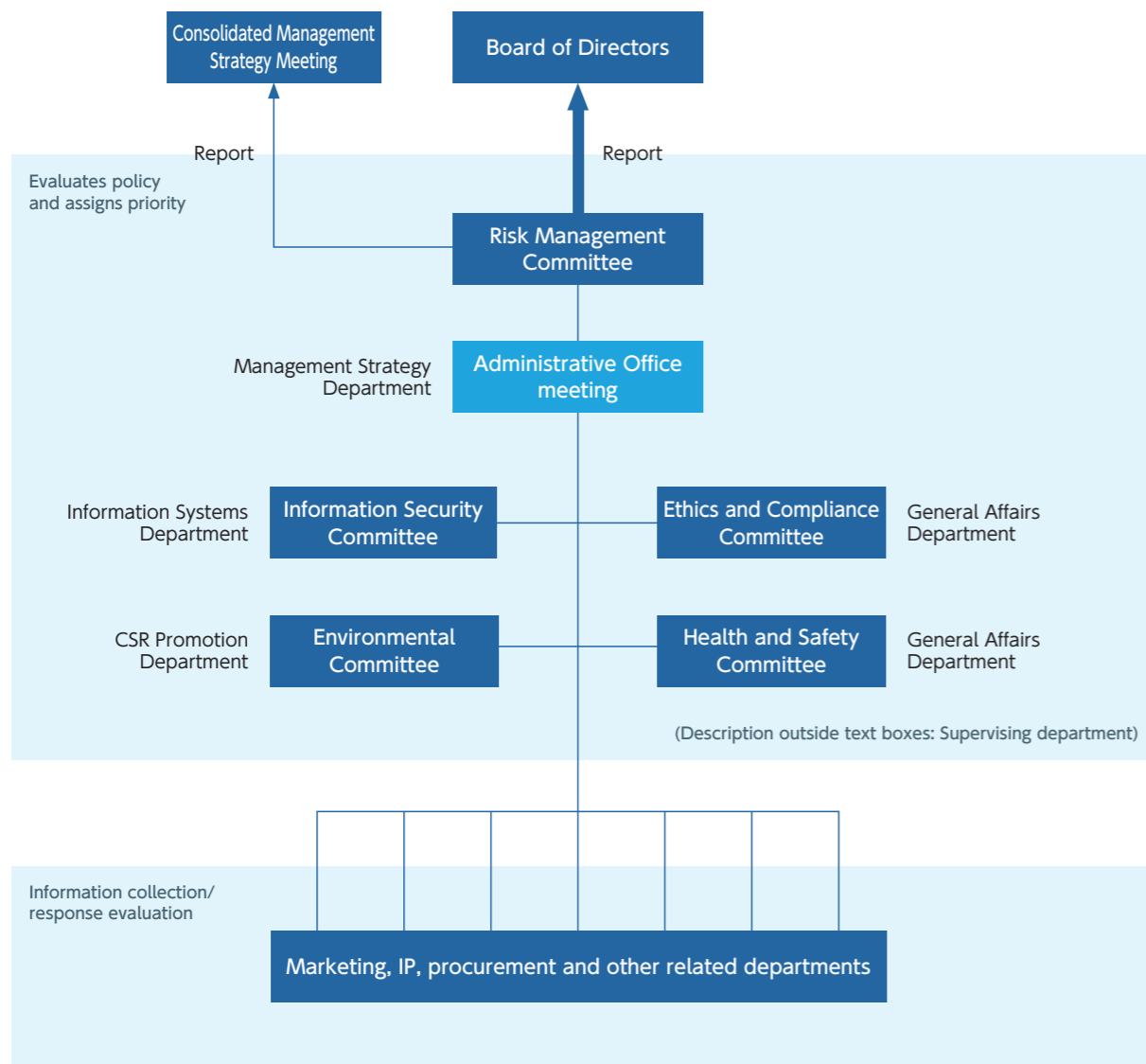
## Basic approach

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 Committee is comprised of all members of the Board of Directors and members designated by the committee chair, who is selected by mutual agreement. 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.

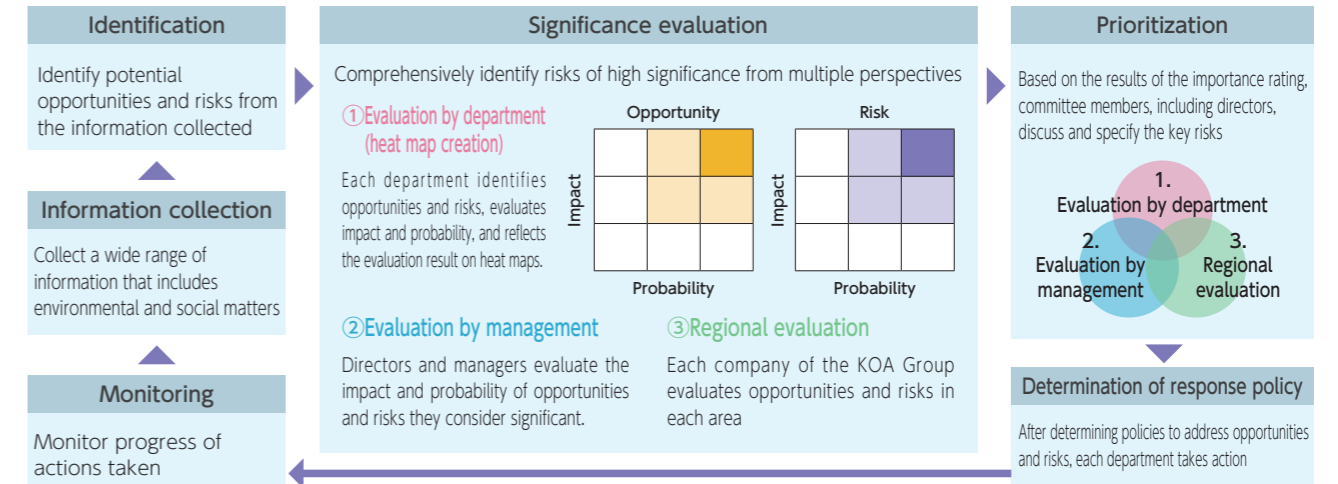


Major committee agenda  
(fiscal year ended March 31, 2024)

- Identify opportunities and risks (reevaluate, update)
- AI utilization
- Stable material procurement
- Information security
- Hiring and securing of human capital
- Ensuring economic security

## Opportunity and risk management process

Once a year, the Risk Management Committee identifies, reviews and updates opportunities and risks that are crucial to our management, and determine policies to address them. The identified opportunities and risks are monitored to investigate whether action needs to be taken.



## Major risks

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

- Geopolitical risks include the prolonged suspension of operations or withdrawal from the region due to war or disputes
- System shutdown due to ransomware or an infection by other computer viruses
- A slowdown in digital-driven operational improvements and DX due to a lack of digital human resources
- Unavoidable cost increases due to increased energy use from business expansion, fuel adjustment costs, or renewable energy surcharges
- Lacking facility engineers and required skills due to difficulty hiring or a lack of training
- Decline in profitability or market share for automotive products due to improved quality and strengthened supply chains by competitors
- Lacking the number and skills of facility managers necessary for stable production due to increased production needs and increasing complexity of equipment (imaging, IT, etc.)
- Increase in purchasing prices of materials, etc. due to market fluctuations
- Serious customer complaints or recalls due to defective products
- 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

## 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 are taking a comprehensive approach to the prevention and monitoring of potential incidents to minimize damage in the event of their occurrence.

\*Computer Security Incident Response Team

## Business continuity plan / response to Noto Peninsula earthquake

KOA has formulated basic regulations on emergency responses and business continuity. Through these regulations, we ensure that, after securing the safety of all employees and their families, every employee is able to act autonomously in accordance with their respective roles in the event of an emergency that forces the suspension of business activities or a dangerous situation that causes serious damage to the region surrounding a KOA facility.

During the Noto Peninsula earthquake, which struck Ishikawa Prefecture on January 1, 2024 and registered as a magnitude 7 seismic event, KOA Group company KASHIMA KOA DENKO CO., LTD. incurred damage at two facilities (Nakanoto Factory and the Tonami-no-Sho). On the day of the earthquake, we established a Group Response Headquarters led by the representative director and president. The Headquarters first confirmed the safety of employees and then delivered daily necessities. Since then, KOA has worked as one to support recovery efforts, including dispatching engineers in order to restart production. KOA will continue working to strengthen our BCP to ensure we can stably supply safe and secure products to our customers.

Dialogue with Outside Directors

# Increasing our corporate value



Independent Outside Director

**Sachiko Sumi**

Independent Outside Director  
Nomination and Compensation Committee Member

**Michael John Korver**

Director Korver has contributed to improving governance at KOA for many years and Director Sumi has provided various advice from the perspective of enhancing our human capital. Two independent outside directors converse on issues related to and expectations for KOA increasing its corporate value.

## KOA's corporate culture and image

**Sumi:** I find it commendable that KOA has fully embraced its mission of building strong relationships with its Five Groups of Stakeholders, and that each employee embodies that mission. In the year since I assumed the position of independent outside director, I have visited factories and other worksites and spoken with various employees. During my factory visits, the workers demonstrated a high degree of competence in their work and an intensity in their eyes that conveyed their professionalism and commitment to pursuing quality. I also spoke with younger employees about their goals and dreams, and how they are working to achieve them. There are other aspects of KOA that I feel are very attractive. First, what impresses me is the company's commitment to human resource investments. Both during the COVID-19 pandemic and the subsequent business rebound with its increase in orders received, the company continued to conduct training aimed at developing human resources for the future. Another thing that impresses me is that KOA positions the environment as one of its stakeholders. I was surprised by the company's commitment to soil and forest conservation throughout the construction of the new development and production building.

**Korver:** A multi-stakeholder focus has become a popular business trend in recent years. For many years, KOA engaged in co-creation of value with its Five Groups of Stakeholders. In Japan, KOA is a pioneer in the practice of prioritizing stakeholders, and it feels as if industry is finally catching up to KOA. The company is extremely dedicated to both conserving nature and developing its labor environment, which is readily apparent when you visit the head office. The company's commitment to protecting its employees and the environment is evident, not only in its messaging, but through its actions. At the same time, the company works to create value for its shareholders and customers. In the past, the KOA focused on diligently developing and providing quality products, but did little in terms of disseminating its message as a corporation. Moving forward, I think it will be important for KOA to strengthen efforts related to IR and SR towards building even stronger relationships through dialogue.

## Impressions of the Board of Directors

**Korver:** This is my 16th year serving as an independent outside director, but the operation of the Board of Directors has changed significantly during that time. In the past, the focus was mainly on operational issues, with Board of Directors' meetings largely feeling like a place to approve matters decided at management meetings. Being the only outside director and not experienced in industrial operations, it was difficult for me to initiate meaningful discussions from diverse perspectives. However, with the organizational and structural reorganization aimed at achieving governance reform, the Board of Directors' awareness changed and meetings have increasingly evolved into opportunities for substantial strategic deliberations. Today, there are five outside directors, creating opportunities for other members to complement or challenge the opinions of

others from their respective fields of expertise. This structure has led to substantive improvements in deliberations. I expect that the executive officer system, which was adopted in June 2024, will help further evolve the Board of Directors into a place for the evaluation of strategy that leads to long-term benefits for stakeholders.

**Sumi:** As an outside director, my focus has been on providing my opinion from an unbiased perspective and posing critical questions as necessary. This can sometimes lead to tense situations but I believe that is how Board of Directors' meetings should be. In my position as an outside director, there are times when I request that topics be added to the meeting agenda. In those cases, the Board always responds positively to enable the timely deliberation of necessary matters.



## Dialogue with Outside Directors

### Issues and expectations related to achieving the 2030 Vision, Essential Parts of the World

**Korver:** KOA has identified five types of value it hopes to create through its 2030 Vision. That being the case, KOA's first step should be to clarify what "value creation" means to KOA. There is a preconceived notion that, for a manufacturing company like KOA, the company's value is in its technology and the products it creates. However, there are opportunities to provide added value throughout the entire value chain, which includes purchasing, planning and design, manufacturing, sales, and customer support. As a company largely dedicated to resistors, KOA has thus far focused on addressing customer needs through kaizen. However, this is also a source of regret as the company's actions have largely been passive. Through the implementation of KPS-3, the company is striving to become an R&D-oriented company capable of co-creation. KOA is focusing on maintaining and strengthening the competitive advantage of its products while promoting innovation based on back-casting from its vision for the future. I believe that KOA can achieve innovation by reassessing its own potential and

evaluating which products and services will best enable the company to maximize customer value while securing profits. When a company challenges itself to something new, there is a tendency towards focusing on domains and technology at the micro level. However, it is more important to first have a complete understanding of your own value creation process. I look forward to seeing how management takes on the major challenge of evaluating things from a macro perspective to formulate a broad-based strategy. Innovation also means accepting a certain level of risk. The emphasis on improving quality in KPS-2 resulted in establishing a largely defect-free flow. However, taking on challenges without a fear of failure is important to taking the next leap forward. I hope to thoroughly address this need for balance between quality and taking on challenges during Board of Directors' meetings.

**Sumi:** Amid a declining workforce, the ability to exist into the future as a company that creates new value will depend on the company's human resources. The Board of Directors needs to ascertain long-term trends and take anticipatory action in its distribution of management resources based on its vision for the future. Accomplishing this will require that the company enhance its discussions on human resource strategy from various perspectives, including recruitment, placement, benefits, and skills development. KOA's HR system has already undergone much change but there is uncertainty regarding whether the company can grasp the perspectives that future generations value and link that understanding to securing human resources. KOA has been successful at instilling the values that it has embraced, both in the past and today. However, also critical is the ability to incorporate trends in society and look backwards from the future to where we are today. Of course, digital transformation is important. However, when it comes to human resources, there are trends among younger generations in terms of what motivates them and how they measure growth. It is important that the company creates career paths and a culture that reflects those trends. In addition to the

current emphasis on team, it is also important that the company create an environment in which human resources blessed with creativity are afforded opportunities to embrace their entrepreneurial spirit.

**Korver:** As it relates to human resources, the lack of advancement opportunities for women is the company's biggest issue. In this regard, proactive efforts by individual companies are critical in Japan, where pressure in the form of strict legal enforcement or the risk of massive penalties is limited. KOA has an extremely low rate of women in management positions. The company must incorporate every possible method, including affirmative action, to correct this situation. At Board of Directors' meetings, top management has demonstrated strong leadership to address this issue similarly to how they approach KPS activities. As such, I expect that progress will accelerate moving forward.

**Sumi:** I think drastic reforms were difficult for a company with a corporate culture strictly focused on manufacturing. There are a certain number of female employees aiming for management positions. However, conventional male-centric workstyles and perceptions of management roles have acted as barriers. Hence, there is a need for change in the workplace environment. From the perspective of productivity as well, managers must pursue work efficiency while also moving away from the mindset that values long working hours as acceptable. Also, it would be preferable for managers to learn the latest management methods and leadership without being bound by conventional management concepts. Numerical targets are necessary to achieving women's advancement in the workplace. At the same time, it is necessary that all employees accept the importance and purpose of those targets. Proactive management leading in a way that enables the promotion of these efforts through full employee participation will certainly accelerate these initiatives.

**Korver:** Globalization is also a major issue. Seventy percent of sales are overseas, and overseas demand is projected to increase moving forward. KOA excels at manufacturing quality products and the operations necessary to achieve that goal. However, there are limits to conventional methods when it comes to global expansion. The company must approach issues from a broader perspective, identify the source of added value, and reflect the results of those evaluations into



management decisions. While we have thus far engaged in discussions regarding new business opportunities, the company lacks execution capabilities due to a lack of clarity as it relates to who will lead such efforts. KOA must work to globalize its management team by having the Board of Directors deliberate on the types of human resources and internal organizations needed to capture business opportunities and link those opportunities to new growth.

**Sumi:** There are two basic points to achieving globalization at KOA. The first point is to become an organization that encourages interaction between employees with various strengths, including overseas human resources, rather than develop human resources with uniform skills. This will promote the combination of various components that lead to the manufacturing of complex, high-quality products. The second point is to learn from overseas case studies. The time when Japan was thought of as "No. 1" is largely a thing of the past. Today, learning the excellent management methods that exist overseas and proactively incorporating those methods is what will lead to KOA becoming a true global company. KOA has the core strength necessary to spread its wings and expand from Ina Valley to the global stage. I look forward to meeting the expectations of stakeholders by contributing to KOA's corporate value creation on a global scale.



# Information Disclosure Based on TCFD Recommendations

In recent years, damage caused by abnormal weather and natural disasters has increased in severity around the world. Responding to climate change has become a major issue facing corporate management. At KOA, we analyze the impact of climate change on our finances based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on these results, we are taking measures to mitigate risks and capture opportunities.

## Governance

Under the supervision of the Board of Directors, climate change and other risks and opportunities are identified by the Risk Management Committee. This Committee is comprised of all members of the Board of Directors and members designated by the committee chair, who is selected by mutual agreement. Measures to address identified risks and opportunities are reflected in management based on discussions at management meetings. 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

### Scenario Analysis

#### Scenario analysis assumptions

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 results

		Important matters for KOA		
		Environmental regulations	Technological innovation	Regional/social division
Social conditions and impact on KOA	1.5°C scenario	<ul style="list-style-type: none"> <li>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.</li> <li><b>[Opportunities]</b> <ul style="list-style-type: none"> <li>Increases in sales of parts related to environmentally friendly vehicles</li> <li>Increases in sales of parts for renewable energy-related equipment</li> </ul> </li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Increases in business operating costs (manufacturing and raw material procurement) due to carbon tax on our company and supply chains</li> <li>Decreases in sales of Japanese products due to increased sales ratio for Chinese companies due to transition to EVs</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Innovative technologies centered on energy creation, energy storage, and energy conservation will be introduced one after the other (e.g., hydrogen and storage batteries).</li> <li><b>[Opportunities]</b> <ul style="list-style-type: none"> <li>Increases in sales of parts for energy-related equipment</li> <li>Decreases in cost of company and supply chain decarbonization due to the proliferation and lower cost of renewable energy</li> </ul> </li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Increases in procurement costs for renewable energy-related materials due to increased demand for scarce resources</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>If environmental measures progress amid international divisions, it is anticipated that excessive carbon border taxes could be introduced.</li> <li><b>[Opportunities]</b> <ul style="list-style-type: none"> <li>Reductions in cost of BCP measures due to fewer severe disasters</li> </ul> </li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Increases in cost of inefficient regulatory measures (transition risk)</li> </ul> </li> </ul>
	3°C scenario	<ul style="list-style-type: none"> <li>Frequent occurrence of severe disasters due to insufficient countermeasures. Additionally, there could be restrictions on the use of water resources.</li> <li><b>[Opportunities]</b> <ul style="list-style-type: none"> <li>Increases in sales of parts for BCP-related equipment</li> </ul> </li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Increases in business continuity costs in preparation for the risk of supply chain disruption</li> <li>Decreases in sales due to suspension of operations due to water intake restrictions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continued adoption of existing energy-related technology, causing delays in the spread and development of new renewable energy technology.</li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Increases in company decarbonization costs due to difficulty in procuring renewable energy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>International disharmony causes delays in countermeasures and an increase in the number of severe disasters.</li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Increases in costs of BCP measures</li> </ul> </li> </ul>

		Important matters for KOA		
		Environmental regulations	Technological innovation	Regional/social division
Social conditions and impact on KOA	Common to 1.5°C & 3°C scenarios	—	<ul style="list-style-type: none"> <li>Demand for digital devices will increase as CASE technology advances and the transition to a trillion-sensor society progresses.</li> <li><b>[Opportunities]</b> <ul style="list-style-type: none"> <li>Increases in sales for related equipment such as automotive sensors</li> </ul> </li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Increases in R&amp;D costs due to accelerating technological innovation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>Even within Japan, regional development will enable local companies to secure human resources and increase competitiveness</li> <li><b>[Opportunities]</b> <ul style="list-style-type: none"> <li>Increases in sales due to market development in South Asia, Africa, etc.</li> <li>Increases in growth through increased competitiveness associated with the development of peripheral regions in Japan</li> </ul> </li> <li><b>[Risks]</b> <ul style="list-style-type: none"> <li>Decreases in sales due to market shrinkage caused by decoupling</li> <li>Decreases in competitiveness and sales due to lack of human resources in rural areas due to the concentration of resources in cities</li> </ul> </li> </ul>

### Risks and opportunities that have a material impact on our business

Type	Summary	Impact timeline	Impact amount	Response
Risks	<b>[Physical risk: urgency]</b> Decreased sales due to road closures and a suspension in supply chain distribution caused by heavy rain that affects production sites	Short-term	<b>¥1.9 billion to ¥2.1 billion</b> Production scale in southern Nagano Prefecture (approximately 50%) and expected recovery period of 3 weeks	Risk dispersal by manufacturing products at multiple locations
	<b>[Transition risk: regulations]</b> Increased energy costs, fuel adjustment fees, renewable energy surcharges, and other unavoidable burdens on social systems	Mid-term	<b>¥200 million to ¥500 million/year</b> Assuming the introduction of a carbon tax (\$50-\$150/t)	Promoting optimal energy saving and energy creation measures for each location
Opportunities	Increases in the number of resistors installed due to the electrification of cars, significant increases in demand for high-precision resistors due to the expansion of ADAS	Mid-term	Currently evaluating as part of the formulation process for the next medium-term management plan (FY03/2026-FY03/2028)	Build a supply system for 2030 (double production capacity)

Assuming affected timelines are short-term (0 to 3 years), medium-term (3 to 10 years), and long-term (10 to 30 years).

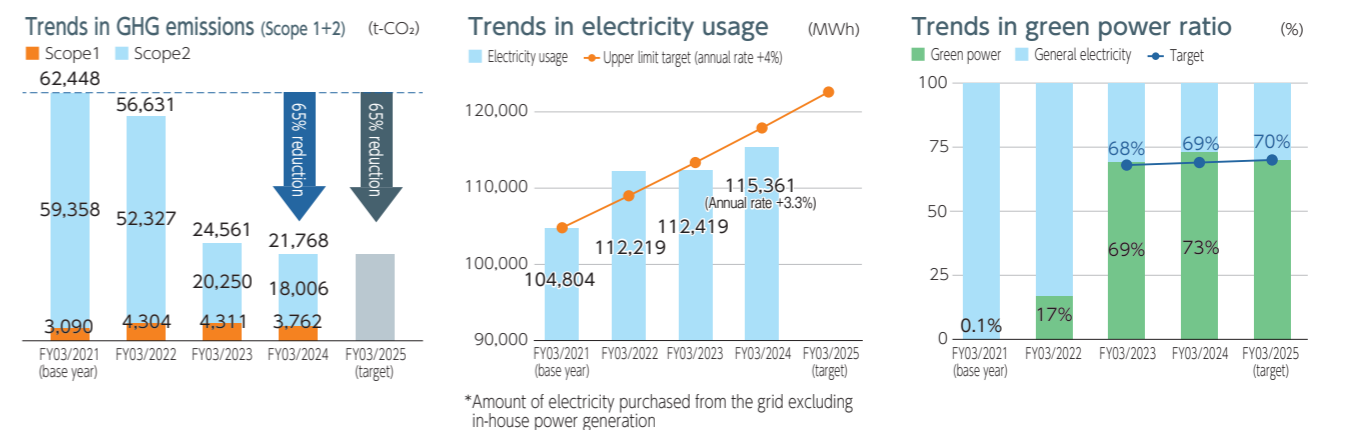
## Risk management

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 and 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. Our environmental targets for the fiscal year ended March 31, 2025, and our achievements thus far are as follows.



# Activities for the Global Environment

## “Father Sun” Activities

The KOA Group actively practices management based on KOA’s four core values: “Circulation, finite, harmony, and enrichment.” Our aim is to enhance corporate value by balancing business operations with improvements to environmental performance, reducing our impact on society and the environment. To achieve this, we engage in kaizen activities involving the participation of all employees.

### About “Father Sun” activities

“Father Sun” activities apply to all KOA business activities in the various countries and regions in which we operate that are designed to create products and processes with low environmental impact, achieve operations that are in harmony with the environment, and reduce energy consumption and waste. Through these activities, we work to reduce the burden we impart on the environment and make the effects of these initiatives readily visible.

Through the 2030 Social and Environmental Targets, which we adopted in the fiscal year ended March 31, 2023, we aim to contribute to a sustainable society and increase our corporate value by engaging in business activities based on the Four Values embodying the KOA philosophy: circulation, finite, harmony, and enrichment. Aiming for activities that involve full employee participation so that we can position this initiative as a core part of our business, we will continue to undertake kaizen in this area.



### KOA environmental policy

#### Starting point

How can we live in harmony with the environment?

#### Concept

KOA, born and fostered in Ina Valley in Nagano Prefecture, Japan, was founded out of the desire of its founder to enable farmers to sustainably engage in agriculture in their hometowns. Although a company engaged in the manufacturing of electronic components, KOA also strives to be a responsible member of society that maintains a strong connection to the environment by applying the lessons learned through our interactions with the land, water, and the sun (Father Sun). KOA strives for biodiversity conservation and the creation of a model for a sustainable society in our hometown. We pursue this goal by encouraging each employee to take an interest in the cycle of life that exists in the water systems surrounding them, and proactively engage in “Father Sun” (environmental management system) activities.

#### [Origin of the name “Father Sun”]

In the past, people would say, “Father Sun is watching” to someone who did something bad. This was from the belief that “Father Sun” sees all and that we should strive to do the right thing. At KOA, we refer to our ISO14001-compliant environmental management system as “Father Sun.” This expresses our desire to engage in activities that we can proudly report to “Father Sun.” Becoming a company of which “Father Sun would be proud” is the embodiment of KOA’s approach to achieving harmony with both the environment and with society.

#### Policy

- (1) We shall accurately grasp how KOA’s development, production, sales activities, product and services affect the environment to establish “Father Sun” (Environmental Management System) and try to continuously improve “Father Sun” as we strive to prevent the environmental pollution.
- (2) KOA’s environmental activities shall be developed into two: one is the “Father Sun” activity for improving responsiveness to the social environment and the other is the quality assurance activity for improving responsiveness to the product environment.
- (3) All employees shall adhere to laws and regulations relevant to KOA’s environmental aspects, other requirements (including customer requirements) KOA has agreed to abide by, and voluntary standards, to engage in activities conscious of natural environment based on the Environmental Manual and the Quality Manual.
- (4) To take actions consistent with the philosophy of this policy, we shall review each year our environmental improvement activities in pursuit of realizing business affairs in harmony with the environment, in pursuit of realizing the effective use of finite natural resources, in pursuit of realizing products and production processes friendly to the environment, and in pursuit of stopping global warming (energy conservation), in the framework of management objectives and targets.
- (5) We shall conduct internal environmental audits and strive to continuously improve “Father Sun” through self-imposed control.
- (6) This environmental policy shall be disseminated to all members involved in environmental activities at KOA and all KOA group entities to improve our corporate environmental awareness.

April 1, 2013  
 KOA CORPORATION  
 Tadao Hanagata Representative Director and President  
 (currently, Representative Director, President and CEO)

## EMS (“Father Sun”) promotion system

Under a promotion system centered on the KOA Group Environmental Committee, we work towards the global standardization of targets, the unification of systems within Japan (ISO14001 multi-site certification), and the groupwide implementation of activities. KOA diligently addresses the impact our business activities have on the Five Groups of Stakeholders. KOA will work as one to engage in EMS activities towards maximizing our environmental performance. We will contribute to a sustainable society through accident prevention activities to respond to changes in our business environment and abnormal weather, by engaging in manufacturing that enables a low-carbon and sustainable society, and through our products, activities, and services.

#### [ The key is internal auditing ]

At KOA, we believe that internal audits are the key to implementing EMS activities and encouraging participation by all employees. We have been continuously strengthening audits since 2005. KOA Group (domestic) internal auditors are systematically trained so that at least one person is assigned to each department. Including former employees, the total number of KOA internal auditors exceeds 200 and represents over 10% of all employees. Approximately 80 internal auditors form audit teams every year to visit each business site and raise the level of activities by identifying issues and learning from each other. We also conduct in-house training for auditors twice a year, in order to improve their abilities by learning about key points for the year’s activities, including targets, relevant laws and ordinances, and practices to be expanded to the entire company.

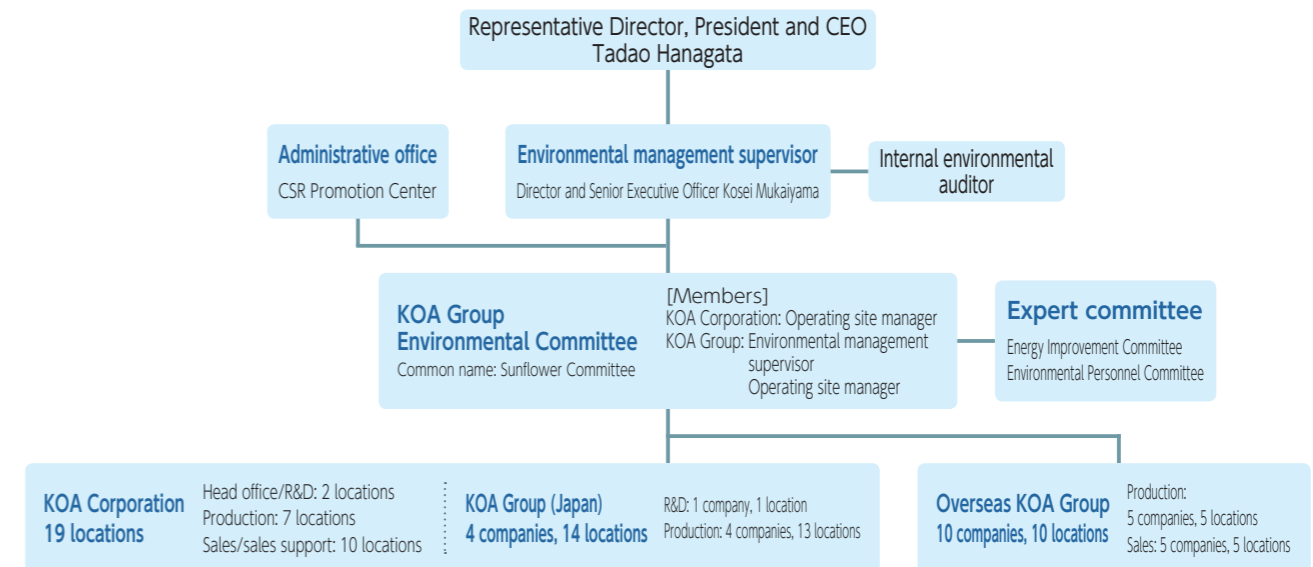
### Overview of EMS scope of applicability

- All processes related to the life cycle of business activities (design, development, manufacturing, and sales of electronic components and other products)
- The impact on, and the impact received from, stakeholders closely involved in each process (designated by KOA as the Five Groups of Stakeholders)

### KOA life cycle process (concept of scope of application)



### Chart of organizations applicable to EMS



# Compliance

## 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.

We recognize the whistleblowing system as an essential function to ensure thorough compliance and 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	03/2020	03/2021	03/2022	03/2023	03/2024
No. of cases in Japan	9	7	7	6	10
No. of cases overseas	1	0	0	1	0

### 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.

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.

### 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.

### 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 May 2023, we conducted corruption prevention education based on local laws at our Singapore location. We also conducted enlightenment activities concerning general compliance and sustainability at our German location.

### Conducting CSR audits

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

- In August 2023, we achieved a score of 78% on the "SAQ4.0 CSR/Sustainability Results Report" for "Supplier Assurance" conducted by NQC, a leading company in global automotive supply chain risk management. This score represents a high value, exceeding the average value of 65% for the electronic components industry.
- 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 overseas locations, we also undergo third-party Validated Assessment Program (VAP) audits.
- To ensure compliance with the European Corporate Sustainability Reporting Directive (CSRD), we are currently advancing preparations with the support of Forvis Mazars\* for a report by our German subsidiary in 2026.

\*Forvis Mazars is an international auditing and accounting firm with offices in more than 100 countries and regions around the world.

# Supply Chain Initiatives

## 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. In the fiscal year ended March 31, 2023, we released a revised version based on the revisions to the RBA Code of Conduct (Ver. 7.1) 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 we have agreed with KEG to comply with KEG's supplier code of conduct.

### UK Modern Slavery Statement

Based on the UK Modern Slavery Act, we have 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 our company 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, we will work to assess and manage risks related to global human rights issues, including slave labor and human trafficking.

### 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. In the fiscal year ended March 31, 2024, the survey was distributed to all domestic raw material manufacturers, and the response rate was 92%.

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.

### 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.

### 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.

### Partnership building declaration

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 will 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.



Visit the following website for more information on KOA compliance.

<p><b>Compliance Basic Policy</b></p> <p><a href="https://www.koaglobal.com/corporate/csr/basic/compliance?sc_lang=en">https://www.koaglobal.com/corporate/csr/basic/compliance?sc_lang=en</a></p>	<p><b>Code of Conduct and Action Guidelines</b></p> <p><a href="https://www.koaglobal.com/corporate/principle/mind?sc_lang=en">https://www.koaglobal.com/corporate/principle/mind?sc_lang=en</a></p>	<p><b>Anti-Corruption Policy</b></p> <p><a href="https://www.koaglobal.com/corporate/csr/Anti-Corruption?sc_lang=en">https://www.koaglobal.com/corporate/csr/Anti-Corruption?sc_lang=en</a></p>
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# 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.



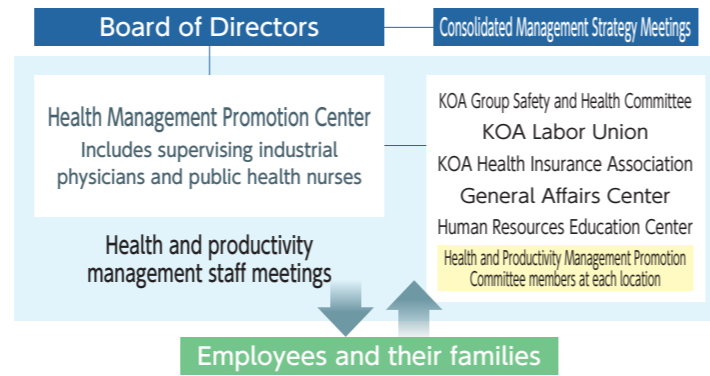
### [Health and Productivity Management Declaration]

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 and productivity management.

Representative Director, President & CEO Tadao Hanagata

## Promotion structure

The "Health Management Promotion Center", established directly under the Board of Directors, promotes health and productivity management by cooperating with various entities during health and productivity management staff meetings. These entities include the KOA Group Safety and Health Committee, the KOA Labor Union, the KOA Health Insurance Association, the General Affairs Center, the Human Resource Management Center, and the Health and Productivity Management Promotion Committee members of each business location.



## Correlation between our 2030 Vision and the 2024 Medium-Term Management Plan and health and productivity management



Visit the following website for more information on KOA Group health and productivity management.  
<https://www.koaglobal.com/corporate/kenkoukeiei2/kenkoukeiei>  
 (available only in Japanese)

## Targets and results

Our goal is to reduce the average health-adjusted age of our employees to 5 years less than their average actual age by 2030. Evaluation metrics 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 our goal of reducing our employees' health-adjusted age by achieving the numerical targets for each such metric.

To promote this goal, we have assigned health promotion staff to each location. We proactively encourage eligible employees to get full examinations and have family members get their specified health examination. 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. We are working to promote understanding and spread information on the importance of regular exercise.

Group target	FY03/2020 Results	FY03/2021 Results	FY03/2022 Results	FY03/2023 Results	FY03/2024 Results	FY03/2031 Target
Health-adjusted age vs. actual age = -5 years	-1.45 years	-1.10 years	-1.49 years	-0.99 years	-0.89 years	-5 years

Evaluation metrics	FY03/2020 Results	FY03/2021 Results	FY03/2022 Results	FY03/2023 Results	FY03/2024 Results	FY03/2031 Target
Periodic health examination rate	-	100%	99.4%	99.8%	99.45%	100%
Detailed examination rate	82.9%	86.7%	89.5%	89.0%	84.1%	100%
Specified health examination participation rate for family members	89.2%	86.3%	88.3%	79.3%	84.5%	95% or more
Rate of smoking	24.2%	23.2%	22.5%	22.4%	22.2%	20% or less
Rate of exercise for 30 minutes or more twice per week	23.7%	26.2%	27.3%	27.1%	28.1%	40% or more
Walking challenge participation rate	-	20.4%	20.2%	20.8%	29.6%	30% or more

## Initiatives by the Health Management Promotion Center

The Health Management Promotion Center was established in March 2023. After about a year of preparation, the Center is now operated by eight staff members, including one supervising industrial physician and three public health nurses.

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 having public health nurses centrally monitor the health status of our employees and enable them to respond quickly. We also provide opportunities for employees to increase self-awareness of health management 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 are creating 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 established a support system for follow-ups after stress checks. For those feeling unwell, our industrial physicians lead efforts to collaborate with mental health consultants so that employees can work with peace of mind. We are engaged in company-wide initiatives to improve our workplace environment. 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 fruitful life, including in their second life after retirement.

## Initiatives to promote health

Disease prevention (Lifestyle disease prevention)	<ul style="list-style-type: none"> <li>100% periodic health exam</li> <li>Recommending detailed examination</li> <li>Implementing designated health guidance</li> <li>Recommending specified health exam for family members</li> <li>Gynecological checkups</li> <li>Zero cavities campaign (dental checkups and treatment recommendations)</li> <li>Providing influenza vaccination</li> <li>Financial assistance for health exams and neurological exams</li> <li>Recommending quitting smoking</li> <li>Training related to lifestyle habits</li> </ul>	<ul style="list-style-type: none"> <li>Interviews of all employees</li> <li>Improving the consultation desk</li> <li>Providing mental health training</li> </ul>
	<ul style="list-style-type: none"> <li>Improve work engagement</li> <li>Reduce absenteeism</li> <li>Reduce presenteeism</li> </ul>	

## Health Promotion Building "Shin-shin-dou"

"Shin-shin-dou", which was completed in October 2023 in KOA Pine Park, is a site for KOA to promote health and productivity management. The Health Management Promotion Center and KOA Health Insurance Association will work together to build a more robust health promotion system as well as accelerate collaborative health initiatives.

"Shin-shin-dou", a name created by KOA to reflect our desire to provide a space for innovation, creativity, and peacefulness, is a place where employees can self-reflect and consider the people around them by asking, "How are you? How are you feeling physically and mentally?". It is a place where people can gather at any time based on various moods, whether they are feeling lively and full of energy or feeling tranquil and in a quiet and reflective mood.



## External Evaluations and Participation in Initiatives

### The Heat Transfer Society of Japan Technology Award

KOA engineers Hirasawa and Aruga, and advisor Kunimine received the 2023 Technology Award of the Heat Transfer Society of Japan. This award was based on the theme of "Establishing thermal design technology comprising substrate heat dissipation for miniature electronic components." The three were recognized for a series of activities that resulted in a practical thermal design for surface mount resistors, including contributions to the revision of international standards for surface mount resistors.

### 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 Nippon Kenko Kaigi for three 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 CDP2023 climate change survey.



### Letter of Appreciation for contributions to stimulating CSR (Melaka, Malaysia)

KOA DENKO (MALAYSIA) SDN. BHD. received a Letter of Appreciation from the Melaka State Government for its contributions to stimulating CSR through the Melaka State Enterprise Association.



### Adopted ESG indices

● S&P/JPX Carbon Efficient Index



### Various certifications

● ISO9001	Obtained in December 1994	● IATF16949	Obtained in May 2018
● ISO14001	Obtained in April 1998	● JIS Q 17025 (ISO/IEC17025)	Obtained in July 2007

## Participation in Initiatives

### United Nations Global Compact

The United Nations Global Compact is a voluntary initiative for companies and organizations to act as good members of society and achieve sustainable growth by demonstrating responsible and creative leadership. Our company signed the United Nations Global Compact in February 2023, officially expressing support for the ten principles in four areas related to human rights, labor, the environment, and anti-corruption.



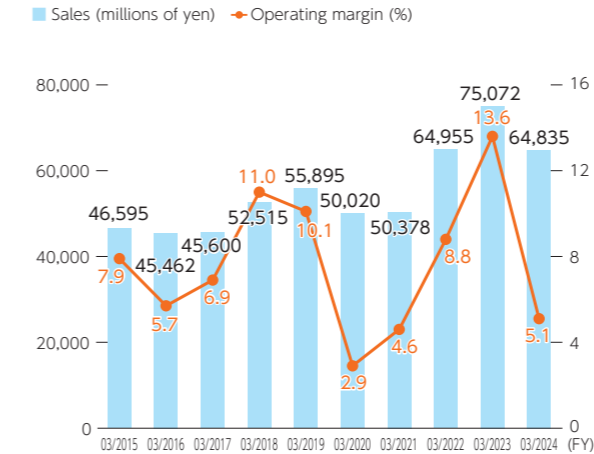
### Declaration of Partnership Building

Aiming to build new partnerships by collaborating, coexisting, and co-prospering with business partners and businesses that aim to create value, we announced a Declaration of Partnership Building in March 2023 and are committed to engaging in responsible corporate activities.

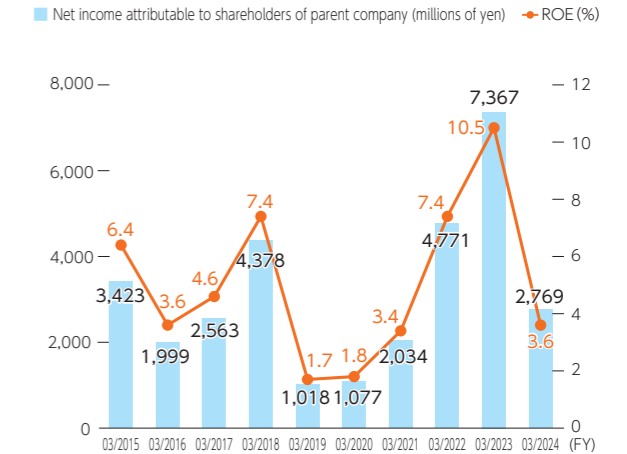


## Key Data Trends

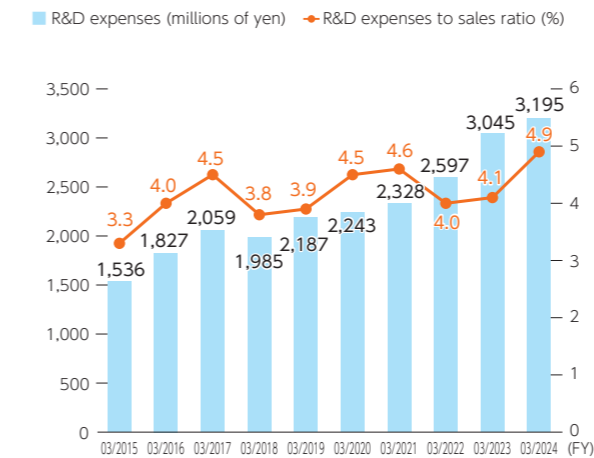
### Sales/Operating margin



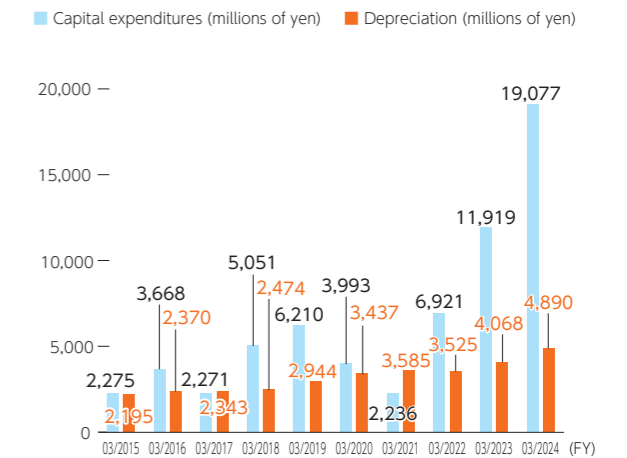
### Net income attributable to shareholders of parent company/ROE



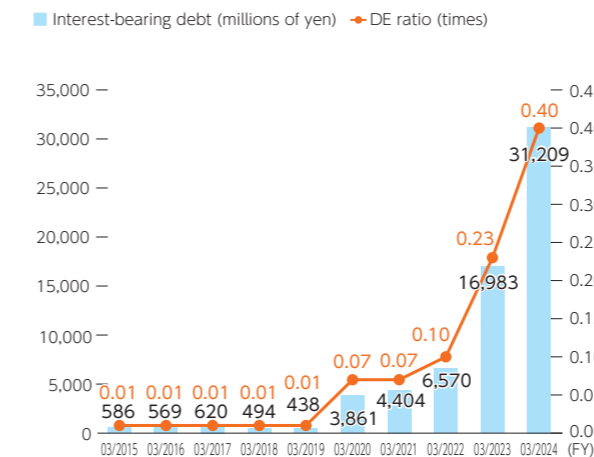
### R&D expenses/R&D expenses to sales ratio



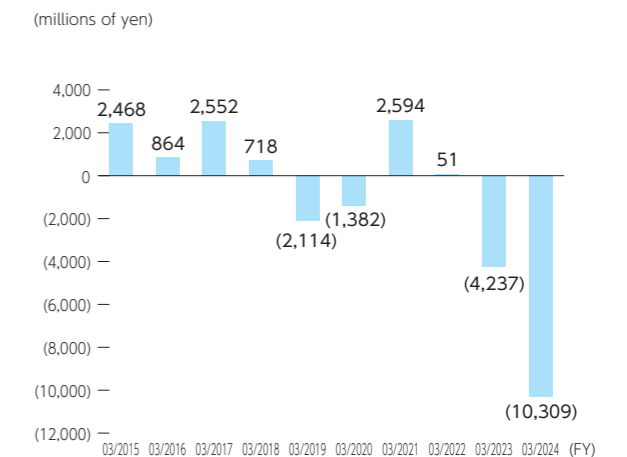
### Capital expenditures/Depreciation



### Interest-bearing debt/DE ratio



### Free cash flow



## Key Financial Data

	Units	FY03/ 2014	FY03/ 2015	FY03/ 2016	FY03/ 2017	FY03/ 2018	FY03/ 2019	FY03/ 2020	FY03/ 2021	FY03/ 2022	FY03/ 2023	FY03/ 2024
Sales	Millions of yen	44,895	46,595	45,462	45,600	52,515	55,895	50,020	50,378	64,955	75,072	64,835
Operating profit	Millions of yen	3,229	3,677	2,591	3,136	5,750	5,670	1,465	2,317	5,721	10,222	3,313
Net income attributable to shareholders of parent company	Millions of yen	2,430	3,423	1,999	2,563	4,378	1,018	1,077	2,034	4,771	7,367	2,769
Total assets	Millions of yen	63,979	69,972	69,169	71,859	78,012	77,355	75,858	81,340	94,989	112,768	129,566
Interest-bearing debt	Millions of yen	525	586	569	620	494	438	3,861	4,404	6,570	16,983	31,209
Net assets	Millions of yen	51,378	56,356	55,615	56,935	60,895	59,839	58,216	61,535	67,103	73,722	78,573
Cash flow from operating activities	Millions of yen	5,077	5,254	4,397	4,101	5,410	2,146	4,094	5,294	5,971	8,688	7,089
Cash flow from investing activities	Millions of yen	(2,638)	(2,786)	(3,532)	(1,549)	(4,691)	(4,261)	(5,477)	(2,699)	(5,920)	(12,926)	(17,399)
Cash flow from financing activities	Millions of yen	(998)	(869)	(1,025)	(929)	(1,241)	(1,294)	2,161	410	1,247	8,046	12,292
Free cash flow	Millions of yen	2,439	2,468	864	2,552	718	(2,114)	(1,382)	2,594	51	(4,237)	(10,309)
Cash and cash equivalents at end of period	Millions of yen	14,848	17,224	16,609	17,923	17,474	13,993	14,578	18,146	20,341	25,399	29,165
Capital expenditures	Millions of yen	3,080	2,275	3,668	2,271	5,051	6,210	3,993	2,236	6,921	11,919	19,077
Depreciation	Millions of yen	2,081	2,195	2,370	2,343	2,474	2,944	3,437	3,585	3,525	4,068	4,890
R&D expenses	Millions of yen	1,401	1,536	1,827	2,059	1,985	2,187	2,243	2,328	2,597	3,045	3,195
Net income per share	Yen	66.28	93.33	54.50	69.90	119.30	27.73	29.26	55.14	129.08	198.75	74.66
Net assets per share	Yen	1,398.78	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
Dividends per share	Yen	22.0	26.0	28.0	29.0	33.0	36.0	18.0	13.5	36.0	50.0	50.0
Return on equity (ROE)	%	4.9	6.4	3.6	4.6	7.4	1.7	1.8	3.4	7.4	10.5	3.6
Return on assets (ROA)	%	3.9	5.1	2.9	3.6	5.8	1.3	1.4	2.6	5.4	7.1	2.3
Equity ratio	%	80.2	80.4	80.3	79.1	78.1	77.4	76.7	75.6	70.6	65.4	60.6
Operating margin	%	7.2	7.9	5.7	6.9	11.0	10.1	2.9	4.6	8.8	13.6	5.1
Ratio of investment to sales	%	6.9	4.9	8.1	5.0	9.6	11.1	8.0	4.4	10.7	15.9	29.4
Dividend payout ratio	%	33.2	27.9	51.4	41.7	27.7	129.8	61.5	24.5	27.9	25.2	67.0
Dividend on equity (DOE) ratio	%	1.6	1.8	1.8	1.9	2.0	2.2	1.1	0.8	2.1	2.6	2.4

# Key Non-financial Data

E Environment		Scope	Units	FY 03/2020	FY 03/2021	FY03/2022	FY03/2023	FY03/2024	
Greenhouse gases (GHG)	CO <sub>2</sub> emissions	Scope 1	Consolidated	t-CO <sub>2</sub>	3,185	3,090	4,304	4,311	3,762
		Scope 2	Consolidated	t-CO <sub>2</sub>	60,750	59,358	52,327	20,250	18,006
		Scope 3*1	Consolidated	t-CO <sub>2</sub>	—	93,302	145,353	118,016	112,517
	Total energy usage*2	Consolidated	MWh	108,980	108,760	118,583	118,635	125,990	
	Total electricity usage*3	Consolidated	MWh	104,305	104,804	112,219	112,510	115,469	
	Electricity from renewable energy sources	Consolidated	MWh	129	136	16,005	78,965	86,548	
	Percentage of electricity generated from renewable sources	Consolidated	%	0.1	0.1	17	69	73	
Emitted materials*4	Total emissions	Consolidated (Japan)	t	1,006.0	1,052.3	1,394.3	1,390.0	1,635.1	
	Reuse volume	Consolidated (Japan)	t	52.0	50.6	46.2	24.9	22.7	
	Recycled amount	Consolidated (Japan)	t	751.2	777.8	1,037.9	1,021.1	1,255.2	
	Compost volume	Consolidated (Japan)	t	0.6	0.5	0.5	0.4	3.0	
	Energy recovery from waste	Consolidated (Japan)	t	0.0	2.8	6.7	4.9	6.3	
	Simple incineration volume	Consolidated (Japan)	t	3.8	2.9	1.8	2.4	6.2	
	Landfill volume	Consolidated (Japan)	t	1.1	1.6	1.7	36.3	37.1	
	Hazardous waste volume	Consolidated (Japan)	t	197.6	216.2	299.5	300.0	304.7	
	Recycling rate	Consolidated (Japan)	%	99.5	99.6	99.7	97.2	97.9	
	Water resources	Intake water volume	Public water supply	Consolidated	Thousand m <sup>3</sup>	297.2	324.5	335.5	331.1
Well water			Consolidated	Thousand m <sup>3</sup>	96.0	101.9	128.8	118.2	105.6
Chemicals	PRTR substance*5 emissions and transfers	Consolidated (Japan)	t	55.2	52.7	60.0	55.2	59.0	
	Atmospheric emissions of volatile organic compounds (VOC)	Consolidated (Japan)	t	—	40.3	41.3	41.8	33.7	

\*1 Some categories have not been tabulated.  
 \*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).

S Society		Scope	Units	FY 03/2020	FY 03/2021	FY03/2022	FY03/2023	FY03/2024
Diversity	Number of employees	Consolidated	People	3,813	3,932	4,144	4,311	4,309
	Number of employees	Non-consolidated	People	1,431	1,468	1,553	1,622	1,687
	Of which, percentage of women	Non-consolidated	%	23.3	24.3	24.7	25.6	26.1
	Percentage of female managers	Non-consolidated	%	—	—	—	—	0.75
	Average length of service	Non-consolidated	Years	17.6	17.6	17.1	16.6	16.4
	Males	Non-consolidated	Years	18.2	18.3	18	17.6	17.3
	Females	Non-consolidated	Years	15.5	15.4	14.7	13.7	13.8
	Number of new graduates hired	Non-consolidated	People	46	57	62	74	70
	Of which, percentage of women	Non-consolidated	%	39.1	33.3	33.8	35.1	32.9
	Number of mid-career hires	Non-consolidated	People	10	10	48	42	23
	Of which, percentage of women	Non-consolidated	%	80.0	70.0	37.5	40.5	26.1
	Average age	Non-consolidated	Years	41.1	41.1	40.8	40.5	40.3
	Males	Non-consolidated	Years	41.8	41.9	41.7	41.6	41.3
	Females	Non-consolidated	Years	38.5	38.5	38.1	37.5	37.6

S Society		Scope	Units	FY 03/2020	FY 03/2021	FY03/2022	FY03/2023	FY03/2024	
Diversity	Wage differential between men and women*1 (All workers)	Non-consolidated	%	—	—	—	75.6	74.1	
	Percentage taking childcare leave*2	Males	Non-consolidated	%	8.6	3.2	17.9	48.4	58.5
		Females	Non-consolidated	%	100	100	100	100	100
	Average number of childcare leave days taken	Males	Non-consolidated	Days	41.7	31.0	32.7	12.3	25.2
Females		Non-consolidated	Days	556.9	673.3	691.0	592.8	478.6	
Employee engagement rating*3	Non-consolidated	—	—	—	CCC(47.1)	B(49.7)	B(49.2)		
Human resource development	Investment in human resource development/training*4	Non-consolidated	—	—	—	100	167	173	
Occupational safety and health	Number of serious accidents*5	Non-consolidated	Accidents	0	0	0	0	0	
	Number of severe accidents*6	Non-consolidated	Accidents	0	0	0	0	0	
	Number of accidents requiring leave	Non-consolidated	Accidents	3	0	3	3	1	
	Lost time injury frequency rate (LTIFR)*7	Non-consolidated	—	1.14	0.00	1.07	0.97	0.34	
	Total recordable incident rate (TRIR)*8	Non-consolidated	—	1.98	0.00	1.88	1.97	0.61	
	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. Total recordable incident rate (TRIR) = number of deaths and injuries due to occupational accidents (requiring one or more days of leave) / average annual work hours x 1,000

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

Company Name	KOA CORPORATION	Address	Head office Earth Wing in KOA Pine Park 14016, Oaza, Naka-minowa, Minowa-machi, Kamiina-gun, Nagano, 399-4697 Japan Phone: +81-265-70-7171 (main) (Registered head office) 3672, Arai, Ina-shi, Nagano, Japan
Establishment	May 24, 1947 (Founded March 10, 1940)		
Capital	¥ 6,033 million	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 KOA DENKO (S) PTE. LTD.  
China SHANGHAI KOA ELECTRONICS CO., LTD.  
China SHANGHAI KOA ELECTRONICS TRADING CO., LTD.  
China WUXI KOA ELECTRO CERAMICS 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

## KOA Website

[https://www.koaglobal.com/?sc\\_lang=en](https://www.koaglobal.com/?sc_lang=en)



## YouTube Channel

<https://www.youtube.com/channel/UC5CbQ-DagxVShvJTxUTUa0A>



## Origin of the logo



The schematic was created by using designs representing 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.

[CIS (Corporate Identity System): Established in 1985.]

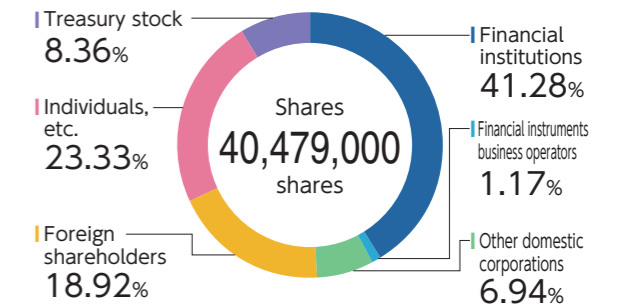
is a registered trademark of KOA CORPORATION.

# Stock Information (as of March 31, 2024)

## 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	40,479,724 (including 3,385,213 treasury shares)
Number of shareholders	12,264

## Distribution of shares by shareholder

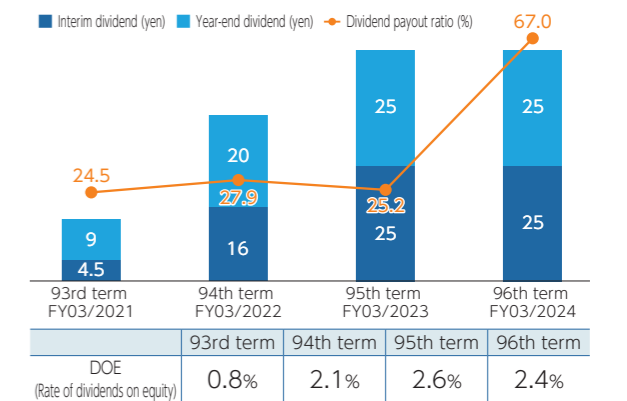


## Major shareholders

Shareholder name	Number of shares (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,824,100	15.71
Nippon Life Insurance Company	2,226,650	6.00
The Hachijuni Bank, Ltd.	1,832,400	4.94
Custody Bank of Japan, Ltd. (trust account)	1,799,400	4.85
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	1,126,500	3.03
MUFG Bank, Ltd.	1,000,000	2.69
STATE STREET BANK AND TRUST COMPANY 505227	915,400	2.46
Mitsubishi UFJ Trust and Banking Corporation	700,000	1.88
KOITO MANUFACTURING CO., LTD.	680,350	1.83
KOA Kyoekai	664,730	1.79

Notes: 1. The company holds 3,385,213 shares in its own name, but is excluded from the above list of major shareholders.  
2. The treasury shares held by the company are omitted from the figures for the shareholding ratio.

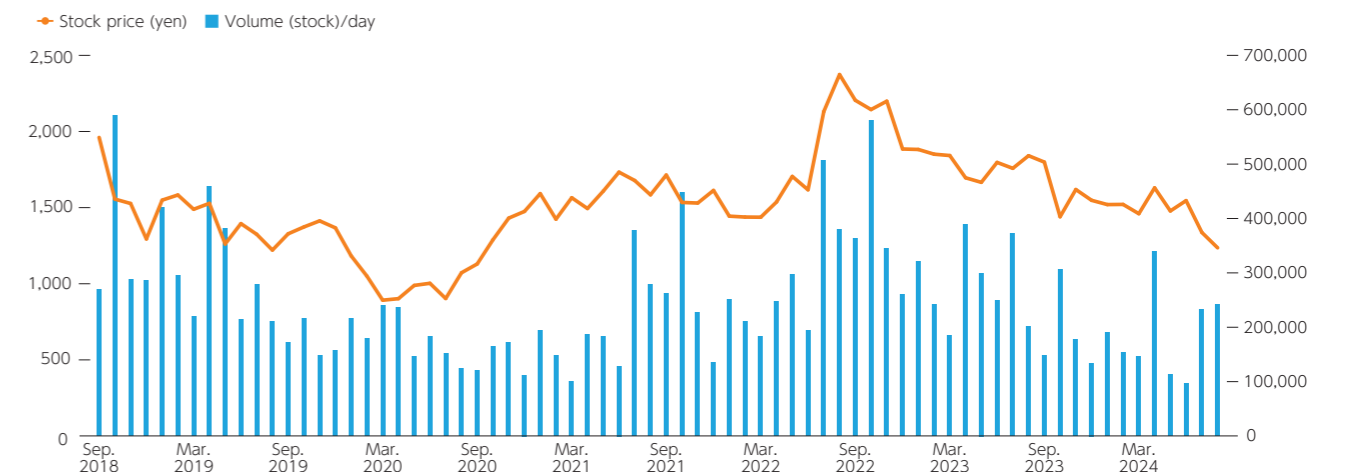
## Dividend amount / Dividend payout ratio



## Returns to shareholders policy

We view providing financial returns to shareholders as one of our core management issues. Our basic policy is to secure sufficient internal retention to ensure our ability to respond to future business developments while working to achieve stable and continuous shareholder returns. We also strive for the stable and continuous issuance of dividends. While aiming for a dividend payout ratio of roughly 30%, we will make comprehensive evaluations of stock price levels and the status of capital while also conducting the dynamic repurchasing of treasury shares as necessary.

## Trends in stock price/volume



**KOA CORPORATION**

Earth Wing at KOA Pine Park  
14016 Naka-minowa, Minowa-machi, Kamiina-gun,  
Nagano 399-4697 Japan  
TEL. +81-265-70-7171 FAX. +81-265-70-7711  
URL <https://www.koaglobal.com>

