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Securities Code: 8154

Date of sending by postal mail: June 8, 2023

Start date of measures for electronic provision: June 6, 2023

To all of our shareholders

Ryoichi Kado
Representative Director, President & COO
KAGA ELECTRONICS CO., LTD.
20 Kandamatsunagacho, Chiyoda-ku, Tokyo, Japan

Notice of the 55th Ordinary General Meeting of Shareholders

We hereby inform you of the 55th ordinary general meeting of shareholders of KAGA ELECTRONICS CO., LTD. (the “Company”) to be held as follows.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on each of the following websites. Please access one of the websites by using the Internet address shown below to review the information.

The Company’s website:

https://www.taxan.co.jp/jp/ir/event/event_03.html (in Japanese)

Website for posted informational materials for the general meeting of shareholders

<https://d.sokai.jp/8154/teiji/> (in Japanese)

TSE website (Listed Company Search):

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

(Access the TSE website by using the Internet address shown above, enter “KAGA ELECTRONICS” in “Issue name (company name)” or the Company’s securities code “8154” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on June 26, 2023 (Monday) (Japan Time).

1. Date and Time 10:00 a.m. on June 27, 2023 (Tuesday) (Japan Time)

2. Place Akihabara Business Center 4F, AP Akihabara
1-1 Akihabara, Taito-ku, Tokyo

3. Agenda of the Meeting

Matters to be reported

1. The Business Report and Consolidated Financial Statements for the 55th fiscal year (from April 1, 2022 to March 31, 2023), and results of the Audit Reports by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the 55th fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved

- Proposal No. 1:** Distribution of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Six (6) Directors
Proposal No. 4: Election of Two (2) Auditors

4. Other Matters Concerning the Meeting (Instructions on Exercise of Voting Rights)

- (1) If you exercise your voting rights in writing (by post), but indicate neither approval nor disapproval for a proposal on the Exercise Voting Rights Form, it will be treated as an indication of approval.
- (2) If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.
- (3) If you exercise your voting rights both via the Internet and in writing (by post), regardless of the date of arrival, the vote via the Internet shall be deemed effective.

If you attend the meeting in person, please present the enclosed Exercise Voting Rights Form at the reception on arrival at the meeting. If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each website provided on the previous page.

For this general meeting of shareholders, we have delivered paper-based documents stating the matters subject to measures for electronic provision to all shareholders regardless of whether they have made a request for delivery of such documents. Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders.

- (i) Principal lines of business, Operating results by business segment, Employees, Major Creditors, Other Significant Information Concerning the Current State of the Corporate Group, Accounting Auditor, and Company Structure and Policies in the Business Report
- (ii) Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements
- (iii) Statement of Changes in Equity and Notes to Non-consolidated Financial Statements

Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements included in the paper-based documents constitute a part of the documents audited by the Accounting Auditor in preparing the accounting audit report and Auditors in preparing the audit report.

Instructions on Exercise of Voting Rights

Exercise of voting rights at the Company's General Meeting of Shareholders is shareholders' important right. Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders.

You may exercise your voting rights by one of the following three methods.

Attending the General Meeting of Shareholders

Please present the enclosed Exercise Voting Rights Form at the reception desk.

Date and Time 10:00 a.m. on June 27, 2023 (Tuesday) (Japan Time) (Reception desk will open at 9:00 a.m.)

Exercising voting rights by postal mail

Please indicate your approval or disapproval of each proposal on the enclosed Exercise Voting Rights Form and return it without affixing a stamp.

Deadline To be received no later than 5:30 p.m. on June 26, 2023 (Monday) (Japan Time)

Exercising Voting Rights via the Internet

Please indicate whether you approve or disapprove of each proposal following the instructions on the next page.

Deadline All data entry to be completed no later than 5:30 p.m. on June 26, 2023 (Monday) (Japan Time)

How to Fill Out Your Exercise Voting Rights Form

Please indicate whether you approve or disapprove of each proposal.

Proposal Nos. 1 and 2

- To mark your approval Circle "Approve (賛)"
- To mark your disapproval Circle "Disapprove (否)"

Proposal Nos. 3 and 4

- To mark your approval for all candidates Circle "Approve (賛)"
- To mark your disapproval for all candidates Circle "Disapprove (否)"
- To mark your disapproval for certain candidates Circle "Approve (賛)" and write the number of the candidate(s) you wish to disapprove

Please note that your online vote will prevail should you exercise your voting rights both in writing (by post) and via the Internet. If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.

Guidance for Exercising Voting Rights via the Internet

Scanning the QR Code

You can log in to the website for the exercise of voting rights without entering the login ID or temporary password printed on the Exercise Voting Rights Form.

1. Please scan QR Code provided on the Exercise Voting Rights Form.
* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

Entering login ID and temporary password

1. Access the website for exercise of voting rights.

Website for exercise of voting rights: <https://evote.tr.mufg.jp/> (in Japanese)

2. Log in by entering your “login ID” and “temporary password” presented on the Exercise Voting Rights Form.
Enter your “login ID” and “temporary password.”
Click “Login.”
3. Register a new password.
Enter the “New Password.”
Click the “Send.”
4. Follow the directions that appear on the screen to input approval or disapproval to each proposal.

In case you need instructions for how to operate your personal computer or smartphone in order to exercise your voting rights via the Internet, please contact:

Corporate Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (Japan Time); toll free (Japan only))

Institutional investors may use the Electronic Voting Platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Distribution of Surplus

The Company intends to distribute the surplus as follows.

Matters related to year-end dividends

With respect to the year-end dividend for the 55th fiscal year, taking into account the Company's business results in the fiscal year under review and business development, etc., going forward, the Company proposes an ordinary dividend of 70 yen per share of common stock of the Company plus a 55th Anniversary commemorative dividend of 10 yen and an extraordinary dividend of 40 yen, for a total dividend payout of 120 yen per share. Note that the total amount of the dividends in this case will be 3,151,600,920 yen.

As a result, combined with the interim dividend of 100 yen per share already paid, the annual dividend payout will be 220 yen per share and the total amount of the annual dividends will be 5,777,960,720 yen.

1. Type of dividend property
Cash
2. Allotment of dividend property to shareholders and the total amount
120 yen per share of common stock of the Company
(Ordinary dividend: 70 yen)
(Commemorative dividend: 10 yen)
(Extraordinary dividend: 40 yen)
Total amount: 3,151,600,920 yen
3. Effective date of distribution of surplus
June 28, 2023

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

- 1) Article 15 (Convenor and Chairperson) of the current Articles of Incorporation will be amended to enable flexible and agile response regarding the administration of General Meeting of Shareholders.
- 2) The current Chapter 4 (Directors and Board of Directors), Article 21 (Term of Office), Article 22 (Representative Directors and Directors with Titles), and Article 23 (Executive Officers) will be amended for the purpose of speeding up management decision-making and enhancing supervisory functions of the Board of Directors by separating management decision-making and supervisory functions and business executive functions, clarifying directors’ managerial responsibilities and building a system that is able to respond swiftly to changes in management environment, and achieving flexible business execution.
- 3) Article 24 (Convenor and Chairperson of Board of Directors) of the current Articles of Incorporation will be amended to enable flexible and agile response regarding the administration of the Board of Directors meetings.

2. Details of the Amendments

The details of the amendments are as follows:

(Underlined text indicates changes)

Current Articles of Incorporation	Proposed Amendments
<p>(Convenor and Chairperson) Article 15</p> <ol style="list-style-type: none"> 1. Unless otherwise provided for in applicable laws and regulations, <u>the President & COO</u> shall call and preside over the General Meeting of Shareholders. 2. In the event that <u>the President & COO</u> is not able to attend the Meeting due to an accident or any other unavoidable circumstances, another director appointed in the order prescribed by the Board of Directors shall call and preside over the General Meeting of Shareholders. <p style="text-align: center;">Chapter 4. <u>Directors and Board of Directors</u></p> <p>(Term of Office) Article 21</p> <ol style="list-style-type: none"> 1. The term of office of directors shall continue until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year which ends within <u>two (2) years</u> from the time of their election. 2. (Omitted) <p>(Representative Directors <u>and Directors with Titles</u>) Article 22</p> <ol style="list-style-type: none"> 1. (Omitted) 2. <u>The Board of Directors may, by resolution, appoint one (1) President & COO, the chairperson of the board, vice chairperson of the board, vice president, senior managing director, managing director, and a small number of other directors with titles.</u> <p>(Executive Officers) Article 23</p> <p style="text-align: center;">(Omitted) (Establishment)</p>	<p>(Convenor and Chairperson) Article 15</p> <ol style="list-style-type: none"> 1. Unless otherwise provided for in applicable laws and regulations, <u>the director determined in advance by the Board of Directors</u> shall call and preside over the General Meeting of Shareholders. 2. In the event that <u>said director</u> is not able to attend the Meeting due to an accident or any other unavoidable circumstances, another director appointed in the order prescribed by the Board of Directors shall call and preside over the General Meeting of Shareholders. <p style="text-align: center;">Chapter 4. <u>Directors, Board of Directors, and Executive Officers</u></p> <p>(Term of Office) Article 21</p> <ol style="list-style-type: none"> 1. The term of office of directors shall continue until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year which ends within <u>one (1) year</u> from the time of their election. 2. (No change) <p>(Representative Directors) Article 22</p> <p style="text-align: center;">(No change) (Deletion)</p> <p>(Executive Officers) Article 23</p> <p style="text-align: center;">(No change)</p> <ol style="list-style-type: none"> 2. <u>The Board of Directors may, by resolution, appoint the Founder & CEO, President & COO, senior managing executive officers, managing executive officers, senior executive officers, and a small number of other executive officers with titles.</u>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="146 197 646 230">(Convenor and Chairperson of <u>Board of Directors</u>)</p> <p data-bbox="146 230 256 264">Article 24</p> <ol data-bbox="172 264 778 544" style="list-style-type: none"> <li data-bbox="172 264 778 353">1. Unless otherwise provided for in applicable laws and regulations, <u>the President & COO</u> shall call and preside over the Board of Directors meetings. <li data-bbox="172 387 778 544">2. In the event that <u>the President & COO</u> is not able to attend the meeting due to an accident or any other unavoidable circumstances, another director appointed in the order prescribed by the Board of Directors shall call and preside over the meeting. 	<p data-bbox="798 197 1085 230">(Convenor and Chairperson)</p> <p data-bbox="798 230 908 264">Article 24</p> <ol data-bbox="823 264 1430 544" style="list-style-type: none"> <li data-bbox="823 264 1430 387">1. Unless otherwise provided for in applicable laws and regulations, <u>the director determined in advance by the Board of Directors</u> shall call and preside over the Board of Directors meetings. <li data-bbox="823 387 1430 544">2. In the event that <u>said director</u> is not able to attend the meeting due to an accident or any other unavoidable circumstances, another director appointed in the order prescribed by the Board of Directors shall call and preside over the meeting.

Proposal No. 3 Election of Six (6) Directors

The terms of office of all eleven (11) current directors will expire at the conclusion of this general meeting. Accordingly, the Company proposes the election of six (6) Directors, a reduction by five (5) from the current eleven (11) Directors. The objective is to strengthen the Board of Directors' functions and business execution functions by clarifying the respective functions of management decision-making and supervision on one hand and business execution on the other, including delegating authority to executive officers, so as to further enhance corporate governance.

Candidates for director are as follows.

Candidate No.	Name/Candidate attributes	Position and responsibilities in the Company	Attendance at Board of Directors meetings	Committee the candidate is scheduled to join after the meeting		
				Nomination and Compensation Committee	CSR Promotion Committee	SDGs Committee
1.	Isao Tsukamoto Reelection	Representative Director, Founder & CEO	17/18 (94.4%)	○		
2.	Ryoichi Kado Reelection	Representative Director, President & COO	18/18 (100%)	○	★	★
3.	Shintaro Kakei Reelection	Director, Senior Managing Executive Officer	18/18 (100%)		○	○
4.	Susumu Miyoshi Reelection Outside Independent	Outside directors	18/18 (100%)	○		
5.	Akira Tamura Reelection Outside Independent	Outside directors	17/18 (94.4%)	○		
6.	Noritomo Hashimoto Reelection Outside Independent	Outside directors	18/18 (100%)	★		

Reelection: Candidate for Director to be reelected

Outside: Candidate for Outside Director

Independent: Independent officer as defined by Tokyo Stock Exchange, Inc.

★: Chairperson

○: Member

candidate no.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares held
1.	<p>Isao Tsukamoto (September 1, 1943) Reelection Term of office 55 years Attendance at Board of Directors meetings 17/18 (94.4%)</p>	<p>Sept. 1968 Established Kaga Electronics Co., Ltd. President & CEO Apr. 2007 Founder & CEO June 2021 Outside Director, ITbook Holdings Co., Ltd (to present) Apr. 2022 Representative Director, Founder & CEO (to present) Significant positions concurrently held Outside Director, ITbook Holdings Co., Ltd.</p>	730,345
<p>Reasons for proposing the candidate for director Isao Tsukamoto is the founder of the Company and served as President & CEO until 2007. Since then as Founder & CEO, he has used his extensive knowledge and human network, which goes beyond the industry, to give direction to management group-wide. Based on our judgment that his wealth of knowledge and professional abilities related to management will continue to be indispensable for the Group management and improvement of corporate value, we have made him a candidate for director.</p>			
2.	<p>Ryoichi Kado (December 1, 1957) Reelection Term of office 28 years Attendance at Board of Directors meetings 18/18 (100%)</p>	<p>Mar. 1980 Joined Kaga Electronics Co., Ltd. Apr. 1991 Division Manager of Sales Department No. 3, Sales Headquarters Apr. 1992 Division Manager of Amusement Products Sales Department, Sales Headquarters Apr. 1995 Division Manager of East Japan Sales Department, High Tech Business Division June 1995 Director Apr. 2002 Managing Director Apr. 2005 Senior Managing Director, General Manager of Specific Industry Business Headquarters Apr. 2011 Senior Managing Director, Head of Entertainment Business Unit Apr. 2012 Vice President, Head of Components Business Unit Apr. 2014 President & COO Apr. 2022 Representative Director, President & COO (to present) Significant positions concurrently held -</p>	66,451
<p>Reasons for proposing the candidate for director Since joining the Company, Ryoichi Kado has been involved in the major businesses of the Company and possesses leadership based on his extensive knowledge and results. Since being elected President & COO in 2014, he has contributed to improvement of corporate value by giving direction to Group management. Based on our judgment that his broad-ranging experience and capabilities are indispensable to promotion of the Medium-Term Management Plan and central to the Group's management, we have made him a candidate for director.</p>			

candidate no.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares held
3.	<p style="text-align: center;">Shintaro Kakei (November 9, 1956) Reelection Term of office 23 years Attendance at Board of Directors meetings 18/18 (100%)</p>	<p>Apr. 1993 Joined Kaga Electronics Co., Ltd. Apr. 1994 Manager of Asia Project Office, Sales Headquarters No. 2 Apr. 1997 Division Manager of Overseas Sales Department, Sales Headquarters May 2000 Division Manager of Overseas Business Division, Electronics Business Headquarters June 2000 Director Apr. 2005 Managing Director Apr. 2011 Managing Director, Head of Manufacturing Business Unit Apr. 2014 Senior Managing Director, Head of Manufacturing Business Unit Apr. 2015 Senior Managing Director, Head of Corporate Planning Department Oct. 2015 Senior Managing Director Apr. 2022 Director and Senior Executive Officer (to present) Significant positions concurrently held -</p>	33,335
<p>Reasons for proposing the candidate for director Since joining the Company, Shintaro Kakei has been involved in the overseas and EMS businesses and possesses a solid track record and broad-ranging knowledge, having established a revenue base for those businesses. Based on our judgment that his business development results overseas and rich experience are indispensable to improve the corporate value, we have made him a candidate for director.</p>			

candidate no.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares held
4.	<p style="text-align: center;">Susumu Miyoshi (September 20, 1940) Reelection Outside Independent Term of office 8 years Attendance at Board of Directors meetings 18/18 (100%)</p>	<p>Apr. 1963 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)</p> <p>Sept. 1994 Director</p> <p>June 2001 Executive Vice President and Representative Director</p> <p>June 2002 Consultant</p> <p>June 2002 President & COO of Osaka Toyopet Co., Ltd. (currently Osaka Toyota Motor Co., Ltd.)</p> <p>June 2005 Advisor to Toyota Motor Corporation Chairman of Osaka Toyopet Co., Ltd. (currently Osaka Toyota Motor Co., Ltd.)</p> <p>June 2009 Executive Advisor to Hitachi Maxell, Ltd. (currently Maxell Holdings, Ltd.)</p> <p>June 2015 Outside Director of the Company (to present)</p> <p>Significant positions concurrently held -</p>	3,000
<p>Reasons for proposing the candidate for outside director and overview of expected role Susumu Miyoshi has served as Executive Vice President at Toyota Motor Corporation, and we believe that his rich experience and broad-ranging knowledge as a member of management at various companies, will be leveraged to supervise and provide advice on the Company's overall management, and will strengthen the function of our Board of Directors, so we have made him a candidate for outside director. If he is elected, he will be involved in the election of candidates for directors and the determination of remuneration for directors (and other officers) of the Company, objectively and from a neutral position as a Nomination and Compensation Committee member.</p>			
5.	<p style="text-align: center;">Akira Tamura (July 23, 1946) Reelection Outside Independent Term of office 8 years Attendance at Board of Directors meetings 17/18 (94.4%)</p>	<p>Apr. 1970 Joined the Bank of Japan</p> <p>June 1978 Deputy Director of the International Finance Bureau, Ministry of Finance (dispatched)</p> <p>Jan. 1998 Director of Information Systems Department, Bank of Japan</p> <p>Apr. 1998 Director of Information System Services Department</p> <p>June 2001 Managing Director at Sohgo Security Services Co., Ltd. (ALSOK)</p> <p>Apr. 2008 Representative Director and Senior Executive Officer</p> <p>Apr. 2012 Advisor to Niigata Sohgo Security Services Co., Ltd. (ALSOK) (to present)</p> <p>June 2015 Outside Director of the Company (to present)</p> <p>June 2019 Outside Board Director, Solekia Limited (to present)</p> <p>Significant positions concurrently held Advisor to Niigata Sohgo Security Services Co., Ltd. (ALSOK) Outside Board Director, Solekia Limited</p>	3,000
<p>Reasons for proposing the candidate for outside director and overview of expected role Akira Tamura has served as Director and Senior Managing Executive Officer at Sohgo Security Services Co., Ltd., and we believe that his rich experience as a member of corporate management and his deep knowledge cultivated at the Bank of Japan and several other companies will be leveraged to supervise and provide advice on the Company's overall management, particularly in the areas of management strategy and business administration, and will strengthen the function of our Board of Directors, so we have made him a candidate for outside director. If he is elected, he will be involved in the election of candidates for directors and the determination of remuneration for directors (and other officers) of the Company, objectively and from a neutral position as a Nomination and Compensation Committee member.</p>			

candidate no.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares held
6.	<p style="text-align: center;">Noritomo Hashimoto (July 30, 1954) Reelection Outside Independent Term of office 4 years Attendance at Board of Directors meetings 18/18 (100%)</p>	<p>Apr. 1977 Joined Mitsubishi Electric Corporation Apr. 2009 Executive Officer in charge of General Affairs, Human Resources and Public Relations June 2009 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, and in charge of General Affairs, Human Resources and Public Relations Apr. 2012 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, and in charge of Corporate Strategic Planning and Operations of Associated Companies June 2012 Director, Member of the Nomination Committee, Senior Vice President, and in charge of Corporate Strategic Planning and Operations of Associated Companies Apr. 2016 Director July 2016 Advisor June 2019 Outside Director of the Company (to present) Mar. 2021 Outside Director, Ibokin Corp. (to present) Significant positions concurrently held Outside Director, Ibokin Corp.</p>	1,300
<p>Reasons for proposing the candidate for outside director and overview of expected role Noritomo Hashimoto has served as Director and Executive Officer at Mitsubishi Electric Corporation, and we believe that his rich experience and deep knowledge serving as the Chairman of the Nomination and Compensation Committees as well as being in charge of departments such as General Affairs, Human Resources and Corporate Strategic Planning, will be leveraged to supervise and provide advice on the Company's overall management, particularly in the areas of management strategy and human resources, and will strengthen the function of our Board of Directors, so we have made him a candidate for outside director. If he is elected, he will be involved in the election of candidates for directors and the determination of remuneration for directors (and other officers) of the Company, objectively and from a neutral position as a Nomination and Compensation Committee member.</p>			

- (Notes)
1. No conflict of interest exists between any of the candidates and the Company.
 2. Susumu Miyoshi, Akira Tamura, and Noritomo Hashimoto are candidates for outside directors.
 3. Susumu Miyoshi, Akira Tamura, and Noritomo Hashimoto are currently outside directors of the Company, and their tenure as outside directors will come to eight (8) years for Susumu Miyoshi and Akira Tamura and four (4) years for Noritomo Hashimoto at the conclusion of this meeting.
 4. The Company has entered into contracts with Susumu Miyoshi, Akira Tamura, and Noritomo Hashimoto based on the provisions of the Companies Act, Article 427, paragraph (1) to limit their liability for damages under Article 423, paragraph (1) of the said Act to within the minimum liability amount stipulated in Article 425, paragraph (1) of the said Act. If the reelection of the three candidates is approved, the Company plans to renew the aforementioned contracts with them.
 5. The Company has entered into a directors and officers liability insurance policy with an insurance company for the officers, etc., stipulated in Article 430-3, paragraph (1) of the Companies Act. This insurance policy will cover any damages that may arise due to the insured officers, etc. assuming responsibility for the execution of their duties, or from claims received in relation to the pursuit of such responsibility. An overview, etc. of the content of the insurance agreement is listed in "III Corporate Officers (5) Overview of Details of Directors and Officers Liability Insurance Policy" on page 38 of the Business Report. If the election of the candidates for director is approved, all of them will be included in the insured persons of this insurance agreement. Furthermore, in the next renewal period, the Company will renew this insurance policy with the same contents.
 6. Susumu Miyoshi, Akira Tamura, and Noritomo Hashimoto satisfy the requirements for independent officers based on the provisions of the Tokyo Stock Exchange; so the Company has registered them as independent officers. If the reelection of the three candidates is approved, the Company plans for their appointment as independent officers to continue.

Proposal No. 4 Election of Two (2) Auditors

The terms of office of auditors Kazunori Kameda and Takahiro Ishii will expire at the conclusion of this general meeting. Therefore, the Company proposes that two (2) auditors be elected.

Furthermore, the Board of Auditors has given acknowledgment of this proposal.

A candidate for auditor is as follows.

candidate no.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares held
1.	<p>Eiji Kawamura (August 14, 1955) New candidate Term of office – Attendance at Board of Directors meetings 18/18 (100%) Attendance at Board of Auditors meetings -/- (-%)</p>	<p>Mar. 1979 Joined Kaga Electronics Co., Ltd. Dec. 1985 President of Taxan (U.K.) Ltd. Apr. 1993 Division Manager of Overseas Sales Department, Sales Headquarters No. 2 May 2003 President of Kaga Solution Network Co., Ltd. Apr. 2005 Executive Officer, Head of Accounting Division and Head of Information Systems Department Apr. 2012 Executive Officer, Head of Administration Headquarters June 2012 Director, Head of Administration Headquarters and Head of Accounting Division Apr. 2015 Director, Head of Administration Headquarters June 2015 Managing Director, Head of Administration Headquarters Apr. 2022 Director, Managing Executive Officer and Head of Administration Headquarters Apr. 2023 Director, Managing Executive Officer (to present) Significant positions concurrently held -</p>	40,622
<p>Reasons for proposing the candidate for auditor Eiji Kawamura possesses broad-ranging knowledge and insights concerning the Group's operations, having been involved in Sales and Administration since joining the Company and served as president of consolidated subsidiaries in Japan and overseas, and accordingly, the Company judges that he will be able to perform his duties appropriately as an auditor, and so we have made him a candidate for auditor.</p>			

candidate no.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares held
2.	<p style="text-align: center;">Kyoko Oyanagi (September 11, 1978) New candidate Outside Independent Term of office — Attendance at Board of Directors meetings -/- (-%) Attendance at Board of Auditors meetings -/- (-%)</p>	<p>Apr. 2002 Joined Sanken Outsourcing K.K. Jan. 2004 Joined Sugata Labor Management Office (currently Sakura Management Office) Nov. 2005 Registered as a labor and social security attorney Apr. 2006 Executive Director, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association certified by the Minister of Health, Labour and Welfare) Apr. 2016 Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office (to present) Apr. 2020 Chairman, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association certified by the Minister of Health, Labour and Welfare) (to present)</p> <p>Significant positions concurrently held Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office Chairman, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association certified by the Minister of Health, Labour and Welfare)</p>	—
<p>Reasons for proposing the candidate for outside auditor Kyoko Oyanagi possesses extensive knowledge and experience in corporate management and as a labor and social security attorney, and to ensure the soundness of the Company in reforming the work style, investing in human capital, and promoting women's activities, the Company has made her a candidate for outside auditor in the expectation that she will conduct accurate audits from a professional and multifaceted perspective.</p>			

- (Notes)
1. No conflict of interest exists between any of the candidates and the Company.
 2. Kyoko Oyanagi is a candidate for an outside auditor.
 3. If the election of Kyoko Oyanagi is approved, the Company will enter into a contract with her based on the provisions of the Companies Act, Article 427, paragraph (1) to limit her liability for damages under Article 423, paragraph (1) of the said Act to within the minimum liability amount stipulated in Article 425, paragraph (1) of the said Act.
 4. The Company has entered into a directors and officers liability insurance policy with an insurance company for the officers, etc., stipulated in Article 430-3, paragraph (1) of the Companies Act. This insurance policy will cover any damages that may arise due to the insured officers, etc. assuming responsibility for the execution of their duties, or from claims received in relation to the pursuit of such responsibility. An overview, etc. of the content of the insurance policy is listed in "III Corporate Officers (5) Overview of Details of Directors and Officers Liability Insurance Policy" on page 38 of the Business Report. If the election of the candidates for auditor is approved, all of them will be included in the insured persons of this insurance agreement. Furthermore, in the next renewal period, the Company will renew this insurance policy with the same contents.
 5. Kyoko Oyanagi is the Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office, and although the Company concluded an advisory contract with the said office, the transaction amount is insignificant and she satisfies the requirements for independence as defined by the Tokyo Stock Exchange; the Company plans to register her as an independent officer based on the provisions of the Tokyo Stock Exchange.

<Reference> Table of Officer Structure After Approval of Proposal Nos. 3 and 4 and Area of Expertise of Each Director and Auditor

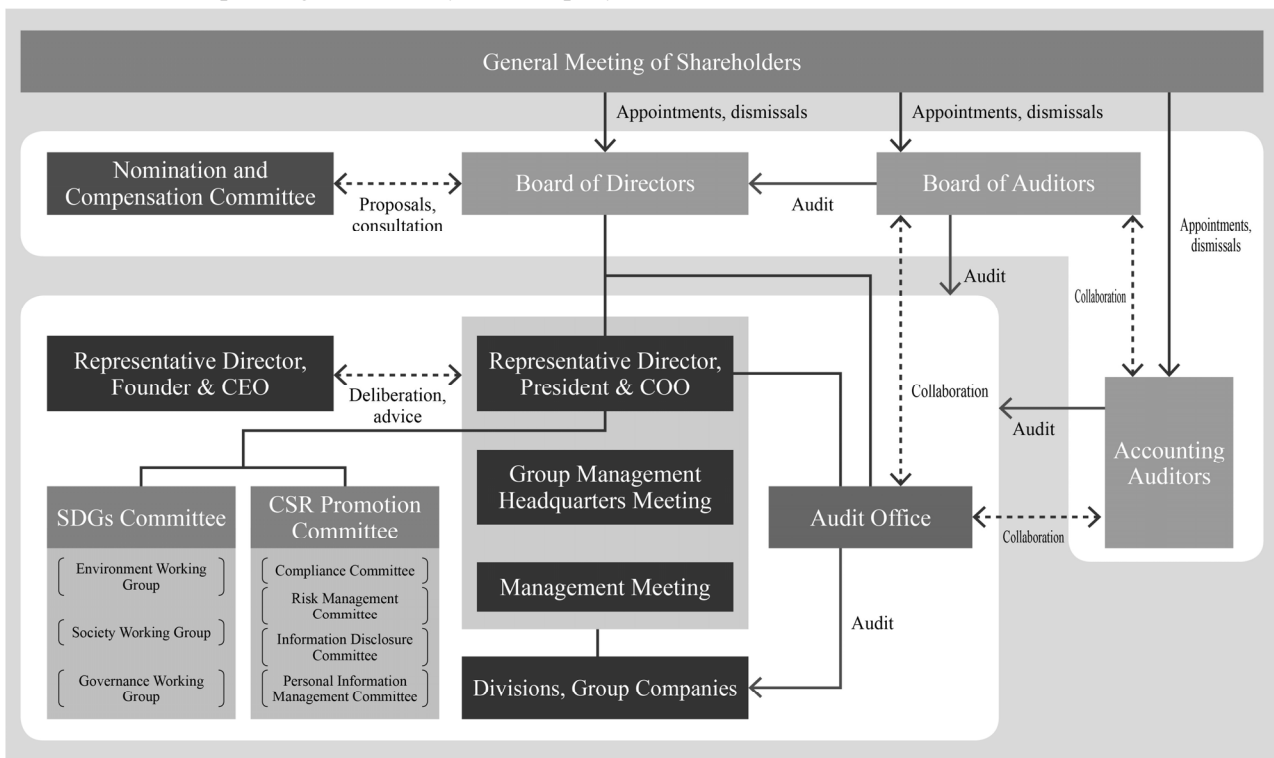
	Name	Area of Expertise							
		Corporate Management	Global	Sales and Marketing	Law and Risk Management	Finance and Accounting	Personnel and Human Resources Development	Technology and Manufacture	IT and Digital
Director	Isao Tsukamoto	○	○	○		○			
	Ryoichi Kado	○	○	○			○		
	Shintaro Kakei		○	○				○	○
	Susumu Miyoshi Outside Independent	○		○	○	○			
	Akira Tamura Outside Independent	○		○	○				○
	Noritomo Hashimoto Outside Independent	○			○		○	○	
Auditor	Eiji Kawamura		○			○	○		○
	Susumu Kitsunai Outside Independent	○	○			○			
	Yoichi Sato Outside Independent				○		○		
	Kyoko Oyanagi Outside Independent	○			○		○		

* A maximum of four particular areas expected of each person are presented. The above table does not represent all of the knowledge possessed by the officers.

[Reference] Basic Policies and Structure of Corporate Governance (after the 55th Ordinary General Meeting of Shareholders)

The Company recognizes that the fulfillment of corporate governance is an important management issue and has established a corporate governance system with the basic policy and objective to ensure sound, efficient and transparent management and to enhance corporate value while promoting thorough compliance with corporate ethics and laws and regulations and strengthening internal control systems. In light of the importance of corporate governance, in addition to the CSR Promotion Committee, the Company has established the SDGs Committee and the Nomination and Compensation Committee to strengthen its structure.

We are a company with a Board of Directors and a Board of Auditors and have adopted a corporate governance system based on the collaboration of the Board of Directors, the Nomination and Compensation Committee, the auditors and the Board of Auditors, and the accounting auditors. In addition to regular monthly meetings, the Board of Directors holds extraordinary meetings as needed to make decisions on issues stipulated by law and important management issues as well as to monitor the execution of duties of each director. The number of directors is six (6), including three (3) outside directors, and the Company has established a system that allows for sufficient discussion and accurate and prompt decision-making. In addition, on April 1, 2005, the Company introduced an employment-type executive officer system. However, on April 1, 2022, the Company introduced an engagement-type executive officer system in order to further improve corporate governance. In doing so, the Company has built a system capable of providing swift response to external environmental change while strengthening the Board of Directors' function and the business execution function through promoting separation of the decision making and supervisory functions related to management from the business execution function and clarifying the respective roles. The Board of Auditors consists of four (4) members, including three (3) outside auditors, and the auditors attend Board of Directors meetings at all times and actively participate in important internal meetings to perform their duties. The structure of corporate governance by the Company is described below.



Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee to ensure transparency and objectivity in the evaluation and decision-making processes related to the nomination and remuneration of directors, auditors and engagement-type executive officers, thereby strengthening the supervisory function of the Board of Directors and enhancing the corporate governance system.

Audit Office

The Company has established the Audit Office, which conducts internal audits in cooperation with the auditors. In addition to prior discussions between the auditors and the Audit Office regarding audit plans, the Audit Office reports audit results to the auditors on a regular basis, and the auditors collaborate with the Audit Office, requesting reports from the Audit Office when necessary.

SDGs Committee

The Company has established the SDGs Committee, chaired by the Representative Director, President & COO, to enhance our efforts to address CSR and ESG issues and to promote sustainability management across the entire group. In addition, the Company has established the Environment Working Group, Society Working Group and Governance Working Group as subordinate organizations and is actively developing activities in each of these areas.

CSR Promotion Committee

The Company has established the CSR Promotion Committee, chaired by the Representative Director, President & COO, to enhance corporate value and promote corporate social responsibility. In addition, the Company has established the Compliance Committee, Risk Management Committee, Information Disclosure Committee and Personal Information Management Committee as subordinate organizations and is actively developing activities in each of these areas.

Outside Officers

The Company has elected three (3) outside directors and three (3) outside auditors. With respect to the election of outside directors, the Company refers to the independence standards of the Tokyo Stock Exchange and requires candidates to have no special interest in the Company and to possess a wide range of experience and insight in corporate management. In addition, the Company requires auditors to have a high level of expertise as well as independence from those who execute the business.

The Company has established the Board of Directors Administrative Office and distributed materials on issues to be discussed by the Board of Directors to all officers, including outside officers, prior to the Board of Directors meetings. The Company provides outside officers with sufficient advance information, including supplementary explanations as necessary, to encourage lively discussions at Board of Directors meetings. The Company sets the schedule of regular meetings of the Board of Directors for the following fiscal year by the end of each fiscal year and informs all officers, including outside officers, of the schedule in an effort to improve the attendance rate.

[The Company's Rationale Regarding Independence for Outside Officers]

- As the Company elects outside officers in accordance with "Qualifications Required of Outside Officers" (Notes), which is based on requirements in the Companies Act in addition to the criteria for determining independence as set forth by the Tokyo Stock Exchange, the Company has judged that the independence of outside officers is sufficiently maintained, and submitted notification to the Tokyo Stock Exchange concerning the designation of all outside officers as independent officers.
- The Board of Directors resolved that all outside officers will become independent officers as it was confirmed that there are no issues with "Qualifications Required of Outside Officers" as a standard for determining the independence of outside officers.

(Notes) Qualifications Required of Outside Officers

- The following qualification requirements have been established between new candidates for outside officer and the companies and organizations to which they belong and the Company.
1. Has not been a representative officer or employee of the accounting auditor in the five years prior to being nominated as a candidate for director or auditor
 2. Is not a major shareholder of the Group (person who holds shares with 10% or more of total voting rights) and, where a major shareholder of the Group is a corporation, not a director, auditor, officer, executive officer or employee of such major shareholder
 3. Is not a director, auditor, officer, executive officer or employee of a major business partner (*) of the Group
(*) A major business partner is a company that has transactions with the Group where the amount paid or received amounts to 3% or more of the consolidated net sales of the Group or the business partner
 4. Has not received remuneration of 10 million yen or more from the Group other than remuneration as a director or auditor
 5. Does not have a familial relationship (within the second degree of kinship) with the any of the Group's directors, auditors or executive officers
 6. Is not involved in the mutual dispatch of directors, auditors, officers or executive officers to and from the Group
 7. Has any other interest in the Group, and independence is not called into question when carrying out duties as outside director or outside auditor

(Attached documents)

Business Report

(From April 1, 2022 to March 31, 2023)

I. Business Progress and Achievement of the Corporate Group

(1) Overview of Business

(i) Business activities and results

During the fiscal year under review, the Japanese and overseas economic conditions surrounding the Group showed a gradual recovery. The relaxation of COVID-19 restrictions on movement normalized economic activity, and semiconductor shortages and supply chain disruptions eased. Meanwhile, amid rising food and energy prices due to the prolonged Russia–Ukraine conflict, conditions remain uncertain partly owing to sharp changes in exchange rates and financial system instability resulting from higher policy rates as anti-inflation measures.

In the U.S. and Europe, personal spending generally remained strong, but high inflation and monetary tightening have led to financial institution failures and other growing concerns about the future. In China, although the country has been affected by its zero-COVID policy, there were signs of a pickup in personal spending following the lifting of the policy. In Japan, despite concerns about the impact of rising commodity prices due to the weak yen and price hikes in energy resources and grains, the economy recovered gradually as economic activities began to return to normal.

In the electronics industry to which the Group belongs, supply shortages and extended lead times, which had continued to affect some semiconductors and electronic components, were generally resolved, and demand remains robust in a wide range of industries.

Under the management environment, in the electronic components business, which is the Group's core business, primarily in automotive and medical equipment applications, sales in both the component sales business and the EMS(*) business grew significantly.

In the information equipment business, the Company saw growth in sales of high-end PC products and security software, as well as in the LED installation business.

In the software business, orders for smartphone game development and computer graphics production recovered.

In other businesses, the recycling business for PC products and other products remained solid.

As a result, sales increased in all business segments, and the Group's net sales in the fiscal year under review totaled 608,064 million yen, up 22.6% year on year.

Operating income increased by 54.2% year on year to 32,249 million yen due to a significant increase in gross profit resulting from higher net sales and improved gross profit margin. Ordinary income increased by 52.6% year on year to 32,739 million yen and profit attributable to owners of parent increased by 49.8% to 23,070 million yen. The Company achieved record highs in net sales for the second consecutive year, operating income and ordinary income for the fourth consecutive year, and profit attributable to owners of parent for the third consecutive year.

(Note) Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis.

(ii) Status of assets and profit/loss in the last three fiscal years preceding the fiscal year under review

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Net sales (million yen)	443,615	422,365	495,827	608,064
Operating income (million yen)	10,014	11,467	20,915	32,249
Ordinary income (million yen)	10,137	11,241	21,456	32,739
Profit attributable to owners of parent (million yen)	5,852	11,399	15,401	23,070
ROE (%)	7.6	13.5	15.7	19.6
Total assets (million yen)	207,638	237,004	272,139	286,217
Net assets (million yen)	86,250	95,062	105,800	129,737
Earnings per share (yen)	213.21	415.07	576.46	878.65
Net assets per share (yen)	2,850.99	3,311.24	4,026.22	4,935.36
Equity ratio (%)	37.7	38.4	38.8	45.3

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 2022, and each figure for the fiscal year ended March 2022 and thereafter is the figure after applying the accounting standard and relevant ASBJ regulations.

Electronic Components

Description of business Development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities

In this business, the component sales business attracted a high level of sales in a broad range of industries, in part due to the improved supply/demand conditions for semiconductors and electronic components from the second half of the fiscal year, which remained tight. Some products for automotive-related applications are facing supply shortages, but the Company mobilized its abilities and secured sales volume by using its strength in procurement capabilities as an independent trading company as well as proposing alternative products.

In the EMS business, sales in the automotive sector grew significantly and sales to key customers in applications related to medical and office equipment remained strong. The yen has been weak since the start of the fiscal year, and this pushed up revenue on a yen basis.

As a result, net sales increased 24.3% year on year to 539,342 million yen and segment income increased 56.4% year on year to 28,314 million yen.

Information Equipment

Description of business Sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products

In this business, sales of PCs for corporations and educational institutions were sluggish on a unit basis due to the prolonged replacement cycle but performed well on a value basis thanks to sales of high-end products. Sales of PC peripheral products such as security software also remained solid. In the LED installation business, the installation of large-scale nationwide projects, which had been delayed due to material shortages, made steady progress and contributed significantly to operating revenue.

As a result, net sales increased 10.3% year on year to 43,680 million yen and segment income increased 17.4% year on year to 2,449 million yen.

Software

Description of business Production of computer graphics, planning and development of amusement products, and other activities

In this business, orders for large-scale and new projects in smartphone games development and computer graphics production recovered, and the profitability of the business improved as a result of progress in cost reductions.

As a result, net sales increased 8.3% year on year to 2,998 million yen and segment income was 286 million yen (segment loss was 26 million yen in the same period of the previous year).

Others

Description of business Repair and supports for electronics equipment, manufacture and sales of amusement equipment, and sales of sports goods, and other activities

In this business, the PC and PC peripheral recycling business was strong. In addition, sales of game equipment for the amusement industry in Japan and overseas as well as golf products were robust, in part due to the relaxation of restrictions on movement during the pandemic.

As a result, net sales increased 12.5% year on year to 22,044 million yen and segment income increased 76.0% year on year to 1,101 million yen.

(iii) Capital investments

Capital investment made in the fiscal year under review was 3,691 million yen (based on acquisition cost of property, plant and equipment), and this was mainly due to expansion of facilities at overseas manufacturing bases.

(iv) Financing activities

In the fiscal year under review, unsecured bonds totaling 10 billion yen were issued to diversify funding sources. In addition, the Company entered into a loan commitment line agreement with financial institutions totaling 15 billion yen. Furthermore, there was no balance of borrowings executed under this agreement as of the end of the fiscal year under review.

(v) Status of transfers of business, absorption-type company split or incorporation-type company split

Not applicable

(vi) Status of acquisition of business of other companies

Not applicable

(vii) Status of assumption of rights and duties relating to the business of other companies through absorption-type merger or company split

Not applicable

(viii) Status of acquisition or disposal of shares, other equity interests, or share acquisition rights and the like of other companies

• Status of acquisition of shares

Date	Acquiree	Acquirer	Percentage	Status
June 30, 2022	KAGA EMS TOWADA CO., LTD.	KAGA ELECTRONICS CO., LTD.	100.0%	Wholly owned subsidiary

(2) Significant Parent Companies and Subsidiaries

- (i) Parent companies
Not applicable
- (ii) Significant subsidiaries
Directly owned subsidiaries

Name of Company	Capital	Percentage of voting rights held by the Company	Principal lines of business
KAGA TECH CO., LTD.	60,000 thousand yen	100.0%	Sale of electronic components, electronic equipment, etc.
KAGA DEVICES CO., LTD	395,200 thousand yen	100.0%	Sale of electronic components, electronic equipment, etc.
Kaga Solution Network Co., Ltd.	310,000 thousand yen	100.0%	Development, design, installation, and maintenance of computer network systems, and sale of information equipment, software, photosensitive material, and optical equipment, etc.
AD DEVICE CO., LTD.	301,200 thousand yen	96.7%	Sale of electronic components, electronic equipment, etc.
KAGA MICRO SOLUTION CO., LTD.	300,050 thousand yen	100.0%	Development, manufacture, sale, and recycling of computers, computer peripheral equipment, and electric equipment, etc.
Digital Media Lab., Inc.	106,000 thousand yen	100.0%	Planning, development, and sale of computer graphics
KAGA SPORTS CO., LTD.	50,000 thousand yen	100.0%	Manufacture, wholesale, and sale of sports goods, etc.
KAGA AMUSEMENT CO., LTD.	50,000 thousand yen	100.0%	Sale of electronic components, electronic equipment, etc.
KAGA TECHNO SERVICE CO., LTD.	42,000 thousand yen	100.0%	Electrical and telecommunications equipment business, and interior construction business
KAGA FEI Co., Ltd.	4,877,683 thousand yen	100.0%	Sale of electronic components, electronic equipment, etc.
KAGA EMS TOWADA CO., LTD.	30,000 thousand yen	100.0%	Board mounting and assembly of on-board automotive electronic equipment and medical devices
EXCEL CO., LTD.	400,000 thousand yen	100.0%	Sale of electronic components, electronic equipment, etc.
Kyokuto Electric Co., Ltd.	99,000 thousand yen	100.0%	Manufacture and sale of electronic equipment, electric equipment, etc.
KAGA AEROSYSTEMS CO., LTD.	99,000 thousand yen	100.0%	Import and export, sale, and leasing of aircraft and related parts
Kaga (H.K.) Electronics Limited	2,580 thousand U.S. dollars	100.0%	Sale of electronic components, electronic equipment, etc.
KAGA (SINGAPORE) ELECTRONICS PTE LTD	943 thousand U.S. dollars	100.0%	Sale of electronic components, electronic equipment, etc.
KAGA (TAIWAN) ELECTRONICS CO., LTD.	50,000 thousand TW dollars	100.0%	Sale of electronic components, electronic equipment, etc.
KAGA (SHANGHAI) ELECTRONICS CO., LTD.	15,017 thousand RMB	100.0%	Manufacture and sale of electronic equipment, electronic components, etc.
KAGA ELECTRONICS (THAILAND) COMPANY LIMITED	102,000 thousand Thai baht	100.0%	Manufacture and sale of electronic equipment, electronic components, etc.
KAGA (EUROPE) ELECTRONICS LTD.	600 thousand British pounds	100.0%	Sale of electronic components, electronic equipment, etc.
KD TEC s.r.o.	12,000 thousand Czech koruna	100.0%	Assembly of electric and electronic units, sale of electronic components, etc.

Name of Company	Capital	Percentage of voting rights held by the Company	Principal lines of business
TAXAN MEXICO S.A. DE C.V.	477,796 thousand Mexican pesos	100.0%	Manufacture and sale of electronic equipment, electronic components, etc.
KD TEC TURKEY ELECTRONIK SANAYI VE TICARET LIMITED SIRKETI	48,847 thousand Turkish lira	100.0%	Assembly of electric and electronic units, sale of electronic components, etc.
KAGA ELECTRONICS INDIA PRIVATE LIMITED	185,000 thousand Indian rupees	100.0%	Manufacture and sale of electronic equipment, electronic components, etc.
KAGA COMPONENTS (MALAYSIA)SDN.BHD.	7,000 thousand Malaysian ringgit	100.0%	Manufacture and sale of electric equipment, etc.
KAGA ELECTRONICS (VIETNAM) CO., LTD.	253,632 million Vietnamese dong	100.0%	Manufacture and sale of electronic equipment, electronic components, etc.

- (Notes) 1. As of March 31, 2023, the Group has 57 subsidiaries subject to consolidation (20 domestic and 37 overseas); of these, 28 are directly owned subsidiaries and 29 are indirectly owned subsidiaries.
2. KAGA FEI America, Inc. and KAGA ELECTRONICS (USA) INC. merged, with KAGA FEI America, Inc. as the surviving company.
3. The Company acquired 5% of the shares of KAGA EMS TOWADA CO., LTD. on June 30, 2022, making it a wholly owned subsidiary.
4. In addition to the above, 2 investment cooperatives are considered directly owned subsidiaries.

(3) Principal Business Locations (as of March 31, 2023)

Domestic Networks

●: Electronic Components ■: Information Equipment □: Software ▲: Others

Aomori	● KAGA EMS TOWADA CO., LTD., Headquarters/The Second Plant
Miyagi	● KAGA ELECTRONICS CO., LTD., Sendai Business Office ■ KAGA TECHNO SERVICE CO., LTD., Sendai Office
Yamagata	▲ KAGA MICRO SOLUTION CO., LTD., Yamagata Office
Fukushima	▲ KAGA MICRO SOLUTION CO., LTD., Fukushima Office
Niigata	● KAGA ELECTRONICS CO., LTD., Niigata Business Office ● KAGA FEI Co., Ltd., Nagaoka Sales Office
Gunma	● KAGA FEI Co., Ltd., Takasaki Development Center
Ibaraki	● KAGA FEI Co., Ltd., Toride Sales Office ● EXCEL CO., LTD., Mito Sales Office
Saitama	● KAGA ELECTRONICS CO., LTD., Kita-Kanto Business Office ● KAGA FEI Co., Ltd., Omiya Office ▲ KAGA MICRO SOLUTION CO., LTD., Tokyo Office
Tokyo	● KAGA ELECTRONICS CO., LTD., Head Office, Chiyoda-ku, Tokyo ● KAGA TECH CO., LTD., Head Office ● KAGA DEVICES CO., LTD., Head Office ● AD DEVICE CO., LTD., Head Office ▲ KAGA MICRO SOLUTION CO., LTD., Head Office ▲ KAGA SPORTS CO., LTD., Head Office ▲ SANKOH Engineering, Head Office ● EXCEL CO., LTD., Head Office ■ KAGA TECHNO SERVICE CO., LTD., Head Office (Sumida-ku) □ Dreams corporation, Head Office (Sumida-ku), (Shinagawa-ku) ● Kyokuto Electric Co., Ltd., Tokyo Sales Office (Chiyoda-ku) ● KAGA ELECTRONICS CO., LTD., Head office annex, Chuo-ku, Tokyo ■ Kaga Solution Network Co., Ltd., Head Office □ Digital Media Lab., Inc., Head Office ▲ KAGA AMUSEMENT CO., LTD., Head Office □ ACCESS GAMES INC., Head Office
Kanagawa	● KAGA ELECTRONICS CO., LTD., Shin-Yokohama Business Office ● KAGA FEI Co., Ltd., Headquarters ● NV DEVICES Co., Ltd., Head Office
Nagano	● KAGA FEI Co., Ltd., Matsumoto Sales Office/Suzaka Sales Office ● EXCEL CO., LTD., Matsumoto Sales Office
Ishikawa	● KAGA ELECTRONICS CO., LTD., Hokuriku Business Office ● KAGA FEI Co., Ltd., Kanazawa Sales Office ● AD DEVICE CO., LTD., Hokuriku Sales Office
Shizuoka	● KAGA ELECTRONICS CO., LTD., Hamamatsu Business Office ● KAGA FEI Co., Ltd., Shizuoka Sales Office ● EXCEL CO., LTD., Numazu Sales Office
Aichi	● KAGA ELECTRONICS CO., LTD., Nagoya Business Office ● KAGA FEI Co., Ltd., Nagoya Office/Mikawa Office ● AD DEVICE CO., LTD., Chubu Sales Division ● EXCEL CO., LTD., Nagoya Sales Office

Osaka	<ul style="list-style-type: none"> ● KAGA ELECTRONICS CO., LTD., Kansai Business Office ● KAGA FEI Co., Ltd., Osaka Office ● KAGA DEVICES CO., LTD., Osaka Office ■ Kaga Solution Network Co., Ltd., Osaka Office ● AD DEVICE CO., LTD., Osaka Sales Division □ Digital Media Lab., Inc., Osaka Office ▲ KAGA SPORTS CO., LTD., Retail Sales Division □ ACCESS GAMES INC., Development Division ■ KAGA TECHNO SERVICE CO., LTD., Kansai Sales Office ● EXCEL CO., LTD., Osaka Sales Office ● Kyokuto Electric Co., Ltd., Head Office
Wakayama	<ul style="list-style-type: none"> ● KAGA AEROSYSTEMS CO., LTD.
Tottori	<ul style="list-style-type: none"> ● Kyokuto Electric Co., Ltd., Yatsuhashi/Urayasu/Nakayama Plants
Hiroshima	<ul style="list-style-type: none"> ● KAGA ELECTRONICS CO., LTD., Fukuyama Business Office
Fukuoka	<ul style="list-style-type: none"> ● KAGA ELECTRONICS CO., LTD., Fukuoka Business Office ● KAGA FEI Co., Ltd., Fukuoka Sales Office

Overseas Networks

●: Electronic Components ■: Information Equipment □: Software ▲: Others

Europe	<ul style="list-style-type: none"> ● KD TEC s.r.o. ● KD TEC TURKEY ELEKTRONIK SANAYI VE TICARET LIMITED SIRKETI ● KAGA FEI EUROPE GmbH
ASEAN/Asia	<ul style="list-style-type: none"> ● KAGA ELECTRONICS (THAILAND) COMPANY LIMITED ● AD DEVICE (Thailand) CO., Ltd. ● EXCEL ELECTRONICS TRADING (THAILAND) CO., LTD. ● KAGA COMPONENTS (MALAYSIA) SDN.BHD. ▲ KAGA AMUSEMENT MALAYSIA SDN.BHD. ● PT. KAGA ELECTRONICS INDONESIA ● KAGA ELECTRONICS (VIETNAM) CO., LTD. ● KAGA ELECTRONICS INDIA PRIVATE LIMITED ● KAGA DEVICES INDIA PRIVATE LIMITED ● KAGA (SINGAPORE) ELECTRONICS PTE LTD ● KAGA FEI KOREA Ltd.
Americas	<ul style="list-style-type: none"> ● KAGA FEI AMERICA, Inc. ● KAGA FEI AMERICA, Inc. Mid-West Office ● TAXAN MEXICO S.A. DE C.V.

China/Hong
Kong/Taiwan

- KAGA (SHENZHEN) ELECTRONICS LTD.
 - KAGA (SHENZHEN) TRADING LTD.
 - EXCEL ELECTRONICS TRADING (SHEN ZHEN) LTD.
 - Kaga (H.K.) Electronics Limited
 - KAGA DEVICES (H.K.) LIMITED
 - AD DEVICE (H.K.) LIMITED
 - KAGA FEI ELECTRONICS PACIFIC ASIA LIMITED
 - EXCEL ELECTRONICS (HONG KONG) LTD.
 - KAGA (SHANGHAI) ELECTRONICS CO., LTD.
 - KAGA TAXAN (SUZHOU) ELECTRONICS CO., LTD.
 - SUZHOU TAXAN KAGA TRADING CO., LTD
 - KAGA TECHNOLOGY (SUZHOU) ELECTRONICS CO., LTD
 - AD DEVICE (SHANGHAI) CO., LTD.
 - KAGA FEI ELECTRONICS (Shanghai) Co., Ltd.
 - EXCEL INTERNATIONAL TRADING (SHANGHAI) CO., LTD.
 - EXCEL INTERNATIONAL TRADING (SHANGHAI) CO., LTD. WUXI BRANCH
 - HUBEI KAGA ELECTRONICS LIMITED
 - KAGA FEI ELECTRONICS (Dalian) Software Limited
 - KAGA (TAIWAN) ELECTRONICS CO., LTD.
 - EXCEL ASIAN TAIWAN CO., LTD.
-

(4) Issues to be Addressed

1. Medium-Term Management Plan 2024

The Company formulated Medium-Term Management Plan 2024 in November 2021 to present the Group’s path toward growth over the next three years.

Under this plan, the Company will continue to thoroughly implement “profit-oriented management” while carrying out measures in line with the following basic policies to achieve its vision of becoming “Japan’s No. 1 corporate group in the industry” and “a competitive World Class Company.”

(i) Basic policy

1) Further Reinforcement of Profitability

We will predict the movements of the times and focus on markets with high potential for growth and profitability.

2) Reinforcement of Management Base

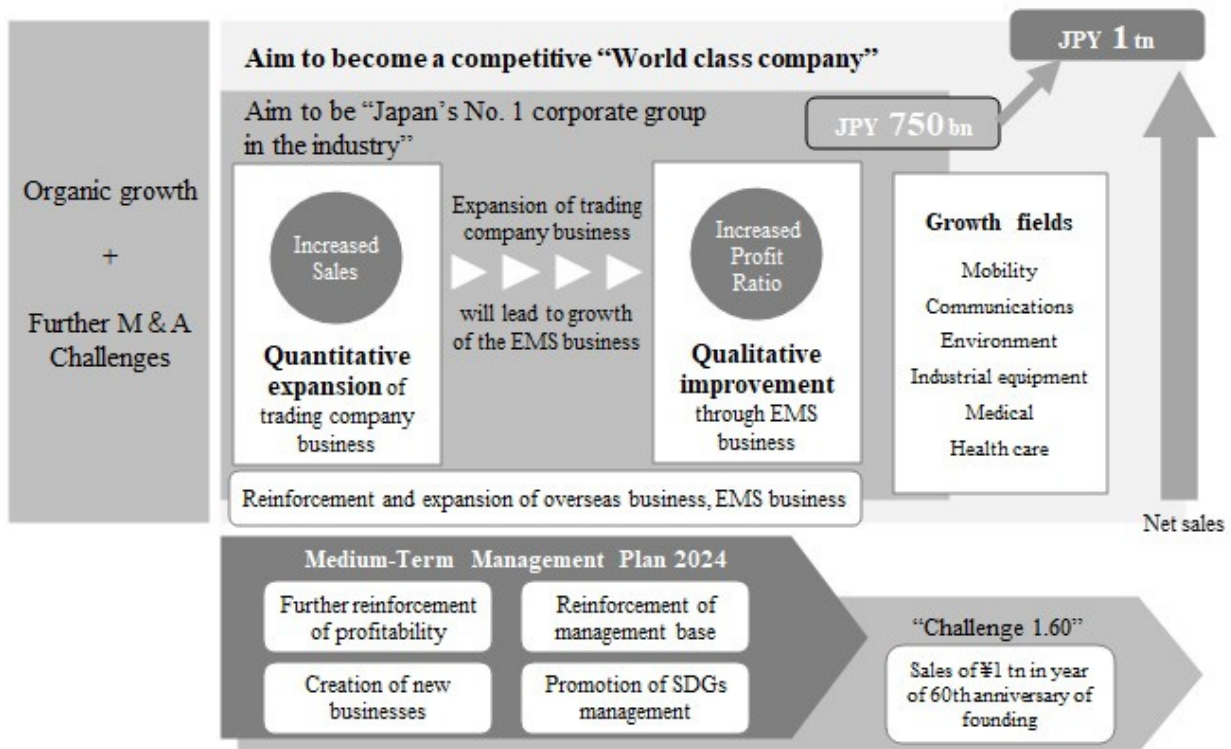
Pursuing further efficiency and soundness, we will effect a shift to a Group management foundation appropriate to “Japan’s No. 1 corporate group in the industry.”

3) Creation of New Businesses

We will make active use of venture investments and M&A to create new businesses and strengthen our resistance to changes in the external environment.

4) Promotion of SDGs Management

We will engage in management that seeks to achieve solutions to social issues and sustainable growth as a company.



(ii) Management targets

After the start of the plan, in the fiscal year ended March 2023, the first year of the plan, the Company achieved all KPI targets for net sales, operating income, and ROE two years ahead of schedule for the final year of the plan, excluding new M&A targets, as a result of demonstrating the Group’s procurement advantages to the fullest extent amid the continuing global shortage of semiconductors and electronic components.

Looking at the future prospects, the Company is expecting a scenario in which the economy will be on a recovery track and return to a sound growth phase from the fiscal year ending March 2025, while factoring in the impact of recession risk and temporary inventory adjustments by customers, and other effects in the fiscal year ending March 2024.

Given the circumstances in which rapid changes in the electronics industry to which the Group belongs, and current fluctuations in business performance affected by these changes, which were not anticipated when the plan was formulated, the Company has updated the management targets for the final year of the plan.

The management targets to be achieved by the fiscal year ending March 2025, which will be the final year of the medium-term management plan, are as follows.

1) Net sales: 750 billion yen

In addition to 600 billion yen in organic growth, the Company will aim to generate 150 billion yen through measures such as new mergers and acquisitions.

2) Operating income: 30 billion yen or higher

The Company expects the economy to be on a recovery track and return to a sound growth phase from the fiscal year ending March 2025, while factoring in the impact of recession risk and temporary inventory adjustments by customers, and other effects in the fiscal year ending March 2024.

3) ROE: 10% or higher

Keeping shareholders equity costs (approximately 7-8%) in mind, the Company will aim to maintain a stable level of 10% or higher.

2. Basic policy for shareholders' return

The Company views the return of profits to shareholders as one of its most important management policies, and our basic policy is to steadily and continuously increase dividends per share, with a target consolidated dividend payout ratio of 25-35%, while comprehensively taking into account promotion of investments that contribute to future growth, maintenance of a sound financial base over the medium to long term, and progress in consolidated business performance.

3. Medium- to Long-Term Sustainability Management Plan

Aiming for universal social contribution as a “company that benefits society”

Formulation of Medium-Term Sustainability Management Plan

The Company formulated its Medium- to Long-Term Sustainability Management Plan in November 2021 together with its Medium-Term Management Plan 2024. Based on its corporate philosophy of “Everything we do is for our customers,” the Company promotes sustainability management with the aim of “achieving a sustainable society” and “sustainable Group growth.” In doing so, we respect the dialogue with all of our stakeholders, including customers, business partners, shareholders and investors, employees, and local communities, and we aim to play an active role in achieving a sustainable society while improving our corporate value.

(i) Sustainability Policy

a. We will tackle environmental issues through our business activities

Through our business activities, we will take action to cut CO2 emissions, reduce waste, and promote reuse. At the same time, by providing environmentally considerate products and services, we will contribute to bringing about a society that values the global environment.

b. We will respect human rights and develop human resources

We will respect the human rights of all stakeholders, regardless of gender, age, nationality, social status, disabilities, or other personal attributes. We will develop work environments in which diverse employees can work in safety and health, both physically and mentally, and will develop personnel systems and education and training systems that allow these employees to maximize their individual abilities. We will further work to develop human resources who will take on the challenge of innovation.

c. We will work to build mutual trust with society

We will work to be a company that earns the trust of society by observing laws and regulations, by strengthening our governance structure, and by sincerely engaging in fair competition, the provision of high-quality products and services, timely and appropriate information disclosure, and other corporate activities.

(ii) Sustainability promotion structure











The Kaga Electronics Group views the promotion of sustainability as a key management issue. We have established an SDGs Committee chaired by the President and COO of Kaga Electronics Co., Ltd., and, under this committee, have created working groups for “Environment,” “Society,” and “Governance.” In this way, we have established a management structure that promotes sustainability across the Group.

Under commitment by top management and collaboration among business divisions, we act through these working groups to formulate policies, measures, and goals that address ESG issues, to manage progress, and to otherwise promote sustainability within the Group as a whole.

Note: See the diagram of the Company’s governance system listed on page 16 of the convocation notice.

(iii) Identifying materiality (key issues)

The Kaga Electronics Group is committed to seriously addressing a variety of issues relevant not only to itself but also communities around the world and thereby living up to the expectations of society. In line with this commitment, the Group has employed four perspectives— Environmental (E), Social (S), Governance (G) and Business (B)—to identify priority issues that are deemed to exert significant impact on its business operations, as listed below. Through its efforts to tackle the materiality of these issues, the Group will practice corporate activities aimed at contributing to the realization of a sustainable society, with the aim of further improving its corporate value.

	Materiality	Related SDGs	Changes in the socio-economic environment	Our initiatives
E	Create a clean global environment	 	<ul style="list-style-type: none"> ● Growing seriousness of global warming and other environmental problems ● Urgent call for carbon neutrality 	<ul style="list-style-type: none"> ● Provide products and services designed to help resolve environmental and energy issues ● Continue initiatives to reduce the environmental burden
S	Create an inclusive company as well as an affluent society	  	<ul style="list-style-type: none"> ● Changes in social structure as we move toward the popularization of the new normal ● Human resource shortages attributable to a low birthrate and an aging population 	<ul style="list-style-type: none"> ● Promote workforce diversity and innovative work styles to better adapt to the new normal ● Develop human resources by passing down and updating KAGAism
G	Create a sustainable management base	 	<ul style="list-style-type: none"> ● Public calls for more robust corporate governance ● Growing need for business resilience against changes in the operating environment 	<ul style="list-style-type: none"> ● Further strengthening governance and compliance ● Thoroughly practice a profit-focused management approach
B	Realize sustainable business growth	  	<ul style="list-style-type: none"> ● Progress in digital transformation ● Coming of a “super-smart” society due to the popularization of ICT, such as IoT and AI ● Intensification of global competition 	<ul style="list-style-type: none"> ● Provide products and services that contribute to the transition to a digital-driven society ● Create new businesses aimed at helping resolve social issues ● Further promotion of global expansion

(iv) Medium- to long-term sustainability targets and major KPIs

Note: Figures in parentheses () indicate current values.

	Key themes	Issues to address/examine	Medium-term targets	Long-term targets
E	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> ● Adoption of renewable energy at domestic sales offices 	2024: 40% (1%)	2030: 100%
		<ul style="list-style-type: none"> ● Adoption of renewable energy at domestic manufacturing sites 	By 2024: Information gathering/analysis and determination of policy	2030: 50% 2050: 100%
		<ul style="list-style-type: none"> ● Adoption of renewable energy at overseas manufacturing sites 	<ul style="list-style-type: none"> · In-house power generation/external procurement · Solar panel/biomass power generation/renewable energy businesses 	2030: 30% 2050: 100%
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> ● Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV) 	2024: 85% (78.5%)	2030: 100%
S	Diversity and human resource management	<ul style="list-style-type: none"> ● Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires) ● Initiatives to employ elderly workers and persons with disabilities 	Percentage of female new graduates in general positions 2023: 30% (5.8%) Percentage of women in management positions 2024: 15% (13.3%)	Percentage of female new graduates in general positions 2028: 40% Percentage of women in management positions 2029: 17%
	“Work-life management” and “enhancement of productivity”	<ul style="list-style-type: none"> ● Enhancement of programs such as childcare/family-care and telework ● Acquisition of certification as a Health and Productivity Management Organization 	2022: Implementation of review 2023: Certification	2025: Certification by outside party 2024 onward: Continuation of certification
G	Restructuring the governance structure in response to the revision of the Corporate Governance Code and the reorganization of Tokyo Stock Exchange	<ul style="list-style-type: none"> ● Independent Outside Directors: at least 1/3 ● Establishment of Nomination and Compensation Committee 	June 2021: Performed	Setting of targets in line with next Corporate Governance Code revision
		<ul style="list-style-type: none"> ● Diversification of the Board of Directors 	By June 2022: Determination of policy	
	<ul style="list-style-type: none"> ● Full compliance with Corporate Governance Code for Prime Market 	November 2021: Performed		
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> ● Adoption of delegation-based executive officer structure 	April 2022: Enactment	
		<ul style="list-style-type: none"> ● Transition to structure of company with committees 	By March 2023: Determination of policy	

(v) Changes in Medium- to Long-Term Sustainability Management Plan

Main activities in fiscal 2022 and status of progress

- Completed introduction of electric power from renewable sources for 1.2% of total electricity usage. Continuing discussion with a plan of achieving 40% in fiscal 2024.
- At locations in Aomori, Fukushima, and Tottori, calculated electricity generation amount with a view to installing solar panels. Started implementation plan.
- Started introducing electric power from renewable sources through solar panels at locations in China (Hubei) and Vietnam. Expecting to cover 30 to 50% of annual electricity usage at each location
- Increased conversion rate to electric vehicles by 1.2 % from the previous fiscal year to 82.0% (as of March 31, 2023).

- We increased the new female graduates in career track positions by 12.3 points from the previous year to 18.1% by implementing recruitment activities in accordance with our “Action Plan.”
- We held discussions within the Group to increase the ratio of female managers, and each company determined its own target number of female managers. We saw an increase of 3.2 points from the previous year to 16.5% as of April 2023.
- We employ people with disabilities at 100% of the legally mandated employment rate (as of March 31, 2023).
- We made telework a permanent system and revised regulations and rules.
- We obtained certification in March 2023.

- ◆ From June 2023, there will be six (6) directors (including three (3) outside directors), and the majority will be outside directors. We established a Nomination and Compensation Committee.
- ◆ We decided to nominate a woman as a candidate for new outside auditor. We continue activities to elect female directors.
- ◆ We implemented this in June 2022.
- ◆ We implemented this in April 2022.
- ◆ We will reduce the term of office of directors from the current two (2) years to one (1) year while continuing as a company with a Board of Auditors. (Scheduled for June 2023)

II. Current Status of the Company

(1) Status of Shares (as of March 31, 2023)

- (i) Total number of authorized shares 80,000,000
- (ii) Total number of issued shares 28,702,118
- (iii) Number of shareholders 9,657
- (iv) Major shareholders (top 10 shareholders)

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,819	10.73
OKOZE CO., LTD	1,840	7.01
Custody Bank of Japan, Ltd. (Trust Account)	1,815	6.91
KAGA ELECTRONICS Employee Shareowners Association	1,503	5.73
MUFG Bank, Ltd.	1,137	4.33
Mizuho Bank, Ltd.	950	3.62
Isao Tsukamoto	730	2.78
THE BANK OF NEW YORK MELLON 140044	516	1.97
Mitsubishi Electric Corporation	500	1.90
Nippon Life Insurance Company	459	1.75

- (Notes) 1. The Company holds 2,438,777 shares of treasury stock, but the Company is not included in the major shareholders listed above.
2. The shareholding ratio is calculated after deducting treasury shares.

- (v) Status of shares granted to company officers as consideration of execution of duties during the fiscal year under review

	Number of shares	Persons eligible for the granting
Directors	13,944	6
Outside directors	–	–
Auditor	–	–

- (Note) The Company has introduced a restricted share-based remuneration plan based on a resolution of the 50th Ordinary General Meeting of Shareholders held on June 28, 2018. In light of this, the meeting of the Board of Directors held on June 29, 2022 resolved to dispose of treasury shares as restricted share remuneration, and disposal of 13,944 treasury shares to 6 directors (not including Founder & CEO and outside directors) was carried out on July 28 of that year. Details regarding share-based remuneration for directors can be found in “III Corporate Officers (2) Overview of Details of Remuneration to Directors and Auditors for the Fiscal Year Under Review” on pages 34 to 37 of the Business Report.

(2) Share Acquisition Rights

Not applicable

III. Corporate Officers

(1) Directors and Auditors (as of March 31, 2023)

Position in the Company	Name	Responsibilities and significant positions concurrently held
Representative Director, Founder & CEO	Isao Tsukamoto	Outside Director, ITbook Holdings Co., Ltd.
Representative Director, President & COO	Ryoichi Kado	
Director, Senior Managing Executive Officer	Shinsuke Takahashi	
Director, Senior Managing Executive Officer	Shintaro Kakei	
Director, Managing Executive Officer	Eiji Kawamura	Head of Administration Headquarters
Director, Senior Executive Officer	Motonori Toshinari	Manager of EMS Business Division
Director, Senior Executive Officer	Mitsuhiro Nohara	
Director	Susumu Miyoshi	
Director	Akira Tamura	Advisor to Niigata Sohgo Security Services Co., Ltd. (ALSOK) Outside Board Director, Solekia Limited
Director	Noritomo Hashimoto	Outside Director, Ibokin Corp.
Director	Hirokazu Nishiyama	
Inside Auditor	Kazunori Kameda	
Inside Auditor	Takahiro Ishii	
Auditor	Susumu Kitsunai	Representative, Kitsunai Certified Public Accountant Office Representative Director, Asia Alliance Partner Co., Ltd. Outside Director, Agent Insurance Group, Inc.
Auditor	Yoichi Sato	Lawyer (of counsel) for Alpha Partners Law Offices. Auditor, Bouygues Asia K.K.

- (Notes)
- Directors Susumu Miyoshi, Akira Tamura, Noritomo Hashimoto, and Hirokazu Nishiyama are outside directors.
 - Auditors Susumu Kitsunai and Yoichi Sato are outside auditors.
 - Inside auditors Kazunori Kameda and Takahiro Ishii have abundant industry experience within financial institutions and substantial knowledge of finance and accounting.
 - Auditor Susumu Kitsunai is a credentialed certified public accountant and has substantial knowledge of finance and accounting.
 - Auditor Yoichi Sato is a credentialed attorney and has substantial knowledge of corporate legal affairs.
 - The Company has submitted notification to the Tokyo Stock Exchange that Directors Susumu Miyoshi, Akira Tamura, Noritomo Hashimoto and Hirokazu Nishiyama, and Auditors Susumu Kitsunai and Yoichi Sato have been designated as independent officers.
 - The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. An overview, etc. of the content of the insurance policy is listed in “III Corporate Officers (5) Overview of Details of Directors and Officers Liability Insurance Policy” on page 38 of the Business Report.

(2) Overview of Details of Remuneration to Directors and Auditors for the Fiscal Year Under Review

Remuneration for directors and auditors

a. Policy for determining the details of remuneration for officers

At its Board of Directors meeting held on May 27, 2021, the Company has resolved its policy for determining details of remuneration for individual directors.

The Board of Directors has determined with regards to the amount of fixed remuneration for each director for the fiscal year under review that the method for decision of the details of remuneration and

the details of remuneration decided on are consistent with the policy for determination approved by the Board of Directors and has judged that it is in keeping with that policy for determination.

The policy for determining the details of remuneration for individual directors is as follows:

- **Basic policy**
The Company's basic policy is to set the remuneration of directors at an appropriate level based on their respective responsibilities in determining the remuneration of individual directors as a remuneration system that is linked to shareholders' profits so that it can fully function as an incentive to secure and retain excellent human resources who will implement the realization of the Company's management philosophy and continuously improve corporate value. Specifically, remuneration for executive directors consists of fixed remuneration, which is paid at a fixed amount, performance-linked remuneration and share-based remuneration, while remuneration for outside directors, who are responsible for supervisory functions, consists of fixed remuneration only in consideration of their responsibilities. Furthermore, the content of remuneration for directors is designed to be reasonable, objective and transparent in terms of both the content of remuneration and decision-making procedures.
- **Policy regarding the determination of the amount of remuneration, etc. for each individual in fixed remuneration**
The fixed remuneration for directors of the Company shall be fixed monthly remuneration in cash, which shall be determined in accordance with the position and responsibilities, etc., while taking into consideration the levels of other companies, the business performance of the Company, and the level of employee salaries, and reviewing the remuneration as appropriate in a comprehensive manner.
- **Policy for determining the details of performance-linked remuneration, etc. and non-monetary remuneration, etc. and the method for calculating the amount or number of such remuneration**
Performance-linked remuneration, etc. is monetary remuneration reflecting performance indicators in order to raise awareness of the need to improve performance for each fiscal year, and an amount calculated in accordance with the degree of achievement of the target values for operating income, ordinary income and net income attributable to owners of parent for each fiscal year is paid as a bonus at a specified time. The target performance indicators and their values are based on the profit-oriented management set forth in the Medium Term Management Plan, and will be reviewed in accordance with changes in the business environment, respecting the report of the Nomination and Compensation Committee. The amount of performance-linked remuneration is based on the consolidated business results. Non-monetary remuneration, etc. is granted at a set time after the end of the fiscal year as restricted share remuneration with a transfer restriction period of up to 20 years, which is designed to provide incentives for the sustainable enhancement of the Company's corporate value and to promote further value-sharing with shareholders through the holding of the Company's shares. The number of shares to be granted is determined in consideration of the position, responsibilities, share price, etc., and with respect to the report of the Nomination and Compensation Committee.
- **Policy on determination of the ratio of the amount of monetary remuneration, the amount of performance-linked remuneration, etc., or the amount of non-monetary remuneration, etc., to the amount of individual remuneration, etc., of directors**
The ratio of type of remuneration for directors (excluding outside directors) is determined based on the report of the Nomination and Compensation Committee, taking into consideration the position, responsibilities, and trends in the remuneration levels of other companies with similar business scale as the Company.
- **Matters related to the decision policy concerning the details of remuneration, etc. for individual directors**
Based on the delegated resolution of the Board of Directors, the Founder & CEO and President & COO are delegated the authority to determine the amount of fixed remuneration for each director, the allocation of performance-linked remuneration (bonuses, etc.) based on the performance of the business for which each director is in charge, and the number of shares to be allotted to each individual in the form of restricted share remuneration. The Board of Directors consults the Nomination and Compensation

Committee on the draft and obtains its report to ensure that such authority is properly exercised by the Founder & CEO and President & COO, and the Founder & CEO and President & COO, who have received the above delegation, make decisions with respect to the content of this report.

- Matters concerning the method of decision when the decision on the details of remuneration, etc. is delegated to a director or other third party
The Founder & CEO and President & COO determine the specific details of the amount of remuneration, etc. and the number of shares to be allotted to each individual based on the delegated resolution of the Board of Directors. The Board of Directors shall take measures to make decisions after consultation and reporting by the Nomination and Compensation Committee to ensure that such authority is properly exercised by the Founder & CEO and President & COO. The Founder & CEO and President & COO determine the details of individual remuneration for each director by fully respecting the advice and report of the Nomination and Compensation Committee, while taking into consideration the Company's overall performance, share price, the role of each director, the impact of each director on the Company's performance and other circumstances.

b. Amount of remuneration for directors and auditors

Classification	Total amount of remuneration (Million yen)	Total amount of remuneration by type (Million yen)			Number of eligible officers
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (Of which outside directors)	1,039 (40)	332 (40)	666 (-)	40 (-)	11 (4)
Auditors (Of which outside auditors)	46 (10)	46 (10)	- (-)	- (-)	4 (2)
Total (Of which outside officers)	1,085 (51)	378 (51)	666 (-)	40 (-)	15 (6)

- (Notes)
1. The amount paid to directors does not include the employee's salary for directors who concurrently serve as employees.
 2. The performance indicators for performance-linked remuneration, etc. are operating income, ordinary income and profit attributable to owners of parent, and are calculated in accordance with the degree of achievement of the target values. These indicators are selected based on profit-oriented management. The performance indicators for the fiscal year under review can be found in "I Business Progress and Achievement of the Corporate Group (1) Overview of Business (i) Business activities and results" on page 19.
 3. Non-monetary remuneration is provided as share-based remuneration, and the conditions for its provision can be found in "III Corporate Officers (2) Overview of Details of Remuneration to Directors and Auditors for the Fiscal Year Under Review" on pages 34 to 37. The status of granting during the fiscal year under review can be found in "II Current Status of the Company (1) Status of Shares (v) Status of shares granted to company officers as consideration of execution of duties during the fiscal year under review" on page 33.
 4. The maximum amount of remuneration for directors was resolved at the 54th Ordinary General Meeting of Shareholders held on June 29, 2022 to be no more than 1,000 million yen per year (of this amount, up to 100 million yen is for outside directors; salaries for services as employees are not included). The number of directors as of the close of this General Meeting of Shareholders was 11 (including four outside directors). In addition, at the 50th Ordinary General Meeting of Shareholders held on June 28, 2018, it was resolved that the annual amount of monetary remuneration claims to be paid to directors (excluding outside directors) for the granting of restricted shares shall be 100 million yen or less, separately from the above maximum amount of remuneration. The number of directors (excluding outside directors) as of the close of this General Meeting of Shareholders was three.
 5. At the 27th Ordinary General Meeting of Shareholders held on June 29, 1995, it was resolved that the maximum amount of remuneration to be paid to Supervisory Board members shall be 60 million yen per year. The number of auditors as of the close of this General Meeting of Shareholders was four.

6. The Board of Directors has delegated to the Founder & CEO Isao Tsukamoto and the President & COO Ryoichi Kado the authority to determine the amount of fixed remuneration for each director, the performance-linked remuneration (bonuses, etc.) based on the performance of the business for which each director other than outside directors is in charge, and the number of shares to be allotted to each individual in the form of restricted shares. This authority is delegated because it has been judged appropriate for the Representative Director to evaluate the business segments that individual directors are responsible for while taking into account the Company's overall performance. Please note that the Nomination and Compensation Committee has confirmed in advance that the details of this delegation are appropriate.

(3) Outside Officers

- (i) Status of concurrent positions at other organizations (for executives at other organizations) and relationships between the Company and such other organizations
- Auditor Susumu Kitsunai is a representative of Kitsunai Certified Public Accountant Office and a representative director of Asia Alliance Partner Co., Ltd. There is no particular relationship between either of these concurrent employers and the Company.
 - Auditor Yoichi Sato serves as a lawyer (of counsel) at Alpha Partners Law Offices and as an auditor at Bouygues Asia K.K. The Company has signed a legal advisor agreement with Alpha Partners Law Offices. However, as he is not a partner at Alpha Partners Law Offices, he does not contribute to their management. There is no particular relationship between Bouygues Asia K.K. and the Company.
- (ii) Concurrent positions as outside officers at other organizations and relationships between the Company and such other organizations
- The director Akira Tamura is an advisor to Niigata Sohgo Security Services Co., Ltd. (ALSOK), and an outside board director of Solekia Limited. There is no particular relationship between any of these concurrent employers and the Company.
 - Director Noritomo Hashimoto is an outside director of Ibokin Corp. There is no particular relationship between this concurrent employer and the Company.
 - Auditor Susumu Kitsunai serves concurrently as an outside director of Agent Insurance Group, Inc. There is no particular relationship between this concurrent employer and the Company.

(iii) Major activities during the fiscal year under review

Name	Status of attendance, status of remarks, and the outline of duties performed relating to the roles expected of outside directors
Outside Director Susumu Miyoshi	Participated in all 18 meetings of the Board of Directors during the fiscal year under review. He provides his opinions on the Company's overall management as a director from an objective viewpoint and independent perspective, based on his abundant experience as a member of corporate management and his wide-ranging knowledge, and successfully discharges the roles and responsibilities required of an outside director.
Outside Director Akira Tamura	Participated in 17 of 18 meetings of the Board of Directors during the fiscal year under review. He provides his opinions as a director from an objective viewpoint and independent perspective, particularly concerning matters such as management strategy and corporate management, based on his abundant experience as a member of corporate management and his wide-ranging knowledge, and successfully discharges the roles and responsibilities required of an outside director.
Outside Director Noritomo Hashimoto	Participated in all 18 meetings of the Board of Directors during the fiscal year under review. He provides his opinions as a director from an objective viewpoint and independent perspective, particularly concerning matters such as management strategy and human resources, based on his abundant experience as a member of corporate management and his wide-ranging knowledge, and successfully discharges the roles and responsibilities required of an outside director.
Outside Director Hirokazu Nishiyama	Participated in all 18 meetings of the Board of Directors during the fiscal year under review. He provides his opinions on the Company's overall business as a director from an objective viewpoint and independent perspective, based on his abundant experience as a member of corporate management and his wide-ranging knowledge, and successfully discharges the roles and responsibilities required of an outside director.

Name	Status of attendance, status of remarks, and the outline of duties performed relating to the roles expected of outside directors
Outside Auditor Susumu Kitsunai	Participated in all 18 meetings of the Board of Directors and in all 19 meetings of the Board of Auditors during the fiscal year under review. He provides opinions from the professional point of view of a certified public accountant and otherwise provides assistance and advice in ensuring that decisions by the Board of Directors and the Board of Auditors are made adequately and appropriately.
Outside Auditor Yoichi Sato	Participated in all 18 meetings of the Board of Directors and in all 19 meetings of the Board of Auditors during the fiscal year under review. He provides opinions from the professional point of view of a lawyer and otherwise provides assistance and advice in ensuring that decisions by the Board of Directors and the Board of Auditors are made adequately and appropriately.

(4) Overview of Limited Liability Agreement

The Company has entered into agreements with outside directors and outside auditors based on the provisions of the Companies Act, Article 427, paragraph (1) to limit their liability for damages under Article 423, paragraph (1) of the said Act.

The maximum amount of liability for damages under the agreement is the minimum liability amount as set out in Article 425, paragraph (1) of the Companies Act.

(5) Overview of Details of Directors and Officers Liability Insurance Policy

The Company has concluded with an insurance company a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act that insures the directors and auditors of the Company and its subsidiaries (including persons in office during the fiscal year under review), and the Company is responsible for the entire amount of the premiums.

In summary, this insurance policy states that as a result of the conclusion of the policy, the insurance company will cover any damages that may arise due to the insured persons assuming responsibility for the execution of their duties, or from claims received in relation to the pursuit of such responsibility, and it will be renewed annually. Please note that this insurance policy establishes a limit on the amount of coverage in order to ensure that these officers do not fail to execute their duties in an appropriate manner.

In the next renewal period, the Company will renew this insurance agreement with the same contents.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2023)

(Million yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	245,572	Current liabilities	127,547
Cash and deposits	52,600	Notes and accounts payable - trade	79,232
Notes receivable – trade	1,534	Short-term loans payable	19,585
Electronically recorded monetary claims – operating	9,683	Accrued expenses	8,400
Accounts receivable – trade	117,881	Income taxes payable	6,011
Securities	195	Provision for directors’ bonuses	465
Merchandise and finished goods	41,375	Other	13,852
Work in process	2,277	Non-current liabilities	28,932
Raw materials and supplies	12,552	Bonds payable	10,000
Other	7,624	Long-term loans payable	10,600
Allowance for doubtful accounts	(153)	Deferred tax liabilities	2,634
Non-current assets	40,645	Provision for directors’ retirement benefits	143
Property, plant and equipment	20,158	Net defined benefit liability	2,148
Buildings and structures	6,690	Asset retirement obligations	627
Machinery, equipment and vehicles	6,466	Other	2,778
Tools, furniture and fixtures	1,103	Total liabilities	156,479
Land	5,859	NET ASSETS	
Construction in progress	39	Shareholders’ equity	117,285
Intangible assets	2,702	Capital stock	12,133
Goodwill	48	Capital surplus	14,820
Software	2,617	Retained earnings	95,945
Other	36	Treasury shares	(5,614)
Investments and other assets	17,784	Accumulated other comprehensive income	12,322
Investment securities	12,144	Valuation difference on available-for-sale securities	2,534
Deferred tax assets	2,162	Deferred gains or losses on hedges	(18)
Guarantee deposits	1,280	Foreign currency translation adjustment	9,568
Insurance funds	920	Remeasurements of defined benefit plans	239
Claims provable in bankruptcy, claims provable in rehabilitation and other	4,842	Non-controlling interests	129
Other	1,298		
Allowance for doubtful accounts	(4,864)	Total net assets	129,737
Total assets	286,217	Total liabilities and net assets	286,217

(Note) Figures are rounded down to the nearest million yen.

Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Million yen)

Account title	Amount	
Net sales		608,064
Cost of sales		529,550
Gross profit		78,514
Selling, general and administrative expenses		46,265
Operating income		32,249
Non-operating income		
Interest income	211	
Dividend income	279	
Share of profit of entities accounted for using equity method	97	
Commission fee	227	
Foreign exchange gains	107	
House rent income	126	
Other	412	1,461
Non-operating expenses		
Interest expenses	748	
Other	223	971
Ordinary income		32,739
Extraordinary income		
Gain on sales of non-current assets	20	
Gain on sales of investment securities	626	
Gain on revision of retirement benefit plan	126	
Other	1	774
Extraordinary loss		
Impairment loss	644	
Loss on retirement of non-current assets	37	
Loss on sales of investment securities	12	
Loss on valuation of investment securities	348	
Other	11	1,054
Profit before income taxes		32,460
Income taxes - current	9,197	
Income taxes - deferred	167	9,365
Profit		23,094
Profit attributable to non-controlling interests		23
Profit attributable to owners of parent		23,070

(Note) Figures are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Balance Sheet (As of March 31, 2023)

(Million yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	71,390	Current liabilities	54,316
Cash and deposits	10,320	Notes payable - trade	1,445
Notes receivable – trade	249	Accounts payable - trade	17,538
Electronically recorded monetary claims – operating	4,057	Short-term loans payable	9,146
Accounts receivable – trade	30,576	Short-term loans payable to subsidiaries and associates	12,455
Securities	195	Current portion of long-term loans payable	5,040
Merchandise	6,006	Lease obligations	66
Work in process	9	Accounts payable - other	1,737
Supplies	1	Accrued expenses	2,450
Advance payments - trade	392	Income taxes payable	2,065
Prepaid expenses	324	Advances received	1,079
Short-term loans receivable from subsidiaries and associates	17,630	Deposits received	273
Accounts receivable - other	3,051	Provision for directors' bonuses	400
Other	180	Other	617
Allowance for doubtful accounts	(1,606)	Non-current liabilities	22,460
Non-current assets	55,817	Bonds payable	10,000
Property, plant and equipment	5,528	Long-term loans payable	10,600
Buildings	1,922	Lease obligations	99
Structures	14	Provision for retirement benefits	126
Machinery and equipment	70	Asset retirement obligations	108
Vehicles	52	Other	1,525
Tools, furniture and fixtures	138	Total liabilities	76,777
Land	3,292	NET ASSETS	
Lease assets	37	Shareholders' equity	48,057
Intangible assets	2,036	Capital stock	12,133
Trademark right	4	Capital surplus	13,965
Software	2,026	Legal capital surplus	13,912
Other	5	Other capital surplus	52
Investments and other assets	48,252	Retained earnings	27,568
Investment securities	10,472	Legal retained earnings	618
Shares of subsidiaries and associates	34,695	Other retained earnings	26,949
Investments in capital	10	General reserve	7,000
Investments in capital of subsidiaries and associates	15	Open innovation promotion reserve	25
Long-term loans receivable from subsidiaries and associates	920	Retained earnings brought forward	19,924
Claims provable in bankruptcy, claims provable in rehabilitation and other	4,421	Treasury shares	(5,609)
Long-term prepaid expenses	368	Valuation and translation adjustments	2,373
Deferred tax assets	147	Valuation difference on available-for-sale securities	2,380
Other	1,720	Deferred gains or losses on hedges	(6)
Allowance for doubtful accounts	(4,417)	Total net assets	50,431
Allowance for investment loss	(99)	Total liabilities and net assets	127,208
Total assets	127,208		

(Note) Figures are rounded down to the nearest million yen.

Statement of Income
(From April 1, 2022 to March 31, 2023)

(Million yen)

Account title	Amount	
Net sales		137,522
Cost of sales		119,859
Gross profit		17,663
Selling, general and administrative expenses		11,656
Operating income		6,007
Non-operating income		
Interest income	233	
Dividend income	5,559	
Other	450	6,243
Non-operating expenses		
Interest expenses	507	
Depreciation of assets for rent	14	
Foreign exchange losses	116	
Other	145	784
Ordinary income		11,466
Extraordinary income		
Gain on sales of investment securities	600	
Gain on transfer of business	750	
Reversal of allowance for doubtful accounts	3,156	
Other	0	4,507
Extraordinary loss		
Loss on sales of investment securities	12	
Loss on valuation of investment securities	341	
Loss on valuation of shares of subsidiaries and associates	491	
Provision of allowance for investment loss	98	
Other	1	944
Profit before income taxes		15,029
Income taxes - current	2,757	
Income taxes - deferred	(332)	2,424
Profit		12,604

(Note) Figures are rounded down to the nearest million yen.

Audit Report
Independent Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

May 24, 2023

To the Board of Directors
KAGA ELECTRONICS CO., LTD.

PricewaterhouseCoopers Aarata LLC
Tokyo office
Kensuke Koda, CPA
Engagement Partner

Masaki Nitta, CPA
Engagement Partner

Auditors' Opinion

We have audited, pursuant to Article 444, paragraph (4) of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of KAGA ELECTRONICS CO., LTD. (hereinafter referred to as the "Company") for the fiscal year from April 1, 2022 to March 31, 2023. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2023 and the consolidated result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Grounds for Auditor's Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is stated in "Auditor's Responsibility in Auditing of Consolidated Financial Statements." We are independent from the Company and its consolidated subsidiaries in accordance with the regulations relating to professional ethics in Japan, and have fulfilled other ethical responsibilities as auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, auditors and the board of auditors are responsible for overseeing the directors' performance of duties within the maintenance and operation of the reporting process for the other information.

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

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other 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 information of material errors besides such material differences.

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

There are no matters to report regarding the other information.

Responsibilities of Management, Auditors and the Board of Auditors for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error. In preparation of consolidated financial statements, management is responsible for reviewing whether it is proper for consolidated financial statements to be prepared based on the going concern assumption, and if it is necessary to disclose the relevant matters in accordance with accounting standards generally accepted in Japan, management is responsible for disclosure thereof. Auditors and the board of auditors are responsible for monitoring execution of duties by directors in preparation and operation of the financial reporting process.

Auditor's Responsibility in Auditing of Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error based on the audit we performed, and to express an opinion on the consolidated financial statements from an independent standpoint in the audit report. A misstatement may occur due to fraud or error, and if, individually or in the aggregate, it is reasonably expected to affect the decision-making of users of consolidated financial statements, it is judged to be material.

We make a professional judgment in the course of the audit in accordance with the auditing standards generally accepted in Japan, and carry out the following maintaining professional skepticism.

- Identify and evaluate the risk of material misstatement due to fraud or error. In addition, plan and implement auditing procedures that address the risk of material misstatement. The selection and application of audit procedures is at our discretion. Moreover, obtain sufficient and appropriate audit evidence to form the basis of the opinion.
- Although the purpose of auditing the consolidated financial statements is not to express an opinion on the effectiveness of internal controls, in making those risk assessments, we consider internal controls in relation to audits in order to design audit procedures that are appropriate for the circumstances.
- Evaluate the adequacy of the accounting policy adopted by management and its application method, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Reach conclusions on whether it is appropriate for management to prepare consolidated financial statements on the premise of going concern, and whether there is material uncertainty about events or situations that create significant doubts about the premise of going concern based on the audit evidence obtained. If material uncertainties regarding the going concern assumption are observed, it is expected to alert on the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements regarding material uncertainties are not appropriate, it is required to express a qualified opinion with exceptive items on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the audit report, but future events and circumstances may prevent a company from continuing as a going concern.
- Assess whether the presentation of and notes to the consolidated financial statements comply with corporate accounting standards generally accepted in Japan, as well as assess the presentation, composition and contents of the consolidated financial statements including related notes, and whether the consolidated financial statements properly represent the underlying transactions or accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express opinions on the consolidated financial statements. We are responsible for directing, supervising and implementing audits of consolidated financial statements. We are solely responsible for the audit opinion.

We give reports to auditors and the board of auditors on the scope and timing of planned audits, important audit findings including important deficiencies in internal controls identified during the audit process, and on other matters required by the auditing standard.

We give reports to auditors and the board of auditors that we are in compliance with the regulations relating to professional ethics in Japan regarding independence, as well as matters that are reasonably considered to affect our independence as the Auditor, and if safeguards are in place to eliminate or reduce obstructive factors, the specifics of the safeguards.

Relationship of Interest

We have no interests in or relationships with the Company and its consolidated subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Audit Report on the Non-consolidated Financial Statements

Independent Auditor's Report

May 24, 2023

To the Board of Directors
KAGA ELECTRONICS CO., LTD.

PricewaterhouseCoopers Aarata LLC

Tokyo office

Kensuke Koda, CPA

Engagement Partner

Masaki Nitta, CPA

Engagement Partner

Auditors' Opinion

We have audited, pursuant to Article 436, paragraph (2), item (i) of the Companies Act, the non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity, the notes to the non-consolidated financial statements and the related supplementary schedules (collectively, "non-consolidated financial statements, etc.") of KAGA ELECTRONICS CO., LTD. (hereinafter referred to as the "Company") for the 55th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and the result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Grounds for Auditor's Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is stated in "Auditor's Responsibility in Auditing of the Non-consolidated Financial Statements, Etc." We are independent from the Company in accordance with the regulations relating to professional ethics in Japan, and have fulfilled other ethical responsibilities as auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, auditors and the board of auditors are responsible for overseeing the directors' performance of duties within the maintenance and operation of the reporting process for the other information.

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

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other 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 information of material errors besides such material differences.

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

There are no matters to report regarding the other information.

Responsibilities of Management, Auditors and the Board of Auditors for Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of non-consolidated financial statements, etc. in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatements, whether due to fraud or error. In preparation of non-consolidated financial statements, etc., management is responsible for reviewing whether it is proper for non-consolidated financial statements, etc. to be prepared based on the going concern assumption, and if it is necessary to disclose the relevant matters in accordance with accounting standards generally accepted in Japan, management is responsible for disclosure thereof.

Auditors and the board of auditors are responsible for monitoring execution of duties by directors in preparation and operation of the financial reporting process.

Auditor's Responsibility in Auditing of the Non-consolidated Financial Statements, Etc.

Our responsibility is to obtain reasonable assurance as to whether the non-consolidated financial statements, etc. as a whole are free from material misstatement due to fraud or error based on the audit we performed, and to express an opinion on the non-consolidated financial statements, etc. from an independent standpoint in the audit report. A misstatement may occur due to fraud or error, and if, individually or in the aggregate, it is reasonably expected to affect the decision-making of users of the non-consolidated financial statements, etc., it is judged to be material. We make a professional judgment in the course of the audit in accordance with the auditing standards generally accepted in Japan, and carry out the following maintaining professional skepticism.

- Identify and evaluate the risk of material misstatement due to fraud or error. In addition, plan and implement auditing procedures that address the risk of material misstatement. The selection and application of audit procedures is at our discretion. Moreover, obtain sufficient and appropriate audit evidence to form the basis of the opinion.
- Although the purpose of auditing the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of internal controls, in making those risk assessments, we consider internal controls in relation to audits in order to design audit procedures that are appropriate for the circumstances.
- Evaluate the adequacy of the accounting policy adopted by management and its application method, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Reach conclusions on whether it is appropriate for management to prepare non-consolidated financial statements, etc. on the premise of going concern, and whether there is material uncertainty about events or situations that create significant doubts about the premise of going concern based on the audit evidence obtained. If material uncertainties regarding the going concern assumption are observed, it is expected to alert on the notes to the non-consolidated financial statements, etc. in the audit report, or if the notes to the non-consolidated financial statements, etc. regarding material uncertainties are not appropriate, it is required to express a qualified opinion with exceptive items on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of the audit report, but future events and circumstances may prevent a company from continuing as a going concern.
- Assess whether the presentation of and notes to the non-consolidated financial statements, etc. comply with corporate accounting standards generally accepted in Japan, as well as assess the presentation, composition and contents of the non-consolidated financial statements, etc. including related notes, and whether the non-consolidated financial statements, etc. properly represent the underlying transactions or accounting events.

We give reports to auditors and the board of auditors on the scope and timing of planned audits, important audit findings including important deficiencies in internal controls identified during the audit process, and on other matters required by the auditing standard.

We give reports to auditors and the board of auditors that we are in compliance with the regulations relating to professional ethics in Japan regarding independence, as well as matters that are reasonably considered to affect our independence as the Auditor, and if safeguards are in place to eliminate or reduce obstructive factors, the specifics of the safeguards.

Relationship of Interest

We have no interests in or relationships with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Board of Auditors

Audit Report

With respect to the Directors' performance of their duties during the 55th fiscal year (from April 1, 2022 to March 31, 2023), the Board of Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Auditor, and hereby reports as follows:

1. Method and Contents of Audit by Auditors and the Board of Auditors
 - (1) The Board of Auditors has established the audit policies, audit plans, etc. and received a report from each Auditor regarding the status of implementation of their audit and results thereof. In addition, we have received reports from the Directors, Executive Officers and the Accounting Auditor regarding the status of execution of their duties, and requested their explanations as necessary.
 - (2) In conformity with Auditor Auditing Standards established by the Audit & Supervisory Board, in accordance with the audit policies, audit plans, etc., and each Auditor endeavored to facilitate a mutual understanding with the Directors, the Audit Office and other employees, etc. of the Company, endeavored to collect information and maintain and improve the audit environment, and conducted an audit by following the methods described below:
 - (i) Each Auditor has attended the meetings of the Board of Directors and other important meetings, received reports on the status of execution of duties, including duties related to group companies, from the Directors, Executive Officers, Division Managers and other employees and requested explanations as necessary, examined important approval/decision documents, and investigated the status of operations and assets of the headquarters and other major offices. Furthermore, we worked to communicate and share information with the directors and auditors of subsidiaries, obtain business information from subsidiaries, and visit subsidiaries as necessary to investigate their operations and assets.
 - (ii) We received periodic reports from directors, employees, and others regarding the structure and operation of the contents of resolutions of the Board of Directors regarding the maintenance of systems necessary to ensure that the duties of the directors described in the Business Report are executed in a manner consistent with laws, regulations, and the Articles of Incorporation and systems necessary to ensure the proper operations of the corporate group comprising the corporation and its subsidiaries as provided for in Article 100, paragraphs (1) and (3) of the Regulations for Enforcement of the Companies Act, as well as systems maintained based on such resolutions (internal control systems), requested explanations as necessary, and expressed opinions.
 - (iii) While coordinating with the independent auditor, we monitored and examined whether the independent auditor maintained an independent position and performed auditing appropriately, and we also received reports from the independent auditor on the execution of its duties and requested explanations when necessary. We received reports from the Independent Auditor on its operations and requested explanations when necessary. The Independent Auditor notified us, and we requested explanations when necessary, concerning its establishment of a "System for Ensuring the Appropriate Execution of Duties" (the Regulations on Corporate Accounting Article 131) in accordance with the "Quality Control Standard for Auditing" (issued by the Business Accounting Council on October 28, 2005).

Through these methods, we reviewed the business report and its accompanying supplementary schedules, the non-consolidated financial statements (balance sheet, statement of income, statement of changes in equity and notes to the non-consolidated financial statements) and related supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements) for the fiscal year under review.

2. Results of the Audit
 - (1) Results of the audit for the business report
 - (i) We have found that the business report and the accompanying supplementary schedules present fairly the current financial position of KAGA ELECTRONICS CO., LTD. in conformity with applicable laws and regulations and the Articles of Incorporation.
 - (ii) With respect to the execution of duties of the Directors, we have found neither improper conduct nor any material breach of applicable laws and regulations and the Articles of Incorporation.

(iii) We have found that the resolutions of the Board of Directors regarding the internal control system are proper and correct. We have found nothing that needs to be pointed out concerning the operation regarding the internal control system.

(2) Results of the audit of the non-consolidated financial statements and the accompanying supplementary schedules

We have found that the auditing methods employed by PricewaterhouseCoopers Aarata LLC, Accounting Auditor, and the results thereof are appropriate and sufficient.

(3) Results of the audit of the consolidated financial statements

We have found that the auditing methods employed by PricewaterhouseCoopers Aarata LLC, Accounting Auditor, and the results thereof are appropriate and sufficient.

May 24, 2023

The Board of Auditors, KAGA ELECTRONICS CO., LTD.

Inside Auditor	Takahiro Ishii	(Seal)
Inside Auditor	Kazunori Kameda	(Seal)
Outside Auditor	Susumu Kitsunai	(Seal)
Outside Auditor	Yoichi Sato	(Seal)