

News Release



KOA CORPORATION
October 23, 2025

Kosei Mukaiyama
Representative Director, President & CEO

Formulation of the 2027 Medium-Term Management Plan

KOA CORPORATION (the Company), at the Board of Directors meeting held on October 23, 2025, has resolved to implement a new Medium-Term Management Plan covering the three-year period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028, as described below.

1. KOA's challenge to realize the 2030 Vision

We continue to engage in the following initiatives to fulfill our corporate mission: to establish strong relationships of mutual trust with our five groups of stakeholders—shareholders, customers and business partners, communities, employees and their families, and the environment.

- While supporting the growth of the mobility market driven by the advancement of CASE, such as electrification and ADAS, and the communication and industrial equipment markets driven by the development of AI-related devices such as servers and data centers, the Company will accelerate its efforts to enter new business fields toward its 100th anniversary in 2040.
- The Company will strive to enhance social value by reducing GHG emissions, fostering people who will create the future, and coexisting harmoniously with local communities.

■ Vision slogan [Essential Parts of the World](#)

- #### ■ Vision statement
- We at KOA strive to be an essential parts manufacturer that supports the world and to work as part of society to create a richer world. Through small parts, we create big, world-changing transformation.
- To harmonize with the Earth and create a recycling-oriented society, we find the roots of the problems our customers face as they work to solve social issues and deliver new value. Building on continuous improvement and relationships of trust based on high quality, we will blaze the trail forward through innovative thought and action.

2. Key points of the 2027 Medium-Term Management Plan

The Company is pursuing its 2030 Vision through a three-phase approach. Phase 1, the 2024 Medium-Term Management Plan (2022 through 2024), focused on responding to market growth toward 2030, maintaining our market share, and achieving revenue growth. To this end, we have invested over ¥55 billion to strengthen our supply system.

However, due to a decline in sales resulting from market changes, an increase in fixed costs associated with upfront investments, deterioration in capital efficiency, and higher development costs for sensors and sensor modules aimed at expanding our business domains, capital profitability declined.

In light of these circumstances, the Company has formulated Phase 2 of its Medium-Term Management Plan (2025 through 2027), setting forth the basic policy of “Achieve profit growth and efficiency with ROIC-based management.” Under this policy, the Company will strive to realize sustainable growth in corporate value by improving capital profitability. As key initiatives, the Company will actively expand sales in growth markets by leveraging its strengths, while also working to improve the profitability of unprofitable products. In addition, the Company will further enhance product performance through the

strengthening of fundamental materials research, thereby differentiating itself from competitors, responding to the diverse needs of customers, and promoting the development of new products for innovation-driven markets. To reinforce its corporate structure, the Company will focus on the implementation of ROIC-based management, the improvement of value-added productivity per employee, and reducing GHG while maintaining financial performance.

3. Targets

Financial targets		FY03/2025 results	FY03/2028 targets
ROIC		0.1%	4.7%
ROE		0.3%	6.2%
Net sales		¥64.1 billion	¥80.0 billion
Operating profit		¥1.2 billion	¥7.4 billion
Operating margin		1.8%	9.3%
Exchange rate	USD	¥153	¥145
	EUR	¥164	¥170
Non-financial targets		FY03/2025 results	FY03/2028 targets
Reduce GHG while maintaining financial performance	Scope 1+2 emission (t-CO ₂)	14,856	13,600 or less (8.5% cut vs FY03/2025)
	Scope 3 Category 1&2 emission (t-CO ₂)	135,693	121,400 or less (10.5% cut vs FY03/2025)
Secure and develop talent to shape the future	Ratio of female managers (non-consolidated)	0.7%	3%

4. Key measures

- Product portfolio strategy
 - Proactively expand sales in growth markets
 - Improve profitability of unprofitable products
- Technology strategy
 - Enhance fundamental materials research
 - Develop products targeting innovation-driven markets
- Corporate structure enhancement
 - Implement ROIC-based management
 - Increase value-added productivity per employee
 - Reduce GHG while maintaining financial performance

5. Financial strategy

● Capital allocation

We plan to secure over ¥30 billion in operating cash flow over three years through business expansion in growth markets, compression of working capital, and optimization of inventory. The intended use of these funds includes capital expenditures, primarily for additional production and renewal investments in growth products, repayment of interest-bearing debt to maintain financial soundness, and shareholder returns in accordance with our dividend policy.

- **Shareholder returns**

We regard the return of profits to shareholders as one of our most important management priorities. From the perspective of comprehensive capital allocation, our basic policy is to pay dividends while emphasizing reinvestment in its businesses and the optimization of shareholders' equity. For the time being, the annual dividend will be set at no less than ¥30 per share and aims for a consolidated dividend payout ratio of around 30% as a reference.

- **Management with an awareness of capital cost and share price**

Our current PBR remains sluggish, reflecting challenges in both our expected future growth and current capital profitability. Over the past ten years (FY03/2015 through FY03/2025), except for the fiscal year ended March 31, 2023, our ROE has consistently fallen below our assumed capital cost range of 8.5% to 11%. Through the execution of the 2027 Medium-Term Management Plan, we aim to enhance both profitability and capital efficiency. In addition, we will strengthen our investor relations framework and deepen engagement with our five groups of stakeholders, including shareholders and investors. Through these efforts, we will work to increase expectations for future growth, mitigate perceived risks, and strive to achieve a PBR of over 1.0 as early as possible.

For further details, please refer to the attached document.

Note:

This document is a translation of the original Japanese document. In the case of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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Note 1: This document is a translation of the original Japanese document. In the case of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.
Note 2: All references to FY03/XXXX in this document refer to the financial year ending on March 31, XXXX.



Essential Parts of the World

2027 Medium-Term Management Plan

KOA Corporation
Representative Director,
President and CEO
Kosei Mukaiyama

October 23, 2025



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- Technology Strategy
- Corporate Structure Enhancement
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- Financial Strategy

1

KOA's Challenge to Realize the 2030 Vision

Vision slogan

Essential Parts of the World

Vision statement

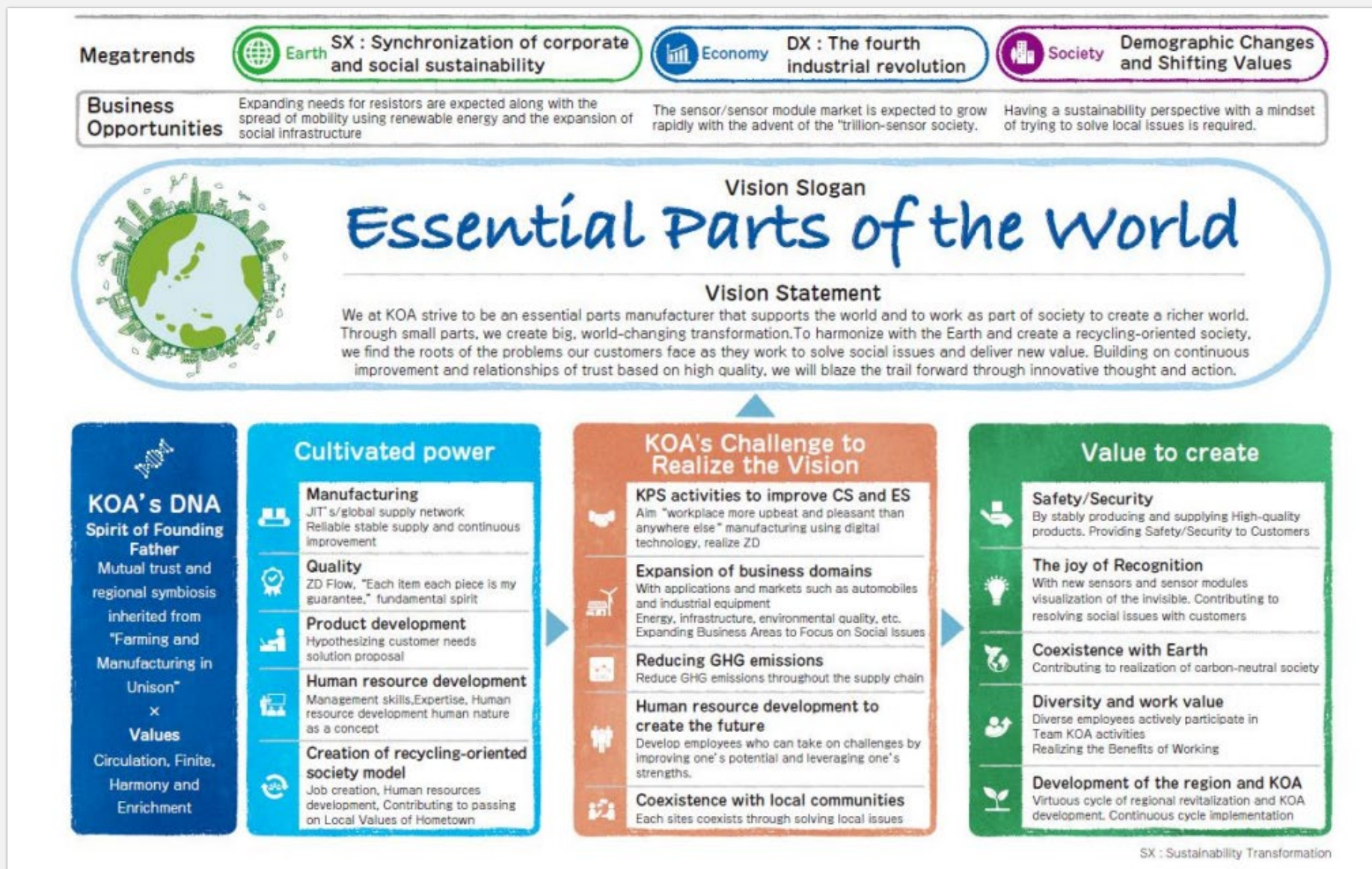
We at KOA strive to be an essential parts manufacturer that supports the world
and to work as part of society to create a richer world.

Through small parts, we create big, world-changing transformation.

To harmonize with the Earth and create a recycling-oriented society,
we find the roots of the problems our customers face as they work to solve social issues
and deliver new value.

Building on continuous improvement and relationships of trust based on high quality,
we will blaze the trail forward through innovative thought and action.

Value Creation Story



2

Review of the 2024 Medium-Term Management Plan

Performance Targets and Results

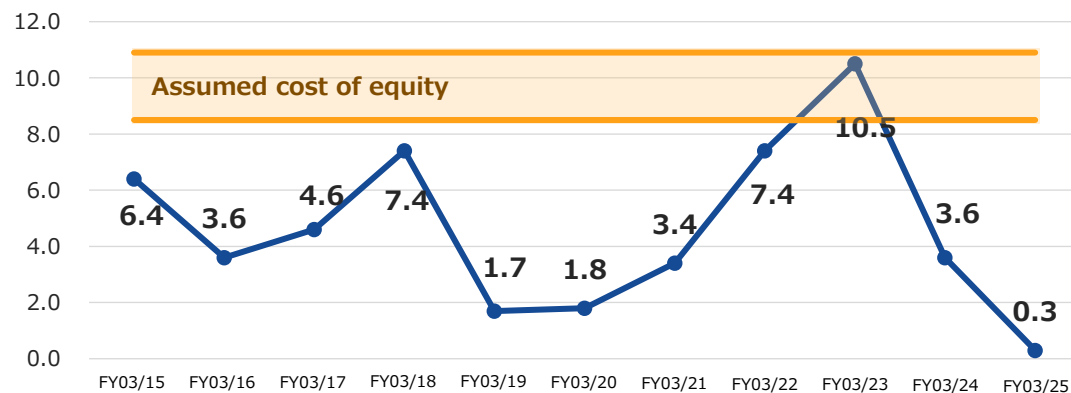


Financial Targets	FY03/2022	FY03/2025	FY03/2025 revised targets	FY03/2025 initial targets	Non-financial Targets		FY03/2022	FY03/2025	FY03/2025 targets
Net sales	¥64.9 billion	¥64.1 billion	¥71.9 billion	Over ¥87.0 billion	Environment Climate change Energy	CO2 emission (Scope1+2) reduction rate vs. FY03/2021	10% ↓	71% ↓	65% ↓
Operating profit	¥5.7 billion	¥1.2 billion	¥3.9 billion	Over ¥11.0 billion		Electricity consumption	+8.7% /year	+5.2% /year	+4% /year or less
Operating margin	8.8%	1.8%	5.4%	Over 13%		Renewable energy ratio	17%	82%	70%
ROE	7.4%	0.3%	4.1%	Over 11%	Society Human capital (non-consolidated)	Employee engagement rating	CCC	CCC	BB
Capital investment (3-year total)	-	¥55.2 billion	¥53.4 billion	¥44.0 billion		Investment in human capital development/training*1	100	196	200
Exchange rate (USD)	113	153	145	110					

*1: Comparative index based on FY03/2022 = 100

Capital Cost & Share Price: Current Status & Challenges

Annual ROE trend



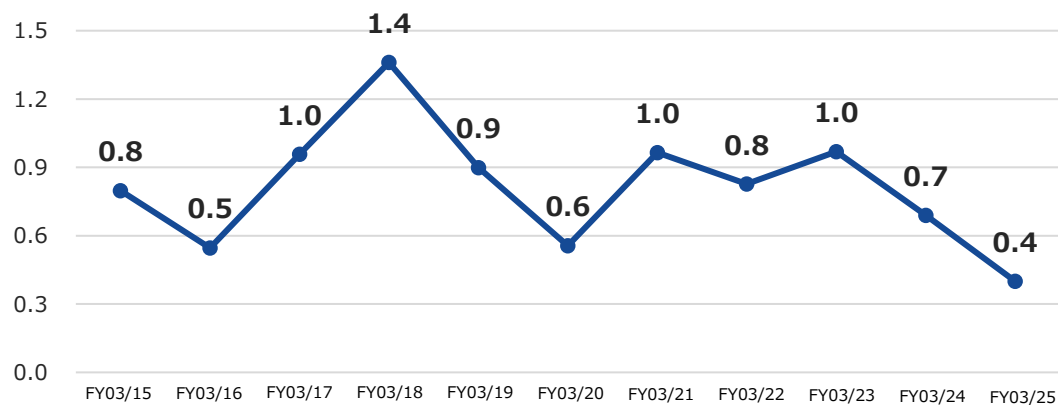
Capital cost

Shareholders' cost of equity: 8.5%–11% (calculated based on the CAPM model)

Capital efficiency

Over the past ten years (2014–2024), ROE has remained below the range of the shareholders' cost of equity, except in 2022.

Annual PBR trend



PBR

PBR, which reflects market valuation, has recently been on a downward trend due to factors such as the decline in ROE.

Phase 1 Review and Performance Shortfall Factors

Phase 1 basic policy: Building a foundation for **solid growth**

Changes in markets

Automotive

- New vehicle sales fell below initial expectations.
- Market share declined due to changes in the competitive environment, particularly in China.

Industrial equipment

- Slower growth in the Chinese market and prolonged inventory adjustments.

Upfront investments

- Upfront investments, including the new plant construction, were carried out as planned.
- Declining sales resulted in higher fixed costs and lower capital efficiency.

Business expansion

- The market for sensors and sensor modules leveraging our core technologies is limited.
- Delayed decisions to halt development prolonged development periods and increased development costs.

Decline in capital efficiency



Phase 2 basic policy:

Achieve **profit growth** and **efficiency** with ROIC-based management

3 2027 Medium-Term Management Plan

- **Product Portfolio Strategy**
- **Technology Strategy**
- **Corporate Structure Enhancement**
- **Target Figures**
- **Financial Strategy**

Key Measures of Phase 2

Phase 2 basic policy:

Achieve **profit growth** and **efficiency** with ROIC-based management

Product portfolio strategy

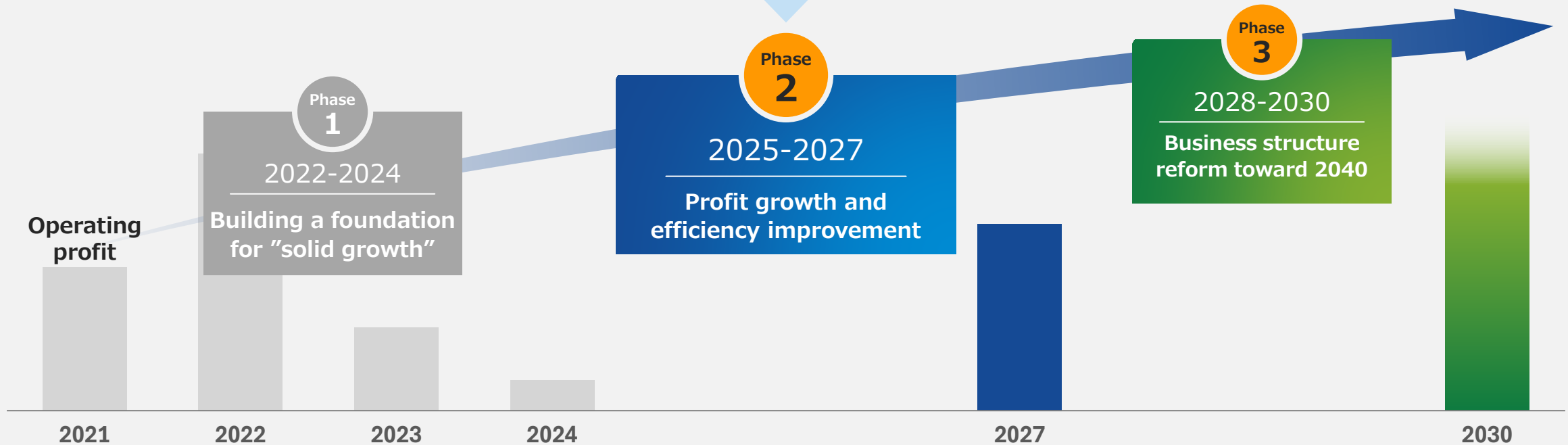
- Proactively expand sales in growth markets
- Improve profitability of unprofitable products

Technology strategy

- Enhance fundamental materials research
- Develop products targeting innovation-driven markets

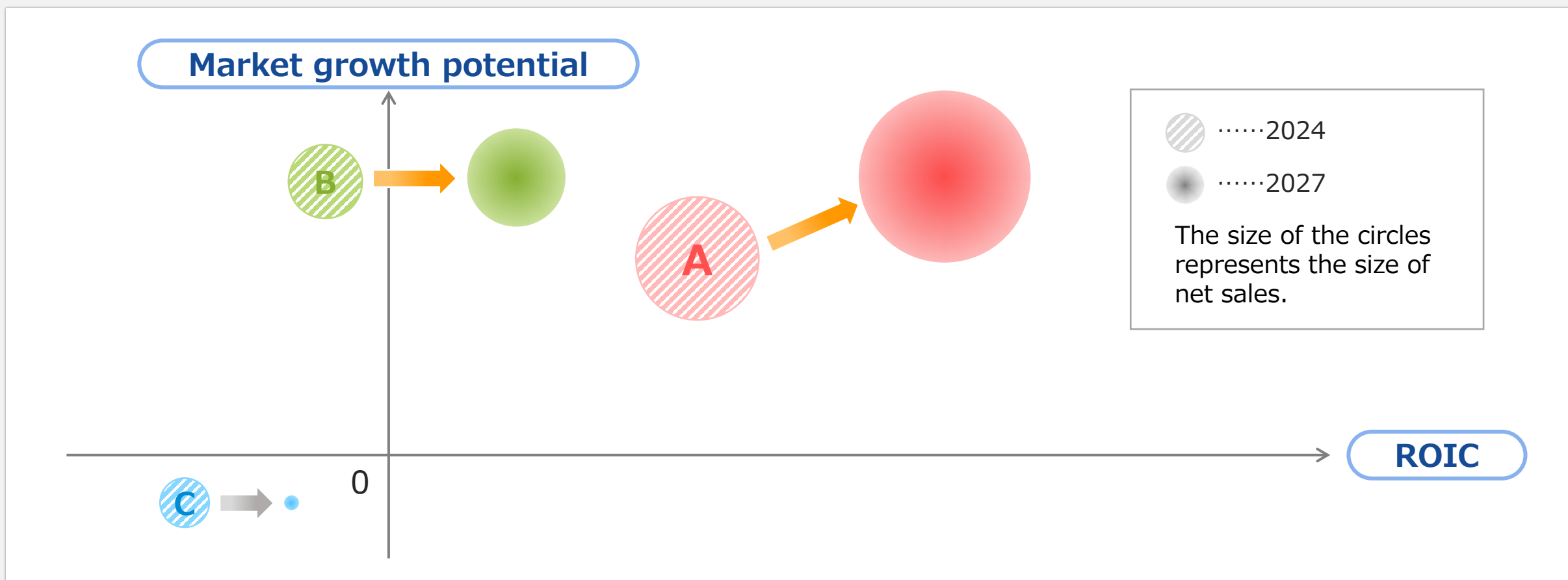
Corporate structure enhancement

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



Product Portfolio (Conceptual Image)

- Focus resources on **high-growth, high-ROIC products (A)** and drive further growth toward 2027 through proactive sales.
- Improve ROIC for **high-growth, low-ROIC products (B)** and pursue future business expansion.
- Withdraw **unprofitable products (C)** or improve ROIC through internal restructuring and price optimization.



Proactive Expansion of Sales in Growth Markets

Business opportunities

Automotive

Expansion of electrification and ADAS driven by the progress of CASE

AI-related equipment

Increase in servers and data center infrastructure driven by the spread of digital transformation

Business strategies

Expand production capacity to meet growing market demand.

Improve supply stability and adapt flexibly to global changes through diversifying production locations.

Drive sales into growth markets beyond automotive under the slogan "Automotive + One."

Focus products

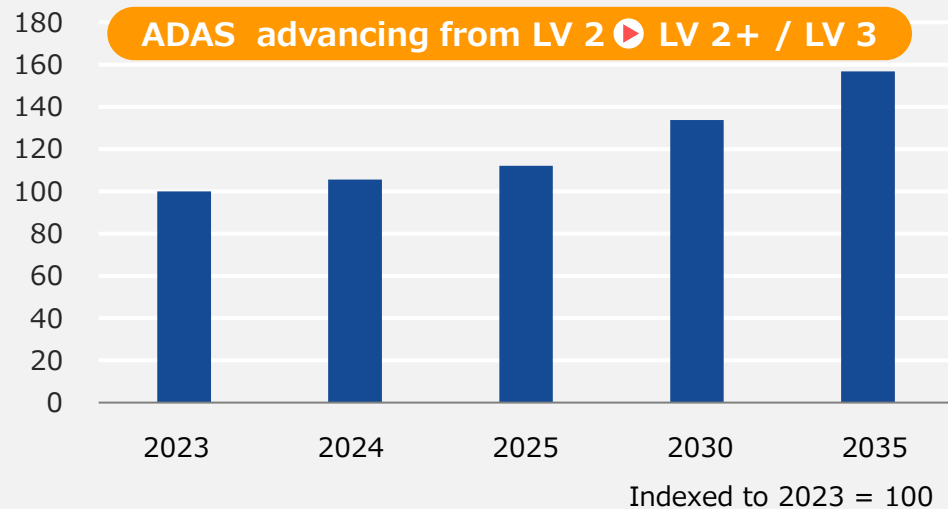
Automotive

High-voltage, high-power products

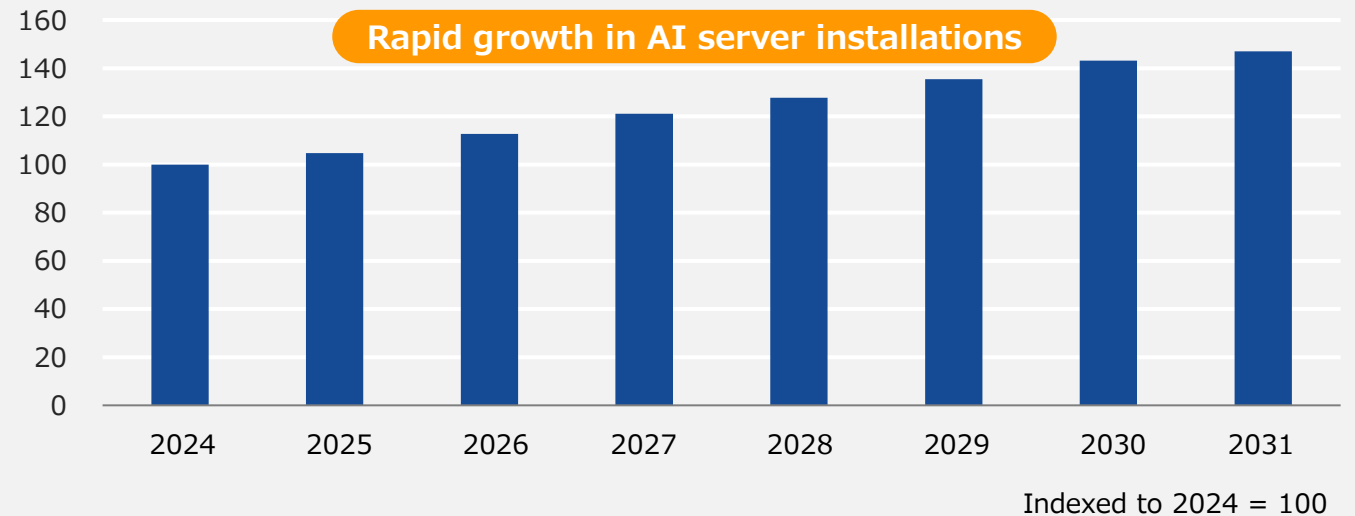
AI-related equipment

High-current shunt resistors, and high-precision, ultra-compact resistors

Number of vehicles with autonomous driving systems (trend)



Number of servers (trend)



Enhancing fundamental materials research

Enhancing fundamental materials research to further enhance product performance.

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

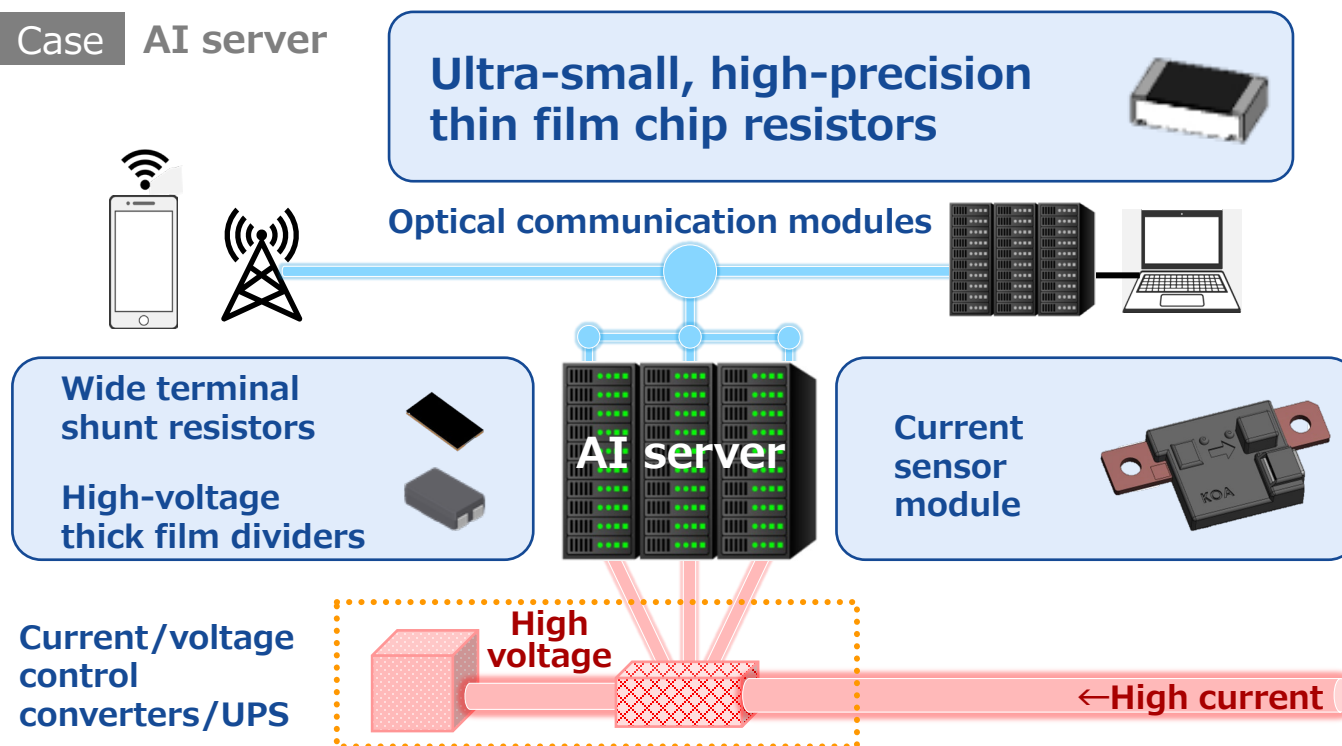


Advancing the development of products with higher-power, higher-precision, and higher reliability

Developing products targeting innovation-driven markets

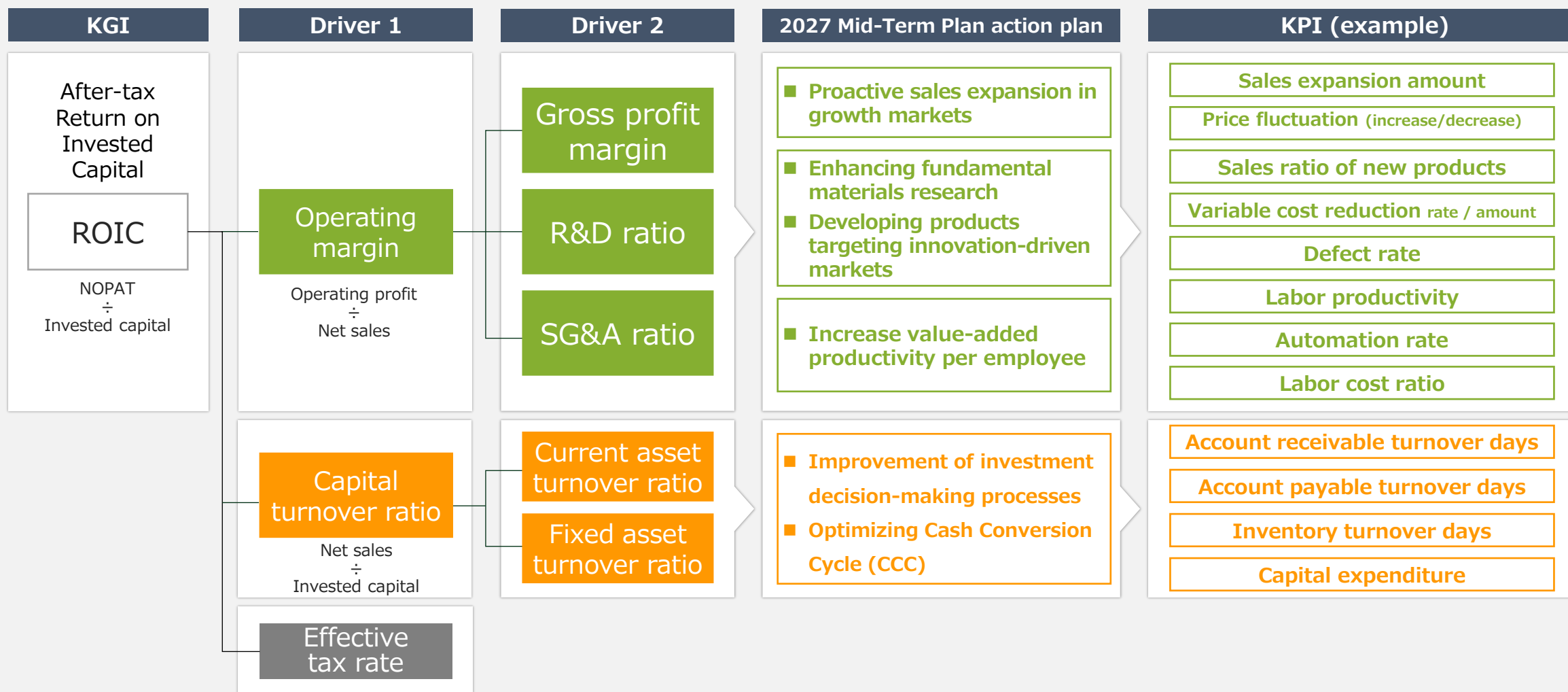
Advancing the development of products for innovation markets, including xEVs, robotics and AI servers.

Case AI server



Implementing ROIC-based Management

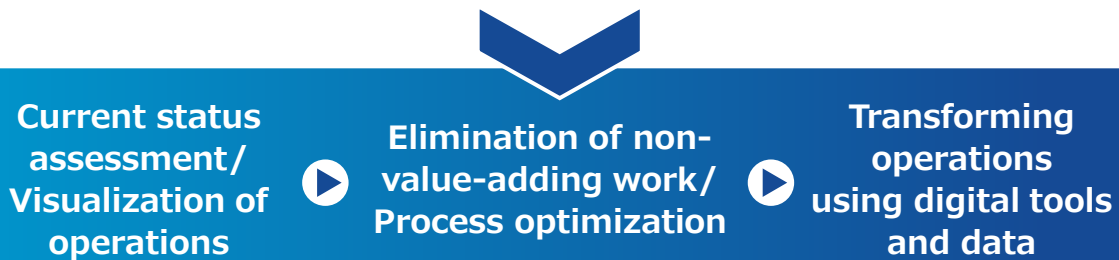
Each organization will set KPIs that are linked to the KGIs and key initiatives of the 2027 Medium-Term Management Plan and promote group-wide efforts accordingly.



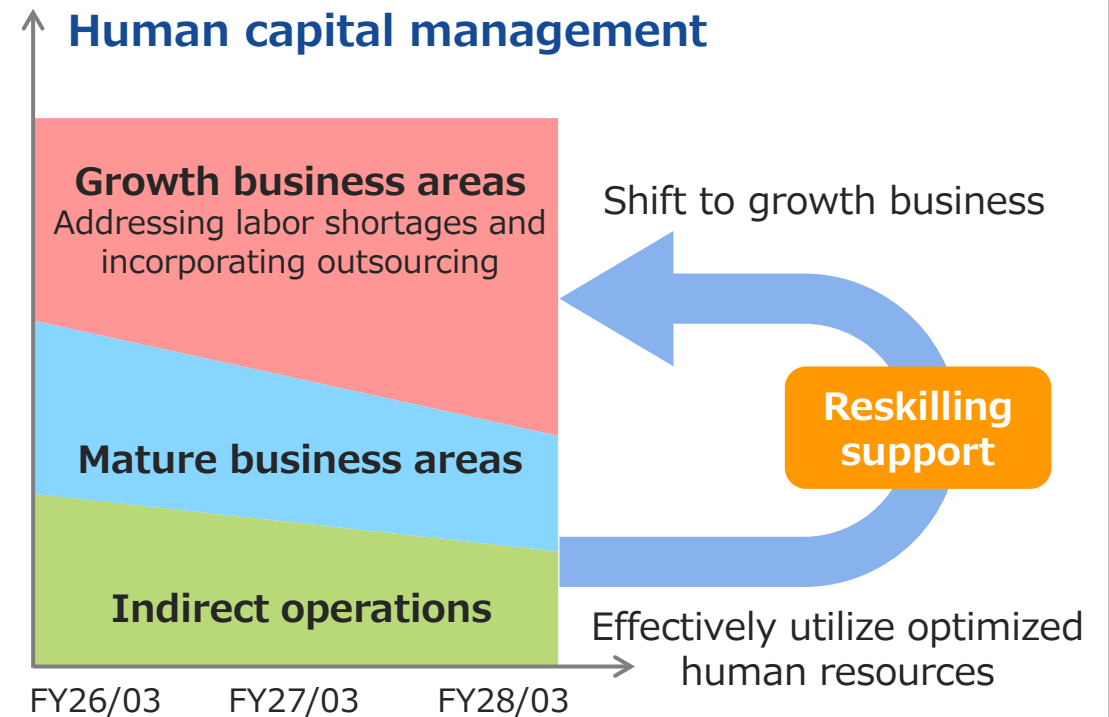
Increasing Value-added Productivity per Employee - 1

- Enhance value-added productivity per employee through DX.
- Cut labor input by streamlining indirect operations.
- Leverage data to focus on higher value-added activities.

$$\text{Value-added productivity per employee} = \frac{\text{Value for customers} \uparrow\uparrow}{\text{Value generating work} \uparrow + \text{Non-value-adding work} \downarrow}$$

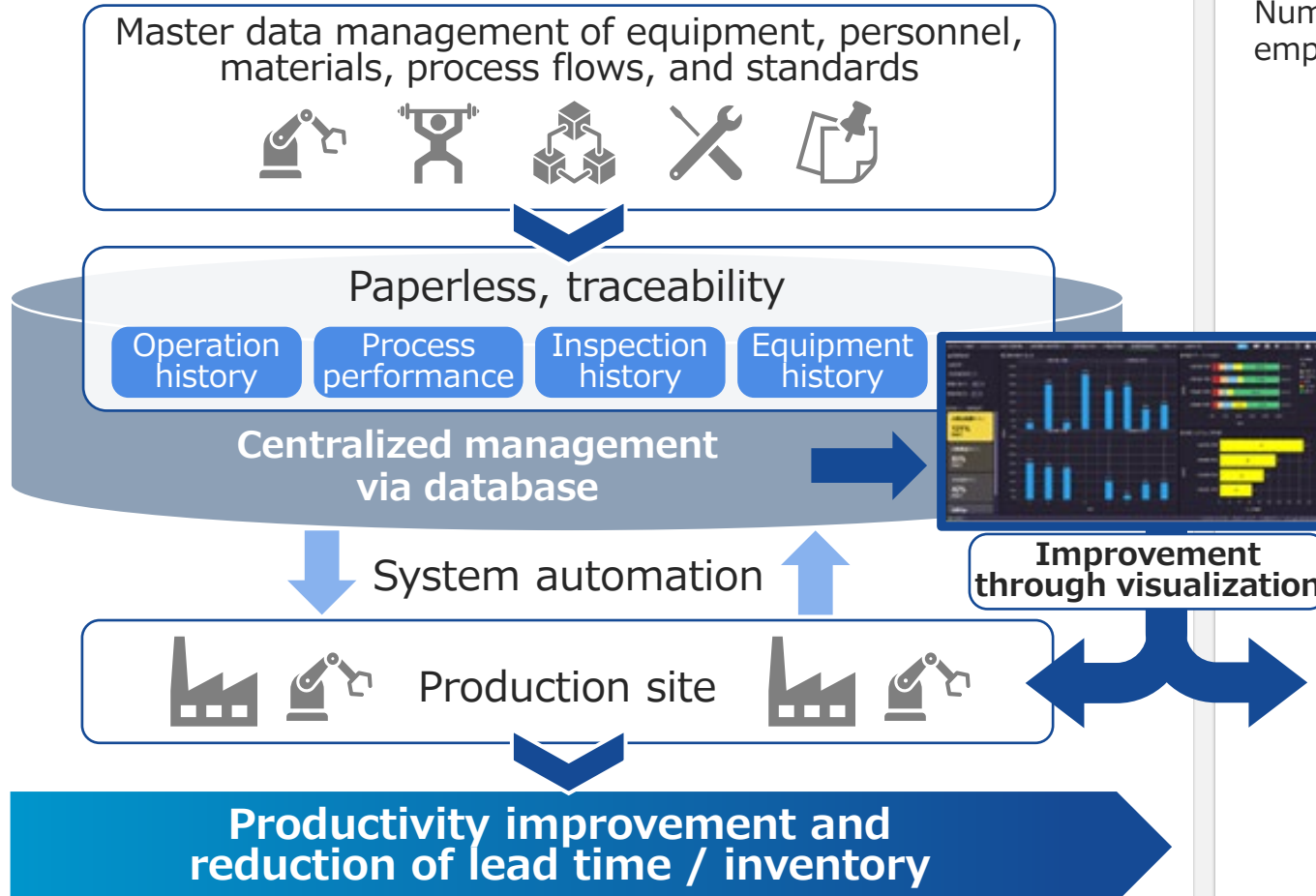


- Shift optimized human resources to growth businesses through productivity improvement.
- Identify gaps between the current state and desired state, and implement HR strategies accordingly.

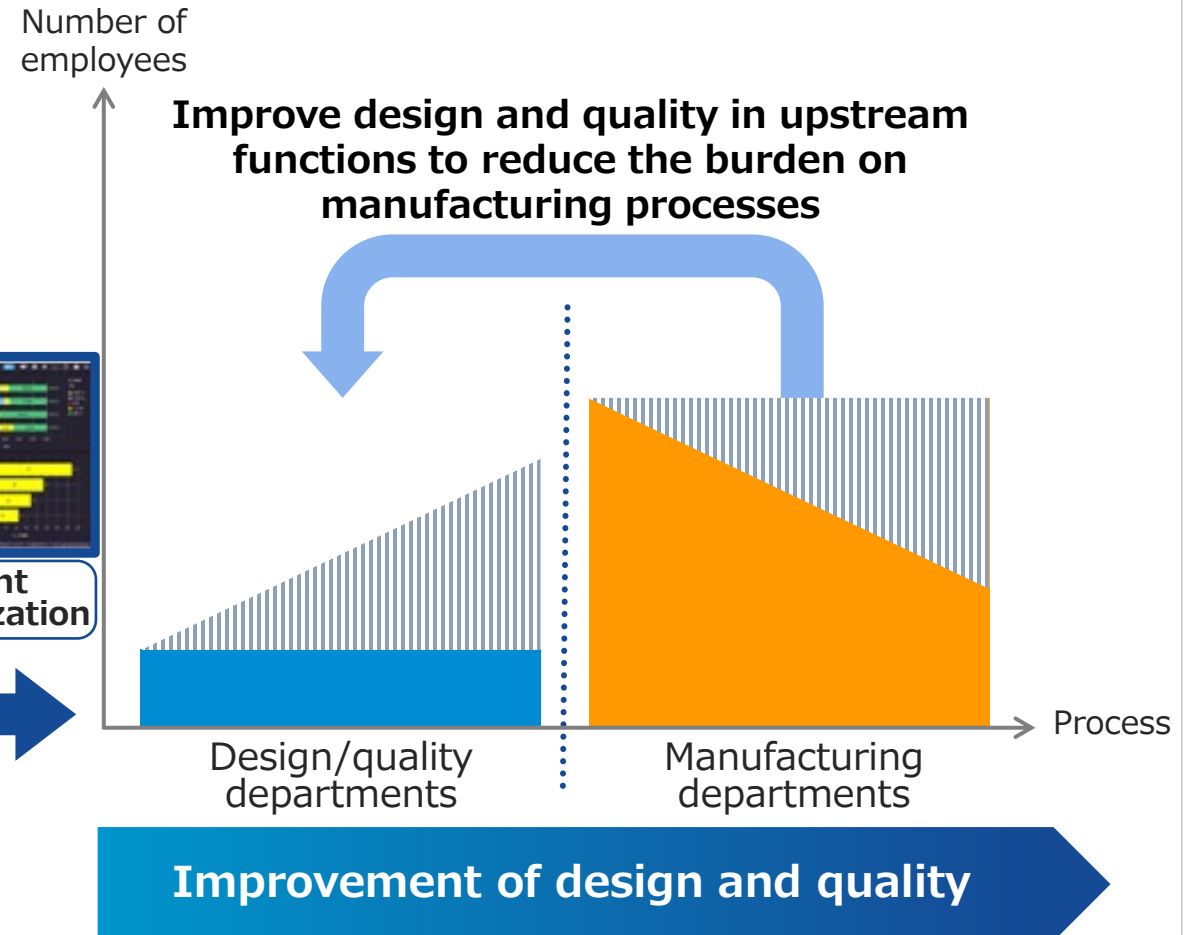


Increasing Value-added Productivity per Employee - 2

- Manufacturing Execution System implemented at new Malaysia plant → rollout to other sites



- Optimized human resources strengthen upstream functions via front-loading



Reduce GHG While Maintaining Financial Performance (Scope 1+2, 3)

Set SBT-aligned targets and currently applying for certification

■ Scope 1 + 2

In line with our renewable energy procurement policy, promote the procurement of renewable energy while ensuring profitability.

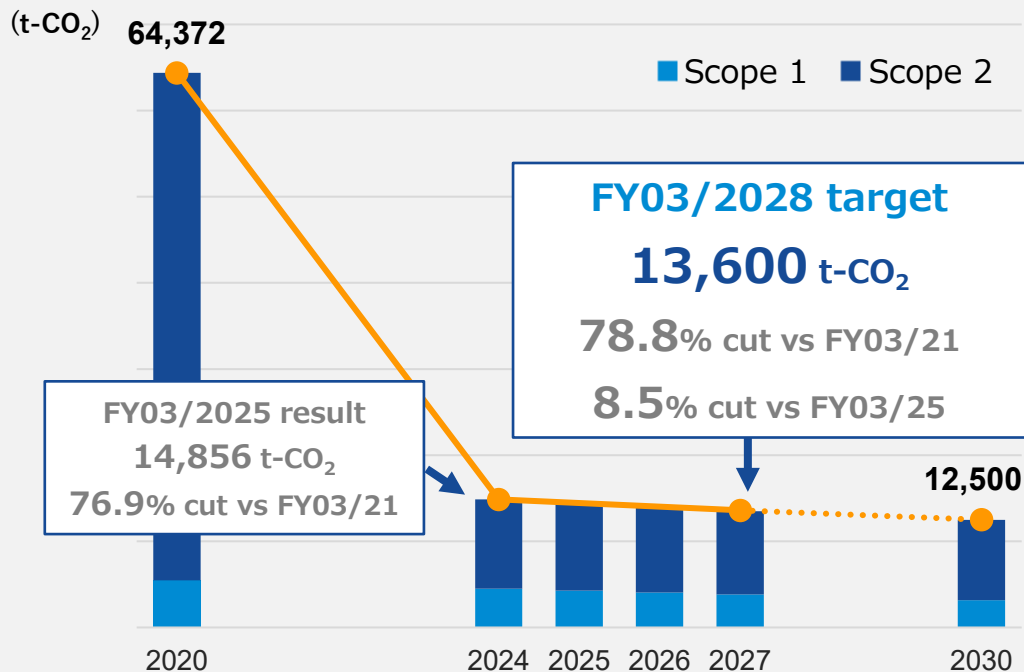
*Scope 1+2 emissions for 2024 have been revised based on third-party verification, reflecting updates to previously disclosed values.

To ensure comparability, 2020 figures have also been recalculated using the same methodology.

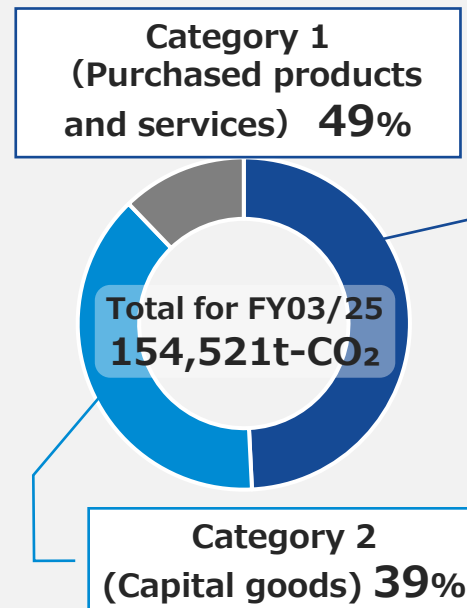
■ Scope 3

For Scope 3, Categories 1 and 2—which account for 88% of total emissions—are targeted for reduction.

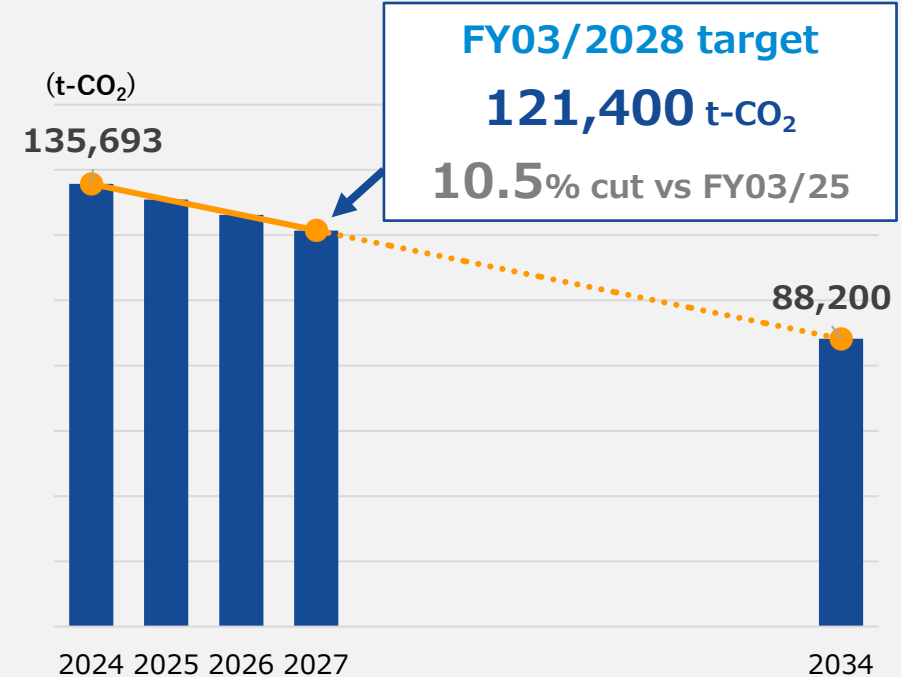
Scope 1+2 GHG emission



Scope 3 breakdown



Scope 3 (Category 1&2) GHG emission



Financial / Non-financial Targets

Financial targets	FY03/2025	FY03/2028	Non-financial targets		FY03/2025	FY03/2028
ROIC	0.1%	4.7%	Reduce GHG while maintaining financial performance	Scope 1+2 emission (t-CO ₂)	14,856	13,600 or less (8.5% cut vs FY03/25)
ROE	0.3%	6.2%		Scope 3 Category 1&2 emission (t-CO ₂)	135,693	121,400 or less (10.5% cut vs FY03/25)
Net sales	¥64.1 billion	¥80.0 billion	Secure and develop talent to shape the future	Ratio of female managers (non-consolidated)	0.7%	3%
Operating profit	¥1.2 billion	¥7.4 billion				
Operating margin	1.8%	9.3%				
Assumed exchange rate USD/EUR	153/164	145/170				

Capital Allocation

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

Approx. **30.0**

Operating CF
(excluding depreciation)

Approx. **30%**

Depreciation
Approx. **70%**

Cash-in



Approx. **30.0**

SH returns
Approx. **10%**

Capital
investment
Approx. **60%**

Debt
repayment
Approx. **30%**

Cash-out

Shareholder (SH) returns

Dividend policy:

For the time being, the annual dividend will be set at no less than ¥30 per share, with a consolidated dividend payout ratio of around 30% as a reference.

Capital investment

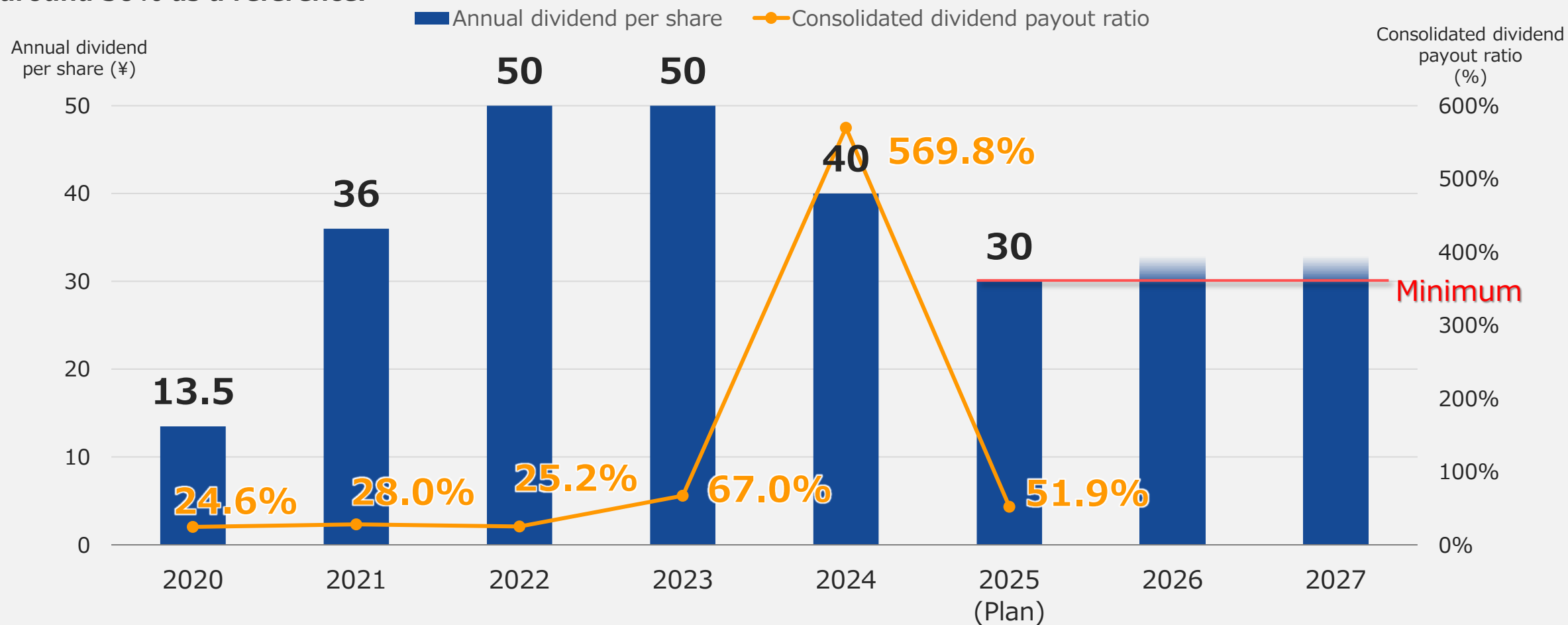
Primarily make renewal investments and investments to improve quality.

Debt repayment

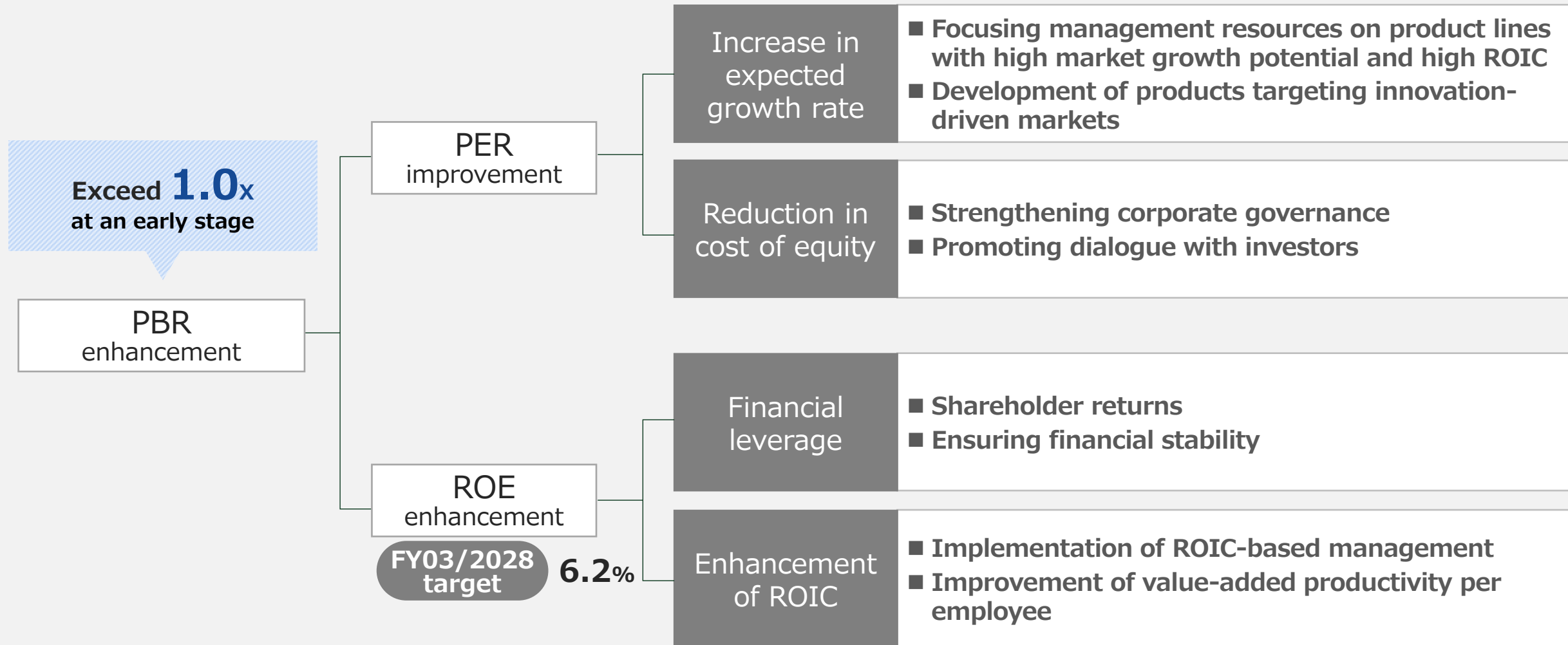
Reduce interest-bearing debt to ensure financial stability.

Shareholder Returns

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

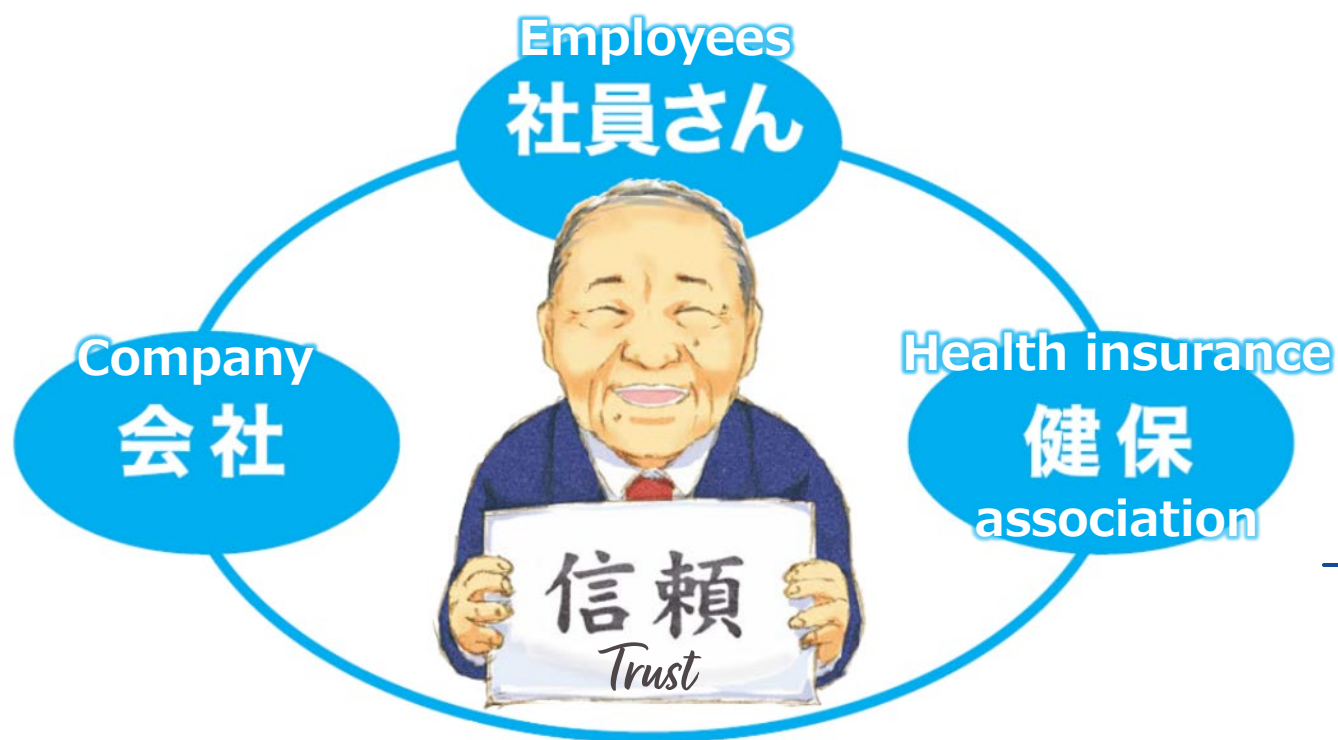


Corporate Value Enhancement



People-First Management (Health Management)

Built on **mutual trust** between the **company** and its **employees**



Certified for
4 consecutive years

[Disclaimer]

This document is intended to provide an understanding of our company's management policies, business plans, financial position, and other related information. It is not intended as a solicitation to buy, sell, or otherwise trade shares of the company.

The performance targets, forecasts, and other forward-looking statements contained herein are based on information available to the company at the time of preparation. These statements are subject to various risks and uncertainties, including changes in the economic environment, competitive landscape, and demand trends.

As a result, actual performance may differ materially from the forecasts presented in this document. The company assumes no responsibility for any losses incurred as a result of the use of this material.

Appendix

Term	Full name	Description
MES	Manufacturing Execution System	Manufacturing Execution System (MES) – a system that enables factory visualization and optimizes manufacturing operations.
DX	Digital Transformation	The fundamental transformation of business processes through the use of digital technologies by companies or organizations.
xEV	any Electric Vehicle	All vehicles using electrification technologies, such as EVs, HEVs, PHEVs, and FCEVs.
GHG	Greenhouse Gas	Gases that absorb and re-radiate heat energy emitted from the Earth's surface, thereby increasing the temperature of the Earth.
Scope1/2/3		A framework for classifying a company's greenhouse gas (GHG) emissions: Scope 1: Direct emissions of greenhouse gases Scope 2: Indirect emissions from energy use Scope 3: Other indirect emissions across the value chain
CAPM	Capital Asset Pricing Model	Model for calculating the cost of equity.
WACC	Weighted Average Cost of Capital	Weighted average of the cost of equity and the cost of interest-bearing debt.
Capital cost		The cost incurred by a company when raising capital.