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Convocation Notice for the 96th Ordinary General Meeting of Shareholders

Date and Time:

June 22, 2024 (Saturday)

10:00 a.m. (Reception desk will open at 9:15 a.m.)

Place:

9620 Misuzu, Ina-shi, Nagano Prefecture, Japan
Large Hall, Shinshu INA Seminar House

Proposals to be resolved:

- Proposal 1: Appropriation of retained earnings
- Proposal 2: Election of twelve (12) directors
- Proposal 3: Revision of corporate auditor compensation

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KOA CORPORATION

Securities identification code: 6999

Securities identification code: 6999
Shipping date: May 31, 2024
Start date for measures for electronic provision: May 24, 2024

To Our Shareholders

Tadao Hanagata, President
KOA CORPORATION

3672, Arai, Ina-shi, Nagano Prefecture, Japan
Head office: 14016, Oaza-Nakaminowa,
Minowa-machi, Kamiina-gun,
Nagano Prefecture, Japan

Notice of Convocation of the 96th Ordinary General Meeting of Shareholders

Dear Shareholder,

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

This is to notify you of the 96th Ordinary General Meeting of Shareholders of KOA CORPORATION to be held as described below.

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

[The Company's website]
https://www.koaglobal.com/ir/stock/soukai?sc_lang=en



[Tokyo Stock Exchange (TSE) website (Listed Company Search)]
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



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

[Website dedicated for sharing materials for general meetings of shareholders]
<https://d.sokai.jp/6999/teiji/> (in Japanese only)



Instead of attending the meeting in person, you may exercise your voting rights on the Internet or in writing (by mail). Please read the attached reference documents for the Ordinary General Meeting of Shareholders and exercise your voting rights by 5 p.m., Friday, June 21, 2024.

Date and Time: Saturday, June 22, 2024 at 10:00 a.m. Japan time

(Reception desk will open at 9:15 a.m.)

Place: 9620 Misuzu, Ina-shi, Nagano Prefecture, Japan
Large Hall, Shinshu INA Seminar House

Meeting Agenda:

- Matters to be reported:**
1. The business report, consolidated financial statements as well as the Audit Reports of the Independent Auditors and Board of Corporate Auditors for consolidated financial statements for the 96th fiscal year (from April 1, 2023 to March 31, 2024)
 2. The non-consolidated financial statements for the 96th fiscal year (from April 1, 2023 to March 31, 2024)

Proposals to be resolved:

- Proposal:**
1. Appropriation of retained earnings
 2. Election of twelve (12) directors
 3. Revision of corporate auditor compensation

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

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

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

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

- If changes occur to the matters for which measures to provide information in an electronic format are taken, a notice of the changes and the details of the matters before and after the changes will be posted on each of the aforementioned websites.
- The Company participates in the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of retained earnings

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

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

We hereby propose the distribution of the term-end dividends for the 96th fiscal year as follows, in consideration of our basic policy mentioned above, as well as business results for the fiscal year under review, future business plans, and other factors.

Matters regarding the term-end dividends

(1) Type of dividend assets

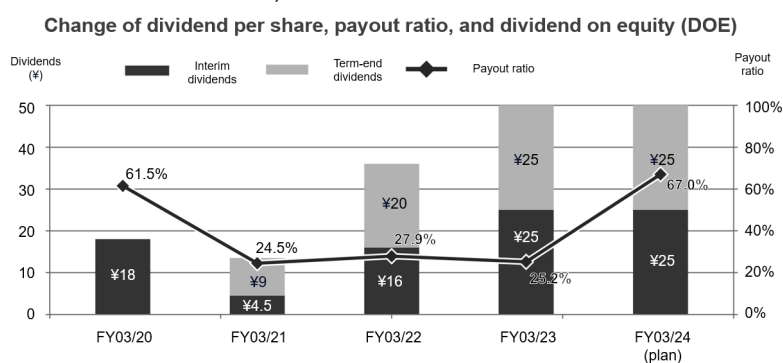
Cash

(2) Allocation and total amount of dividend assets

We propose a ¥25.00 dividend per common share of the Company's stock for a total proposed dividend amount of ¥927,362,775. Including the interim dividend, the proposed annual dividend for the fiscal year under review will be ¥50.00 per share.

(3) Date when the dividends of surplus become effective

We propose to make this date June 24, 2024.



	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24 (plan)
Annual dividend	¥18	¥13.5	¥36	¥50	¥50
Payout ratio	61.5%	24.5%	27.9%	25.2%	67.0%
Dividend on equity (DOE)	1.1%	0.8%	2.1%	2.6%	2.4%

Proposal 2: Election of twelve (12) directors

The term of all 12 directors will expire at the end of this General Meeting of Shareholders. Accordingly, the election of 12 directors (of which five are outside directors) is proposed.

The Board of Directors decides candidates for directors after consulting with the Nomination and Compensation Committee (see page 13), a majority of whose members are independent outside directors. The five candidates for outside directors satisfy the Company's Standard for Determining Independence (see page 13).

The candidates for directors are as follows:

No.	Candidate name	Position in the Company	Time of office (as of the close of the General Meeting)	Fields where candidates are expected to show strengths										
				(*1)	(*2)	(*3)	(*4)	(*5)	(*6)	(*7)	(*8)	(*9)		
1	Koichi Mukaiyama	Reappointment	Director and chairman	48 years	●				●					●
2	Tadao Hanagata	Reappointment	Representative director and president	16 years	●	●	●					●		
3	Akira Nonomura	Reappointment	Managing director	12 years	●	●		●						●
4	Katsuhiko Momose	Reappointment	Director	13 years	●		●		●	●				
5	Etsuji Yamaoka	Reappointment	Director	12 years	●		●					●		
6	Toshihiro Kojima	Reappointment	Director	7 years	●	●	●	●				●		
7	Kosei Mukaiyama	Reappointment	Director	3 years	●	●		●					●	●
8	Michael John Korver	Reappointment Outside Independent	Outside director	16 years	●	●				●	●			
9	Toru Kitagawa	Reappointment Outside Independent	Outside director	7 years	●	●			●	●				●
10	Koji Takahashi	Reappointment Outside Independent	Outside director	2 years	●		●					●		
11	Hitoshi Ozawa	Reappointment Outside Independent	Outside director	2 years	●			●						●
12	Sachiko Sumi	Reappointment Outside Independent	Outside director	1 year	●								●	●

Outside: Candidate for outside director

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

(*1) Corporate management

(*2) Global experience

(*3) Quality assurance, technology, manufacturing

(*4) Sales, marketing

(*5) Finance, accounting

(*6) Legal, compliance

(*7) IT, digital

(*8) Human resources development, diversity

(*9) ESG, sustainability

[Ensuring that the Board of Directors functions effectively]

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

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of Company shares held
1	<p>Koichi Mukaiyama (September 13, 1948)</p> <p>Male 75 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>March 1972 Joined the Company</p> <p>June 1976 Director of the Company</p> <p>December 1977 Representative director and president of the Company</p> <p>October 2001 In charge of the Environmental Business Field of the Company</p> <p>April 2013 Representative director and chairman of the Company</p> <p>June 2018 Director and chairman of the Company (present position)</p> <p>Significant concurrent positions</p> <p>Director and chairman, KOA TRADING CO., LTD. Vice director, DAH HSING ELECTRIC CO., LTD.</p>	398,154
<p>Reason for nomination as a director: Mr. Koichi Mukaiyama has abundant executive experience and knowledge as a manager stemming from his long years of service since assuming office as director of the Company, and he has duly fulfilled his duties. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value as director and chairman.</p>			
2	<p>Tadao Hanagata (January 28, 1956)</p> <p>Male 68 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>March 1979 Joined the Company</p> <p>April 2000 General manager of the Discrete Product Block, Resistor Production Dept. of the Company</p> <p>October 2001 General manager of the Quality Improvement Center of the Global Quality Assurance Initiative of the Company</p> <p>October 2003 Representative of the Kamiina Business Field of the Manufacturing Initiative of the Company</p> <p>June 2008 Director of the Company In charge of the Manufacturing Initiative and Kamiina Business Field of the Company</p> <p>April 2009 In charge of the Shimoina Business Field and Minowa Business Field of the Company</p> <p>April 2013 Representative director and president of the Company (present position)</p> <p>June 2015 In charge of the KPS-3 Initiative of the Company (present responsibility)</p> <p>January 2017 In charge of the Quality Assurance Initiative of the Company</p>	23,946
<p>Reason for nomination as a director: Mr. Tadao Hanagata has abundant experience and knowledge in a range of business operations; since joining the Company, he has engaged in technological operations, as well as in various other internal operations, including manufacturing, quality assurance, and management of an overseas manufacturing subsidiary. As representative director, Mr. Hanagata has supervised the entire Company with steadfast leadership. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>			

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of Company shares held
3	<p>Akira Nonomura (August 5, 1960)</p> <p>Male 63 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>March 1983 Joined the Company</p> <p>October 2003 Representative of the Japan Sales Business Field of the Company</p> <p>December 2009 Managing director of KOA DENKO (S) PTE. LTD.</p> <p>April 2012 General manager of the Marketing Center of the Business Structure Reform Initiative of the Company</p> <p>June 2012 Director of the Company In charge of the Business Structure Reform Initiative of the Company</p> <p>June 2015 In charge of the Sales & Marketing Initiative (present responsibility) In charge of the Japan Sales Business Field of the Company (present responsibility)</p> <p>April 2018 Managing director of the Company (present position)</p> <p>June 2018 In charge of the Management Administration Initiative of the Company</p> <p>Significant concurrent positions</p> <p>Representative director and president, KOA TRADING CO., LTD. Director, KOA SPEER HOLDING CORPORATION Managing director, KOA Europe GmbH Director, KOA DENKO (S) PTE. LTD. Director, KOA ELECTRONICS (H.K.) LTD. Vice director, SHANGHAI KOA ELECTRONICS TRADING CO., LTD. Director, DAH HSING ELECTRIC CO., LTD.</p>	13,946
<p>Reason for nomination as a director: Mr. Akira Nonomura has abundant experience and knowledge in domestic and overseas sales and marketing, having been engaged primarily in marketing operations in his time with the Company and having been appointed as manager of its overseas sales companies. As a top manager of the Sales & Marketing Initiative and officer in charge of the Japan Sales Business Field, Mr. Nonomura supervises marketing operations, and is working to further develop sales channels. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>			
4	<p>Katsuhiko Momose (November 10, 1962)</p> <p>Male 61 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>March 1985 Joined the Company</p> <p>July 1996 General manager of the KPS Division of the Company</p> <p>October 2003 General manager of the Management Strategy Center of the Management Administration Initiative of the Company</p> <p>June 2011 Director of the Company (present position) In charge of the Management Administration Initiative of the Company</p> <p>April 2013 In charge of the Kamiina Business Field of the Company</p> <p>June 2015 In charge of the Manufacturing Initiative of the Company (present responsibility) In charge of the Shimoina Business Field of the Company (present responsibility) In charge of the China Business Field of the Company</p> <p>January 2017 In charge of the Kamiina Business Field of the Company (present responsibility)</p> <p>June 2017 In charge of the Minowa Business Field of the Company (present responsibility)</p> <p>Significant concurrent positions</p> <p>Director, KOA ELECTRONICS CO., LTD. Director, KASHIMA KOA DENKO CO., LTD. Vice director, KOA ELECTRONICS (TAICANG) CO., LTD. Chairman, KOA DENKO (MALAYSIA) SDN. BHD.</p>	28,846
<p>Reason for nomination as a director: Mr. Katsuhiko Momose has abundant experience and knowledge in business strategy; since joining the Company, he has engaged primarily in the Company's business strategy. Now he supervises the manufacturing field, and he is working to further improve productivity and to develop a system for increasing the Company's production capabilities with respect to high-performance products. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>			

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions		Number of Company shares held
5	<p>Etsuji Yamaoka (October 2, 1963)</p> <p>Male 60 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1986</p> <p>April 2007</p> <p>June 2012</p> <p>April 2013</p> <p>June 2013</p> <p>June 2015</p> <p>March 2018</p> <p>June 2018</p> <p>April 2023</p> <p>June 2023</p>	<p>Joined the Company</p> <p>General manager of the Fundamental Technology Commercialization Center of the Manufacturing Initiative of the Company</p> <p>Director of the Company (present position) In charge of the Manufacturing Initiative of the Company</p> <p>In charge of the Shimoina Business Field of the Company</p> <p>In charge of the Minowa Business Field of the Company</p> <p>In charge of the Research & Development Initiative of the Company</p> <p>General manager of Research & Development Initiative Research & Development Strategy Center of the Company</p> <p>In charge of the Quality Assurance Initiative of the Company (present responsibility)</p> <p>General manager of the Research & Development Center of the Research & Development Initiative of the Company</p> <p>General manager of the Kitakyushu Branch of the Research & Development Center of the Research & Development Initiative of the Company</p>	16,146
<p>Reason for nomination as a director: Mr. Etsuji Yamaoka has abundant experience and knowledge in technology; since joining the Company, he has been engaged primarily in the Company's technological operations. Currently, as the top manager of the Company's Quality Assurance Initiative, he oversees quality assurance operations while facilitating activities that improve quality and reliability, including those that support "Building Zero Defect Flows." We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>				
6	<p>Toshihiro Kojima (January 22, 1964)</p> <p>Male 60 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (12/13) (92%)</p>	<p>April 1986</p> <p>April 2007</p> <p>June 2011</p> <p>June 2012</p> <p>June 2015</p> <p>June 2017</p> <p>March 2018</p> <p>June 2023</p> <p>July 2023</p>	<p>Joined the Company</p> <p>General manager of the Product Management Center of the Business Structure Reform Initiative of the Company</p> <p>General manager of the Marketing Center of the Business Structure Reform Initiative of the Company</p> <p>Managing director of KOA DENKO (S) PTE. LTD.</p> <p>General manager of the Product Roadmap Development Center of the KPS-3 Initiative of the Company</p> <p>Director of the Company (present position) In charge of the KPS-3 Initiative (present responsibility)</p> <p>General manager of the New Application Research Center of the KPS-3 Initiative of the Company</p> <p>In charge of the Research & Development Initiative of the Company (present responsibility)</p> <p>General manager of the Research & Development Center of the Research & Development Initiative of the Company (present position)</p>	11,946
<p>Reason for nomination as a director: Mr. Toshihiro Kojima has abundant experience and knowledge in technology and marketing, and in foreign countries; since joining the Company, he has engaged primarily in these operations and has been appointed as manager of its overseas sales companies. Currently, as supervisor of the Company's technological operations and the officer in charge of new business development, he facilitates the development of new products and new technologies utilizing core technologies while supporting the cultivation of new markets. We are therefore confident that, if elected, he will continue to contribute toward the Company's growth and corporate value.</p>				

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of Company shares held
7	<p>Kosei Mukaiyama (March 6, 1977)</p> <p>Male 47 years old</p> <p>Reappointment</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 2005 Joined the Company</p> <p>June 2015 Director of KOA TRADING CO., LTD. (present position)</p> <p>August 2018 Managing director of KOA DENKO (S) PTE. LTD.</p> <p>March 2021 General manager commissioned to Top Management in charge of the Management Administration Initiative of the Company</p> <p>June 2021 Director of the Company (present position) In charge of the Management Administration Initiative of the Company (present responsibility)</p>	86,046
	<p>Reason for nomination as a director: Mr. Kosei Mukaiyama has abundant experience and knowledge in domestic and overseas sales and marketing; since joining the Company, he has been engaged primarily in the Company's marketing operations and has held management positions at its domestic and overseas sales companies. We are therefore confident that, if elected, he will contribute toward the Company's growth and corporate value through his sales experience at the Company and abundant experience and knowledge in business of the Group.</p>		
8	<p>Michael John Korver (September 17, 1954)</p> <p>Male 69 years old</p> <p>Reappointment Outside Independent</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>July 1983 Obtained an attorney's certificate in California, U.S.A.</p> <p>July 1987 Obtained an attorney's certificate in New York, U.S.A</p> <p>June 1996 Director of Global Venture Capital Inc.</p> <p>April 2004 Outside director of BJIT Inc. (present position)</p> <p>June 2004 Professor at the Graduate School of International Corporate Strategy Research, Hitotsubashi University</p> <p>May 2006 Outside director of Really English.com Limited</p> <p>June 2006 Representative director of Global Venture Capital Inc.</p> <p>October 2006 Outside director of Geovector Corporation</p> <p>June 2008 Outside director of the Company (present position)</p> <p>September 2011 Representative director of Real English Broadband Co., Ltd.</p> <p>July 2013 Representative director of Durafizz Holdings Corporation</p> <p>Significant concurrent positions Outside director, BJIT Inc.</p>	12,500
	<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Michael John Korver is a highly experienced corporate strategist and business administrator, as well as a distinguished scholar. Since becoming a director of the Company, Mr. Korver has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise the selection of candidates for officers and the determination of officer compensation from an objective and neutral standpoint.</p> <p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's Standard for Determining Independence. The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>		

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of Company shares held
9	<p>Toru Kitagawa (August 4, 1960)</p> <p>Male 63 years old</p> <p>Reappointment Outside Independent</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1983 Joined Kanematsu-Gosho, Ltd. (currently KANEMATSU CORPORATION)</p> <p>November 1999 Joined Japan Communications Inc. as general manager of Corporate Planning Office</p> <p>February 2001 Joined Baltimore Technologies Japan Co., Ltd. (currently Cybertrust Japan Co., Ltd.) as senior executive financial officer</p> <p>January 2002 Joined Levi Strauss Japan K.K. as finance controller</p> <p>September 2006 Joined Starbucks Coffee Japan, Ltd. as officer in charge of supervising finance infrastructure and CFO</p> <p>March 2016 Outside director [chairperson of the Audit Committee, member of the Compensation Committee] of Cookpad Inc.</p> <p>October 2016 Outside director of Nippon Ski Resort Development, Co., Ltd.</p> <p>June 2017 Outside director of the Company (present position)</p> <p>March 2018 Outside director [chairperson of the Audit Committee, member of the Nomination Committee] of Cookpad Inc.</p> <p>March 2018 Outside director and Audit and Supervisory Committee member of KAYAC Inc. (present position)</p> <p>March 2022 Outside director [chairperson of the Audit Committee, member of the Compensation Committee] of Cookpad Inc.</p> <p>January 2023 Outside director [chairperson of the Audit Committee, chairperson of the Compensation Committee] of Cookpad Inc.</p> <p>Significant concurrent positions Outside director and Audit and Supervisory Committee member, KAYAC Inc.</p>	0
<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Toru Kitagawa has in-depth knowledge and experience in accounting and corporate management, much of which stems from his service as a chief financial officer and corporate planning manager at publicly listed companies. Since becoming a director of the Company, Mr. Kitagawa has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise the selection of candidates for officers and determination of officer compensation from an objective and neutral standpoint.</p>			
<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's Standard for Determining Independence. The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>			

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of Company shares held
10	<p>Koji Takahashi (February 14, 1956)</p> <p>Male 68 years old</p> <p>Reappointment Outside Independent</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1980 Joined Alps Electric Co., Ltd. (currently ALPS ALPINE CO., LTD.)</p> <p>March 1988 Joined Tohoku Kinzoku Kogyo Co., Ltd. (currently TOKIN Corporation)</p> <p>October 1995 General manager of Product Development Department of Electronic Devices Division of Tohoku Kinzoku Kogyo Co., Ltd.</p> <p>April 1998 General manager of Magnetic Actuator Division of Tohoku Kinzoku Kogyo Co., Ltd.</p> <p>April 2001 Joined Tokyo Weld Co., Ltd. as general manager of Technical Planning Office</p> <p>April 2007 General manager of Elemental Technology Division and general manager of Technical Center of Tokyo Weld Co., Ltd.</p> <p>June 2009 Director of Tokyo Weld Co., Ltd.</p> <p>June 2013 Managing director and chief technology officer of Tokyo Weld Co., Ltd.</p> <p>March 2021 Advisor of Tokyo Weld Co., Ltd. (present position)</p> <p>June 2022 Outside director of the Company (present position)</p>	0
<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Koji Takahashi has a wealth of experience and knowledge, having held important positions mainly as an engineer in the electronic components industry. Since becoming a director of the Company, Mr. Takahashi has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively, and therefore have continued to nominate him as an outside director.</p>			
<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's Standard for Determining Independence. The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>			

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of Company shares held
11	<p>Hitoshi Ozawa (May 13, 1963)</p> <p>Male 61 years old</p> <p>Reappointment Outside Independent</p> <p>Attendance at Board of Directors meetings (13/13) (100%)</p>	<p>April 1986 Joined Recruit Cosmos Co., Ltd. (currently Cosmos Initia Co., Ltd.)</p> <p>May 1992 Joined Nanken Corporation (currently Forest Corporation)</p> <p>April 1996 Representative director and president of Nanken Corporation (present position)</p> <p>September 2000 Representative director and president of Rent Life Corporation (present position)</p> <p>June 2005 Auditor of Nanshinkouei Co., Ltd. (present position)</p> <p>June 2022 Outside director of the Company (present position)</p> <p>Significant concurrent positions</p> <p>Representative director and president, Forest Corporation</p> <p>Representative director and president, Rent Life Corporation</p> <p>Auditor, Nanshinkouei Co., Ltd.</p>	0
<p>Reason for nomination as an outside director and a summary of expected roles: Mr. Hitoshi Ozawa has a wealth of experience and knowledge as a corporate manager. Since becoming a director of the Company, Mr. Ozawa has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, he will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe that he will take part in and supervise the selection of candidates for officers and determination of officer compensation from an objective and neutral standpoint, and therefore have continued to nominate him as an outside director.</p>			
<p>[Notes regarding independence] The candidate has no special interest relationship with the Company. The Company recognizes the candidate as independent, since he satisfies the Company's Standard for Determining Independence. The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register him as an independent officer.</p>			

No.	Basic information	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of Company shares held
12	<p>Sachiko Sumi (March 8, 1951)</p> <p>Female 73 years old</p> <p>Reappointment Outside Independent</p> <p>Attendance at Board of Directors meetings (11/11) (100%)*</p>	<p>April 1972 Joined Japan Airlines Co., Ltd.</p> <p>September 1982 Established SUMI Human Resources Education & Development Laboratory, Representative (present position)</p> <p>April 1989 Part-time lecturer of Kaetsu Women's College (currently Kaetsu University)</p> <p>April 1991 Part-time lecturer of Josai University Women's Junior College (currently Josai Base College)</p> <p>April 1997 Part-time lecturer of Iwate Prefectural Miyako College (currently Iwate Prefectural University, Miyako Junior College)</p> <p>June 2023 Outside director of the Company (present position)</p> <p>Significant concurrent positions Representative, SUMI Human Resources Education & Development Laboratory</p>	0
	<p>Reason for nomination as an outside director and a summary of expected roles: Ms. Sachiko Sumi is qualified as an industrial counselor, labor manager, and psychoanalyst. She also has expert knowledge and experience regarding human resources development as the representative of the SUMI Human Resources Education & Development Laboratory. Since becoming a director of the Company, Ms. Sumi has duly fulfilled her duties, including advising on business strategy and overseeing management. We are therefore confident that, if elected, she will continue to contribute toward the Company's business and help ensure that the Board of Directors functions effectively, and therefore have continued to nominate her as an outside director.</p>		
	<p>[Notes regarding independence] The Company has a consulting contract with the consulting company managed by the candidate. However, the annual consulting fee is no more than ¥5 million, and the Company recognizes the candidate as independent, since she satisfies the Company's Standard for Determining Independence. The Company has registered the candidate as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange. If the candidate's reelection is approved, the Company will re-register her as an independent officer.</p> <p>(Note) As the candidate was elected as a director at the 95th Ordinary General Meeting of Shareholders held on June 24, 2023, the number of meetings of the Board of Directors subject to attendance differs from that of other directors.</p>		

Notes:

1. There is no special interest between the Company and any of the nominees.
2. Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, Mr. Hitoshi Ozawa, and Ms. Sachiko Sumi are nominees for outside director.
3. Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, Mr. Hitoshi Ozawa, and Ms. Sachiko Sumi are currently the Company's outside directors, and their term of office in these roles will be 16 years, seven years, two years, two years, and one year, respectively, as of the end of this General Meeting of Shareholders.
4. The Company signed a limited liability contract with Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, Mr. Hitoshi Ozawa, and Ms. Sachiko Sumi for limiting the liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the same Act. The upper limit to the liability for damages under such a contract shall be ¥5 million or the amount provided for in the laws and ordinances, whichever is higher. If the reelection of Mr. Michael John Korver, Mr. Toru Kitagawa, Mr. Koji Takahashi, Mr. Hitoshi Ozawa, and Ms. Sachiko Sumi is approved, we will continue the existing limited liability contract with them.
5. The Company has entered into a directors and officers liability insurance (D&O insurance) contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Details of said insurance contract are described on page 24 of the business report. If the reelection of candidates for directors is approved, they will continue to be covered as insured under said insurance contract. Further, the insurance contract will be renewed with the same contents at the time of the next renewal.

[Reference]

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

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

Standard for Determining Independence

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

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

2. Nomination and Compensation Committee

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

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

Proposal 3: Revision of corporate auditor compensation

The maximum limit for the compensation of our corporate auditors was set at ¥70 million per annum at the 70th Ordinary General Meeting of Shareholders held on June 13, 1998, and remains in effect to this day. However, considering the changes in economic conditions and the business environment since then, as well as the expanding responsibilities and expected roles of corporate auditors, we propose revising the maximum limit for corporate auditor compensation to ¥100 million per annum. Please note that the current number of corporate auditors is four, including two outside auditors.

BUSINESS REPORT

(From April 1, 2023, to March 31, 2024)

1. Operating Performance

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

1) Process and results of operations

In the consolidated fiscal year ended March 31, 2024, recovery of the global economy slowed down mainly due to rising interest rates and rising prices of commodities caused by surging resource prices.

In the electronic parts industry, to which KOA CORPORATION (“the Company” or “we”) and its corporate group (“the Group” or “we”) belong, there continues to be a shift to environmentally friendly vehicles such as electric vehicles (EVs) due to the introduction of environmental regulations in various countries, and the automotive market is expected to expand in the medium to long term. In the fiscal year under review, overall demand was weak on the effect of inventory adjustments in the market, although production constraints caused by semiconductor shortages eased from the previous year.

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

In the fiscal year under review, the Group posted consolidated net sales of ¥64,835 million, a decrease of ¥10,236 million or 13.6% from the previous fiscal year. This reflects decreases in sales of products for electronics, industrial equipment, and power supplies primarily in Japan and China, as well as sales to distributors in North America, despite the weakening yen. It also is the result of an overall decrease in sales of products for automobiles caused by a significant sales decrease in China, which offset increases in North America and Europe.

On the profit front, consolidated operating profit was ¥3,313 million, a decrease of ¥6,908 million or 67.6% from the previous fiscal year, due in part to lower sales and the impact of higher fixed costs such as personnel expenses and depreciation. Ordinary profit totaled ¥4,485 million, a decrease of ¥6,052 million or 57.4% from the previous fiscal year, boosted by a foreign exchange gain of ¥495 million. Profit attributable to owners of parent totaled ¥2,769 million, a decrease of ¥4,598 million or 62.4% from the previous fiscal year, partly reflecting the recording of an extraordinary loss of ¥355 million related to a settlement for a class-action lawsuit in Canada.

With regard to segment results, in Japan, net sales were ¥51,565 million, a decrease of ¥10,294 million from the previous fiscal year, and regional profit was ¥433 million, a decrease of ¥6,830 million from the previous fiscal year. In Asia, net sales were ¥32,468 million, a decrease of ¥7,004 million from the previous fiscal year, and regional profit was ¥1,306 million, a decrease of ¥507 million from the previous fiscal year. In the US, net sales were ¥11,319 million, a decrease of ¥1,625 million from the previous fiscal year, and regional profit was ¥615 million, an increase of ¥21 million from the previous fiscal year. In Europe, net sales were ¥11,950 million, an increase of ¥834 million from the previous fiscal year, and regional profit was ¥524 million, an increase of ¥95 million from the previous fiscal year.

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

Product type	Net sales (millions of yen)	Percentage (%)
Resistors	59,236	91.3
Hybrid ICs and related equipment	1,221	1.9
Safety devices	1,529	2.4
Others	2,847	4.4
Total	64,835	100.0

2) Capital expenditures

The capital expenditures in the fiscal year under review totaled ¥19,077 million, including those for plant construction, quality improvements, development of new products, and mass-production equipment.

3) Financing activities

The Group's financing activities consisted mainly of borrowings.

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

Not applicable.

5) Business transfers from other companies

Not applicable.

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

Not applicable.

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

Not applicable.

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

Item	93rd fiscal year (ended March 31, 2021)	94th fiscal year (ended March 31, 2022)	95th fiscal year (ended March 31, 2023)	96th fiscal year (ended March 31, 2024)
Net sales	¥50,378 million	¥64,955 million	¥75,072 million	¥64,835 million
Ordinary profit	¥2,939 million	¥6,859 million	¥10,538 million	¥4,485 million
Profit attributable to owners of parent	¥2,034 million	¥4,771 million	¥7,367 million	¥2,769 million
Earnings per share	¥55.14	¥129.08	¥198.75	¥74.66
Total assets	¥81,340 million	¥94,989 million	¥112,768 million	¥129,566 million
Net assets	¥61,535 million	¥67,103 million	¥73,722 million	¥78,573 million
Net assets per share	¥1,665.85	¥1,810.99	¥1,988.46	¥2,118.19

- (Notes) 1. Earnings per share are calculated based on the average number of shares outstanding during the period, excluding treasury shares. Net assets per share are calculated based on the total number of issued shares at the end of the period, excluding treasury shares.
2. Concerning the calculation of earnings per share for the 93rd fiscal year to the 94th fiscal year, the Company's shares held by the Employee Stock Ownership Plan (ESOP) Trust were treated as treasury shares and therefore were not included in the average number of shares outstanding during the period. The Trust was terminated as of February 2022.
3. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the 94th fiscal year, and each figure for the 94th fiscal year and thereafter is the figure after applying the accounting standard and relevant ASBJ regulations.

(3) Status of Significant Subsidiaries

1) Status of significant subsidiaries

Company name	Capital stock	Ratio of voting rights (%)	Principal business
KOA ELECTRONICS CO., LTD.	¥400 million	100.0	Manufacture of electronic parts
KASHIMA KOA DENKO CO., LTD.	¥300 million	100.0	Manufacture of electronic parts
KOA TRADING CO., LTD.	¥10 million	100.0	Sale of electronic parts
KOA SPEER HOLDING CORPORATION	US\$1,210	100.0	Sale of electronic parts
KOA DENKO (MALAYSIA) SDN. BHD.	M\$454,843 thousand	100.0	Manufacture of electronic parts
KOA DENKO (S) PTE. LTD.	US\$47,333	100.0	Sale of electronic parts
KOA ELECTRONICS (H.K.) LTD.	HK\$1,500 thousand	100.0	Sale of electronic parts
KOA Europe GmbH	EUR766,938	100.0	Sale of electronic parts
SHANGHAI KOA ELECTRONICS TRADING CO., LTD.	RMB1,659 thousand	100.0	Sale of electronic parts
KOA ELECTRONICS (TAICANG) CO., LTD.	RMB271 million	100.0	Manufacture of electronic parts

2) Status of significant affiliates

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

(4) Our Tasks Ahead

The economic outlook remains extremely uncertain, partly due to high inflation rates and ongoing monetary tightening, despite the global economy being on a recovery trend.

The electronic parts industry, to which the Group belongs, needs to take a cautious view on purchase order trends for the next fiscal year. This is because although the demand for automotive products remains strong, the recovery for products for industrial equipment is delayed due to a decrease in companies' appetite for investment, among other factors. On the profit front, causes for concern include rising prices of raw materials and exchange rate fluctuations.

With these circumstances in mind, the Group has formulated and embarked on a long-term vision for 2030 (the 2030 Vision) and a three-year Medium-Term Management Plan from fiscal year 2022 to 2024.

The Group positions the Medium-Term Management Plan as Phase 1 ("building a foundation for solid growth") of its implementation of the 2030 Vision. Under this plan, we will press ahead with the priority measures of "establishment of a supply system for 2030," "evolution of KPS (KOA Profit System)," "introduction of Innovation Management System (IMS)," "utilization of renewable energy and reduction of electricity consumption," "development of human capital to create the future," and "new governance initiatives." In particular, with the electrification strategy of major automotive manufacturers for realizing carbon neutrality accelerating and demand for surface-mount resistors, our main products, expanding, the Group considers it an urgent matter to build a supply system that supports the growth of our customers.

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

(5) Principal Business Activities (as of March 31, 2024)

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

(6) Principal Offices and Plants (as of March 31, 2024)

1) Principal offices and plants of the Company

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

2) Subsidiaries

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

(7) Employees (as of March 31, 2024)

1) Employees of the Group

Number of employees	Year-on-year change
4,309	-2

(Note) The above figures do not include part-timers.

2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
1,687	+65	40.3	16.4

(Note) The above figures do not include part-timers.

(8) Major Lenders (as of March 31, 2024)

Lender	Borrowing amount
Syndicated loans	¥21,300 million
Nippon Life Insurance Company	¥5,330 million
The Hachijuni Bank, Ltd.	¥2,202 million

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

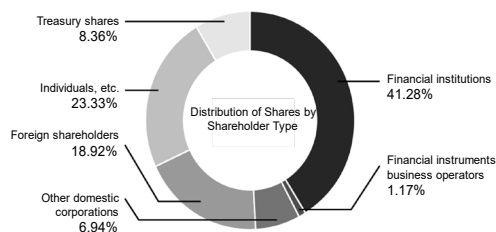
(9) Other Important Notes on the Group's Circumstances

Not applicable.

2. Status of the Company

(1) Status of Shares (as of March 31, 2024)

- 1) Number of shares authorized to be issued by the Company: 150,000,000
 2) Number of outstanding shares: 40,479,724
 3) Number of shareholders: 12,264



4) Major shareholders (top 10 shareholders)

Name	Number of shares held (thousand shares)	Ratio of equity participation (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,824	15.71
Nippon Life Insurance Company	2,226	6.00
The Hachijuni Bank, Ltd.	1,832	4.94
Custody Bank of Japan, Ltd. (trust account)	1,799	4.85
The Nomura Trust and Banking Co., Ltd. (investment trust account)	1,126	3.03
MUFG Bank, Ltd.	1,000	2.69
STATE STREET BANK AND TRUST COMPANY 505227	915	2.46
Mitsubishi UFJ Trust and Banking Corporation	700	1.88
KOITO MANUFACTURING CO., LTD.	680	1.83
KOA Kyoaikai	664	1.79

- (Notes) 1. The Company holds 3,385,213 treasury shares, but it is excluded from the major shareholders shown above.
 2. The treasury shares held by the Company are omitted from the figures for the ratio of equity participation.

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

	Number of shares	Recipients
Directors (excluding outside directors)	19,684	7
Outside directors	—	—
Corporate auditors	—	—

(Note) Details of compensation through the allotment of shares are described in “5) Compensation, etc. paid to the directors and corporate auditors” on page 25.

6) Other important matters concerning shares

The Company has introduced a restricted share-based compensation plan based on a resolution at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022. In the fiscal year under review, the Board of Directors resolved on June 26, 2023 to dispose of treasury shares as restricted share-based compensation, and 19,684 treasury shares were disposed of to seven directors (excluding outside directors) on July 18, 2023.

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

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

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

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

(3) Status of Company Officers

1) Directors and corporate auditors (as of March 31, 2024)

Position in the Company	Name	Sex	Responsibilities and significant concurrent positions
Director and chairman	Koichi Mukaiyama	Male	Director and chairman, KOA TRADING CO., LTD. Vice director, DAH HSING ELECTRIC CO., LTD.
Representative director and president	Tadao Hanagata	Male	In charge of the KPS-3 Initiative
Managing director	Akira Nonomura	Male	In charge of the Sales & Marketing Initiative and Japan Sales Business Field Representative director and president, KOA TRADING CO., LTD. Director, KOA SPEER HOLDING CORPORATION Director, KOA DENKO (S) PTE. LTD. Director, KOA ELECTRONICS (H.K.) LTD. Managing director, KOA Europe GmbH Vice director, SHANGHAI KOA ELECTRONICS TRADING CO., LTD. Director, DAH HSING ELECTRIC CO., LTD.
Director	Katsuhiko Momose	Male	In charge of the Manufacturing Initiative, Kamiina Business Field, Shimoina Business Field, and Minowa Business Field Director, KOA ELECTRONICS CO., LTD. Director, KASHIMA KOA DENKO CO., LTD Chairman, KOA DENKO (MALAYSIA) SDN. BHD. Vice director, KOA ELECTRONICS (TAICANG) CO., LTD.
Director	Etsuji Yamaoka	Male	In charge of the Quality Assurance Initiative
Director	Toshihiro Kojima	Male	In charge of the Research & Development Initiative and the KPS-3 Initiative
Director	Kosei Mukaiyama	Male	In charge of the Management Administration Initiative
Director	Michael John Korver	Male	Outside director, BJIT Inc.
Director	Toru Kitagawa	Male	Outside director, Audit and Supervisory Committee member, KAYAC Inc.
Director	Koji Takahashi	Male	
Director	Hitoshi Ozawa	Male	Representative director and president, Forest Corporation Representative director and president, Rent Life Corporation Corporate auditor, Nanshinkouei Co., Ltd.
Director	Sachiko Sumi	Female	Representative, SUMI Human Resources Education & Development Laboratory
Full-time corporate auditor	Masashi Gomi	Male	
Full-time corporate auditor	Tsuyoshi Yajima	Male	
Corporate auditor	Tetsuro Kamijikkoku	Male	Attorney
Corporate auditor	Yoshiko Inuma	Female	Certified tax accountant Director, Mirai Keiei Partner, Mirai Keiei Tax Accountant Office

(Notes) 1. Directors Michael John Korver, Toru Kitagawa, Koji Takahashi, Hitoshi Ozawa, and Sachiko Sumi are outside directors.

2. Corporate auditors Tetsuro Kamijikkoku and Yoshiko Inuma are outside corporate auditors.

3. Corporate auditor Yoshiko Inuma is a certified tax accountant who has considerable knowledge of financial affairs and accounting.

4. The Company has registered all of its outside directors and outside corporate auditors as independent officers in accordance with the rules of the Tokyo Stock Exchange and the Nagoya Stock Exchange and reported the appointment to both of the stock exchanges.

2) Overview of limited liability contracts

Under the provisions of Article 427, Paragraph 1 of the Companies Act, the Company signs a limited liability contract with each outside director and each corporate auditor to limit the liability for damages, as stipulated in Article 423, Paragraph 1 of the same Act. The limited liability contract provides that the maximum liability for damages shall be ¥5 million or the amount provided for in laws and regulations, whichever is higher.

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

The Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, naming officers of the Company and its subsidiaries and other employees in management positions as the insured. The insured do not bear insurance premiums. The outline of said insurance is that if a claim for damage is brought resulting from acts relating to the execution of duties of the insured, expenses to be borne by the insured shall be compensated by the insurance company. The insurance contract is renewed every year.

4) Changes in positions and responsibilities of directors during the fiscal year under review

On June 24, 2023, the positions and responsibilities of directors were changed as follows:

Name	Before change	After change
Etsuji Yamaoka	Director In charge of the Quality Assurance Initiative and Research & Development Initiative	Director In charge of the Quality Assurance Initiative
Toshihiro Kojima	Director In charge of the KPS-3 Initiative	Director In charge of the KPS-3 Initiative and Research & Development Initiative

5) Compensation, etc. paid to the directors and corporate auditors

a. Policy for determining the details of compensation for directors and other officers

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

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

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

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

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

(Millions of yen)

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

- (Notes)
1. The above total amount of performance-linked compensation, etc. states the amounts of officers' bonuses recorded as accounts payable-other during the fiscal year under review.
 2. The amount of compensation paid to the directors does not include the amount paid to the directors who were also employees as employee's salaries.
 3. Non-monetary compensation, etc. consists mainly of shares of the Company, and the terms and conditions of allotment are described in "5) a. Policy for determining the details of compensation for directors and other officers" on page 25. The status of delivery during the fiscal year under review is described in "5) Shares issued to officers of the Company as consideration for execution of duties during the fiscal year under review" on page 22.
 4. The 94th Ordinary General Meeting of Shareholders held on June 18, 2022 resolved that the total amount of compensation for the directors should be up to ¥450 million in one year (excluding salaries as employees). The number of directors was 11 at the end of said general meeting of shareholders (four of whom were outside directors).
 5. The 94th Ordinary General Meeting of Shareholders held on June 18, 2022 resolved that the total amount of restricted share-based compensation should be up to ¥90 million in one year. The number of directors was 11 at the end of said general meeting of shareholders (four of whom were outside directors). Outside directors are not included in the scope of restricted share-based compensation.
 6. The total amount of compensation, etc. related to the above restricted share-based compensation is the amount recorded as expenses for the fiscal year under review.
 7. The 70th Ordinary General Meeting of Shareholders held on June 13, 1998 resolved that the total amount of compensation for the corporate auditors should be up to ¥70 million in one year. The number of corporate auditors was three at the end of said general meeting of shareholders (one of whom was an outside corporate auditor).
 8. The retirement benefit system for directors and corporate auditors terminated upon a resolution at the 86th Ordinary General Meeting of Shareholders held on June 14, 2014. We had an outstanding balance of ¥534 million as of the end of the fiscal year under review in the account payable for five directors (none of whom were outside directors) due to the change in the retirement benefit system for directors and corporate auditors. The benefits will be paid upon the retirement of those officers.

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

The Company's outside directors and outside corporate auditors received a total of ¥1 million in compensation, etc. in the fiscal year under review from the parent company, subsidiary, etc. for which they served as officers.

6) Matters regarding the outside officers

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

The important concurrent positions are as described in "1) Directors and corporate auditors (as of March 31, 2024)" on page 23.

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

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

Position	Name	Attendance at Board of Directors meetings	Attendance at Board of Corporate Auditors meetings	Overview of remarks and duties executed in roles that are expected to be fulfilled as outside directors
Director	Michael John Korver	13/13 (100%)	-	Mr. Michael John Korver expressed his opinions based mainly on his abundant knowledge and experience as a specialist in corporate strategies and a manager of an investment company, and he gave advice and offered proposals for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, as a member of the Nomination and Compensation Committee, he expressed his opinions in discussions on the selection of candidates for directors and on the ideal form of compensation for directors.
Director	Toru Kitagawa	13/13 (100%)	-	Mr. Toru Kitagawa expressed his opinions based mainly on his experience and insight as a chief financial officer and in corporate planning management at publicly listed companies, and he gave advice and offered proposals for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, as chairman of the Nomination and Compensation Committee, he plays a central role in selecting candidates for directors and discussions on compensation for directors.
Director	Koji Takahashi	13/13 (100%)	-	Mr. Koji Takahashi expressed his opinions based mainly on his in-depth knowledge and experience in important positions as an engineer in the electronic parts industry, and he gave advice and offered proposals for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors.
Director	Hitoshi Ozawa	13/13 (100%)	-	Mr. Hitoshi Ozawa expressed his opinions based mainly on his in-depth knowledge and experience as a corporate manager, and he gave advice and offered proposals for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, as a member of the Nomination and Compensation Committee, he expressed his opinions in discussions on the selection of candidates for directors and on the ideal form of compensation for directors.
Director	Sachiko Sumi	11/11 (100%) (Note 2)	-	Ms. Sachiko Sumi gave advice and offered proposals, including opinions regarding measures aimed at improving employee satisfaction and empowering women in the workplace, to ensure the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors while drawing from her professional qualifications and the specialized knowledge and abundant experience she holds in the field of human resource development.
Corporate auditor	Tetsuro Kamijikkoku	13/13 (100%)	13/13 (100%)	Mr. Tetsuro Kamijikkoku expressed his opinions mainly from the specialist viewpoint of an attorney, and made remarks for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, he made appropriate and necessary remarks in the exchange of opinions about the audit results, consultations about matters to be audited, etc. at the meetings of the Board of Corporate Auditors.
Corporate auditor	Yoshiko Inuma	13/13 (100%)	13/13 (100%)	Ms. Yoshiko Inuma expressed her opinions mainly from the specialist viewpoint of a certified tax accountant, and made remarks for ensuring the appropriateness and adequacy of the decisions made at the meetings of the Board of Directors. In addition, she made appropriate and necessary remarks in the exchange of opinions about the audit results, consultations about matters to be audited, etc. at the meetings of the Board of Corporate Auditors.

- (Notes) 1. In addition to the aforementioned number of times that meetings of the Board of Directors were held, based on Article 370 of the Companies Act and Article 28 of the Company's Articles of Incorporation, there was one written resolution that was deemed a resolution by the Board of Directors.
2. Because Sachiko Sumi was appointed as director at the 95th Ordinary General Meeting of Shareholders held on June 24, 2023, the number of Board of Directors meetings available for her attendance differs from the other directors.

(4) Status of the Independent Auditor

1) Name:

Grant Thornton Taiyo LLC

2) Amount of compensation, etc.

	Amount of compensation, etc.
Amount of compensation, etc. for the independent auditor for the fiscal year under review	¥40 million
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the independent auditor	¥40 million

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

3) Non-auditing services

Not applicable.

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

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

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

5) Matters regarding suspension of services of the independent auditor in the past two years

Summary of the disposition of business suspension announced by the Financial Services Agency on December 26, 2023

a. Subject of disposition

Grant Thornton Taiyo LLC

b. Details of disposition

Suspension of services relating to the conclusion of new contracts for three months (from January 1, 2024 to March 31 of the same year. However, with respect to an audited company that has already entered into an audit engagement, the suspension will not apply to the renewal of the term of the audit engagement or the conclusion of a new engagement due to the company's listing on a stock exchange).

c. Reason for disposition

Two certified public accountants, who are members of the audit firm, failed to exercise due care and certified that financial documents with material misstatements were free from material misstatements in the audit of the amendment reports, etc. of other companies.

Consolidated Balance Sheet

(as of March 31, 2024)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	65,065	Current liabilities	15,692
Cash and deposits	31,351	Notes and accounts payable - trade	4,414
Notes and accounts receivable - trade	13,921	Electronically recorded obligations - operating	784
Electronically recorded monetary claims - operating	2,293	Short-term borrowings	674
Securities	1,196	Income taxes payable	138
Merchandise and finished goods	5,115	Accrued expenses	1,775
Work in process	5,364	Provision for bonuses	1,845
Raw materials and supplies	3,486	Provision for loss on orders received	355
Income taxes refund receivable	613	Other	5,703
Other	1,775	Non-current liabilities	35,301
Allowance for doubtful accounts	-54	Long-term borrowings	30,535
Non-current assets	64,501	Long-term accounts payable - other	2,289
Property, plant and equipment	52,616	Deferred tax liabilities	952
Buildings and structures	14,458	Retirement benefit liability	913
Machinery, equipment and vehicles	14,063	Other	610
Tools, furniture and fixtures	922	Total liabilities	50,993
Land	6,814	Net assets	
Construction in progress	15,712	Shareholders' equity	71,265
Other	644	Share capital	6,033
Intangible assets	2,769	Capital surplus	9,232
Investments and other assets	9,114	Retained earnings	58,368
Investment securities	4,773	Treasury shares	-2,368
Deferred tax assets	640	Accumulated other comprehensive income	7,307
Long-term loans receivable	125	Valuation difference on available-for-sale securities	1,871
Long-term deposits	1,300	Foreign currency translation adjustment	4,803
Insurance funds	1,677	Remeasurements of defined benefit plans	633
Other	629	Total net assets	78,573
Allowance for doubtful accounts	-31	Total liabilities and net assets	129,566
Total assets	129,566		

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

Consolidated Statement of Income

(from April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	Amount	
Net sales		64,835
Cost of sales		45,323
Gross profit		19,512
Selling, general and administrative expenses		16,198
Operating profit		3,313
Non-operating income		
Interest income	291	
Dividend income	72	
Share of profit of entities accounted for using equity method	113	
Foreign exchange gains	495	
Subsidies for employment adjustment	68	
Other	670	1,712
Non-operating expenses		
Interest expenses	151	
Temporary leave expenses	186	
Other	202	540
Ordinary profit		4,485
Extraordinary income		
Gain on sale of non-current assets	2	
Gain on sale of investment securities	0	2
Extraordinary losses		
Loss on disposal of non-current assets	126	
Impairment losses	2	
Litigation settlement	355	
Loss on disaster	12	496
Profit before income taxes		3,992
Income taxes - current	964	
Income taxes - deferred	258	1,223
Profit		2,769
Profit attributable to owners of parent		2,769

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

Non-consolidated Balance Sheet

(as of March 31, 2024)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	30,132	Current liabilities	9,234
Cash and deposits	9,651	Electronically recorded obligations - operating	984
Notes receivable - trade	103	Accounts payable - trade	4,013
Electronically recorded monetary claims - operating	2,275	Accounts payable - other	2,033
Accounts receivable - trade	12,058	Provision for bonuses	1,250
Merchandise and finished goods	355	Provision for loss on orders received	140
Work in process	2,721	Other	812
Raw materials and supplies	1,685	Non-current liabilities	29,379
Other	1,280	Long-term borrowings	27,697
Non-current assets	60,852	Long-term accounts payable - other	534
Property, plant and equipment	24,175	Provision for retirement benefits	1,019
Buildings	6,566	Other	127
Structures	363	Total liabilities	38,613
Machinery and equipment	6,088	Net assets	
Vehicles	0	Shareholders' equity	50,614
Tools, furniture and fixtures	141	Share capital	6,033
Land	4,444	Capital surplus	11,475
Construction in progress	6,546	Legal capital surplus	11,261
Other	25	Other capital surplus	214
Intangible assets	316	Retained earnings	35,473
Software	245	Legal retained earnings	916
Software in progress	35	Other retained earnings	34,557
Other	35	Reserve for tax purpose reduction entry	794
Investments and other assets	36,360	General reserve	16,040
Investment securities	3,505	Retained earnings brought forward	17,722
Shares of subsidiaries and associates	24,354	Treasury shares	-2,368
Deferred tax assets	167	Valuation and translation adjustments	1,756
Long-term loans receivable from subsidiaries and associates	6,172	Valuation difference on available-for-sale securities	1,756
Other	2,168	Total net assets	52,371
Allowance for doubtful accounts	-7	Total liabilities and net assets	90,985
Total assets	90,985		

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

Non-consolidated Statement of Income

(from April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	Amount	
Net sales		50,518
Cost of sales		41,547
Gross profit		8,971
Selling, general and administrative expenses		7,150
Operating profit		1,821
Non-operating income		
Interest income	36	
Dividend income	803	
Foreign exchange gains	502	
Other	560	1,903
Non-operating expenses		
Interest expenses	114	
Other	252	367
Ordinary profit		3,357
Extraordinary income		
Other	0	0
Extraordinary losses		
Loss on disposal of non-current assets	27	
Loss on valuation of shares of subsidiaries and associates	312	
Litigation settlement	264	604
Profit before income taxes		2,753
Income taxes - current	398	
Income taxes - deferred	124	523
Profit		2,230

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

INDEPENDENT AUDITORS' REPORT

May 10, 2024

To the Board of Directors
KOA CORPORATION

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

Audit opinion

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements for the consolidated fiscal year from April 1, 2023 to March 31, 2024 of KOA CORPORATION; that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc., and the notes to the consolidated financial statements.

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

Basis for audit opinion

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

Other stated information

Other stated information herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other stated information. Corporate auditors and the Board of Corporate Auditors are responsible for overseeing the directors' performance of their duties relating to the design and operations of the reporting process for the other stated information.

The scope of our audit opinion on the consolidated financial statements does not include the other stated information and we do not express an opinion on the other stated information.

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

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

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

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

The responsibility of the Company's management is to prepare and present properly consolidated financial statements in accordance with the accounting standards generally accepted in Japan. This includes establishing and operating the internal control that the management considers necessary in order to prepare and present properly such consolidated financial statements free of any material misstatement due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

Interests

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

INDEPENDENT AUDITORS' REPORT

May 10, 2024

To the Board of Directors
KOA CORPORATION

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

Audit opinion

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements for the 96th fiscal year from April 1, 2023 to March 31, 2024 of KOA CORPORATION; that is, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc., and the notes to the non-consolidated financial statements as well as their supporting schedules (hereinafter referred to as "non-consolidated financial statements, etc.").

In our opinion, the non-consolidated financial statements, etc., referred to above present fairly, in all material respects, the situations of the assets as well as the profit and losses of KOA CORPORATION for the term related to the non-consolidated financial statements, etc., in accordance with the accounting standards generally accepted in Japan.

Basis for audit opinion

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

Other stated information

Other stated information herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other stated information. Corporate auditors and the Board of Corporate Auditors are responsible for overseeing the directors' performance of their duties relating to the design and operations of the reporting process for the other stated information.

The scope of our audit opinion on the non-consolidated financial statements, etc., does not include the other stated information and we do not express an opinion on the other stated information.

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

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

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

Responsibility of the Company's management, corporate auditors, and the Board of Corporate Auditors for non-consolidated financial statements, etc.

The responsibility of the Company's management is to prepare and present properly non-consolidated financial statements, etc., in accordance with the accounting standards generally accepted in Japan. This includes establishing and operating the internal control that the management considers necessary in order to prepare and present properly such non-consolidated financial statements, etc., free of any material misstatement due to fraud or error.

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

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

Auditor's responsibilities for the audit of the non-consolidated financial statements, etc.

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

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

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

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

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

Interests

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

AUDIT REPORT

Regarding the performance of duties by the directors for the 96th fiscal year beginning on April 1, 2023 and ending on March 31, 2024, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the reports prepared by the respective corporate auditors.

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

- (1) The Board of Corporate Auditors determined the auditing policies, the assignment of tasks to corporate auditors, etc., and received from each corporate auditor reports of the situation of auditing work and its result. In addition, it received reports on the performance of duties, and if necessary, asked for explanations from directors, etc. and independent auditors.
- (2) Based on the standards of auditing of corporate auditors and in accordance with the auditing policies, the assignment of tasks to corporate auditors, etc., each corporate auditor kept up communications with directors, the internal audit section, other employees, etc. and worked to collect information and improve the auditing environment. Auditing has been conducted using the following method.
 - 1) While using a combination of online and offline formats, corporate auditors attended the meetings of the Board of Directors and other important meetings, received reports on the performance of duties, and if necessary, asked for explanations from the directors, employees, etc. We also read important authorized documents, etc. and studied the operations and financial positions at the head office and principal branch offices. Further, with regard to subsidiaries, while using a combination of online and offline formats, we facilitated communication and exchange of information with directors and corporate auditors etc. of subsidiaries, and received business reports from subsidiaries as necessary.
 - 2) For the details of the resolutions of the Board of Directors on the establishment of the system for ensuring that the performance of the directors' duties conforms to laws and ordinances and to the Articles of Incorporation stated in the business report and other systems provided for the Ordinance for Enforcement of the Companies Act Article 100, Paragraph 1 and Paragraph 3 as necessary to ensure the proper conduct of business of a corporation and the system established according to such resolutions (internal control system), in compliance with auditing standards established by the Board of Corporate Auditors regarding the internal control system, we regularly received reports on the situation of the establishment and operation of such systems from the directors, employees, etc., asked them for explanations, and expressed our opinions when necessary.
 - 3) With regard to the basic policy of the Ordinance for Enforcement of the Companies Act, Article 118, Item 3 (a) stated in the business report, we examined the details of the policy and efforts considering the situations of discussion at the meetings of the Board of Directors, etc.
 - 4) Corporate auditors monitored and inspected to check whether the independent auditors maintained their independence and conducted their audit work properly, and received reports from them about the performance of their duties and, if necessary, asked them for explanations. We also received a report from them to the effect that they had established the system for ensuring that they properly perform the duties (matters stated in each item of the Corporate Accounting Rules, Article 131) provided for in the "Quality Control Standards for Audit" (Business Accounting Deliberation Council), etc. and, if necessary, asked them for explanations.

Based on the above method, we gave consideration to the business report and supporting schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity, etc., and notes to the non-consolidated financial statements) and their supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, etc., and notes to the consolidated financial statements) concerning the fiscal year under review.

2. Audit Results

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

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

(2) Audit Results of the Non-consolidated Financial Statements and Their Supporting Schedules

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

(3) Audit Results of the Consolidated Financial Statements

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

May 10, 2024

Board of Corporate Auditors of KOA CORPORATION:
Tsuyoshi Yajima
Full-time Corporate Auditor

Masashi Gomi
Full-time Corporate Auditor

Tetsuro Kamijikkoku
Corporate Auditor

Yoshiko Iinuma
Corporate Auditor

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