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Securities Code: 8154

Date of sending by postal mail: June 9, 2025

Start date of measures for electronic provision: June 5, 2025

To all of our shareholders

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

Notice of the 57th Ordinary General Meeting of Shareholders

We hereby inform you of the 57th 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 25, 2025 (Wednesday) (Japan Time).

1. Date and Time 10:00 a.m. on June 26, 2025 (Thursday) (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 57th fiscal year (from April 1, 2024 to March 31, 2025), 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 57th fiscal year (from April 1, 2024 to March 31, 2025)

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 Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

- Proposal No. 4:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 5:** Setting of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 6:** Setting of the Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 7:** Determination of the Amount of Remuneration for Directors to Grant Restricted Shares Thereto (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

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 Exercise Voting Rights Form that was sent together with this notice 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 shareholders who have not made a request for delivery of paper-based documents, we have delivered the Reference Documents for the General Meeting of Shareholders, along with selected sections of the Business Report. For shareholders who have made a request for delivery of paper-based documents, we have delivered such documents stating the matters subject to measures for electronic provision. However, 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 Exercise Voting Rights Form at the reception desk.

Date and Time 10:00 a.m. on June 26, 2025 (Thursday) (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 Exercise Voting Rights Form and return it without affixing a stamp.

Deadline To be received no later than 5:30 p.m. on June 25, 2025 (Wednesday) (Japan Time)

Exercising Voting Rights via the Internet, etc.

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 25, 2025 (Wednesday) (Japan Time)

How to Fill Out Your Exercise Voting Rights Form

Please indicate whether you approve or disapprove of each proposal.

Proposal Nos. 1, 2, 5, 6, and 7

- To mark your approval
- To mark your disapproval

Circle “**Approve (賛)**”

Circle “**Disapprove (否)**”

Proposal Nos. 3 and 4

- To mark your approval for all candidates
- To mark your disapproval for all candidates
- To mark your disapproval for certain candidates

Circle “**Approve (賛)**”

Circle “**Disapprove (否)**”

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, Etc.

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. 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 57th 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 55 yen per share of common stock of the Company. Note that the total amount of the dividends in this case will be 2,890,844,330 yen.

1. Type of dividend property
 Cash
2. Allotment of dividend property to shareholders and the total amount
 55 yen per share of common stock of the Company
 (Ordinary dividend: 55 yen)
 Total amount: 2,890,844,330 yen
3. Effective date of distribution of surplus
 June 27, 2025

(Note) A stock split at the rate of two shares for each common share was carried out with an effective date of October 1, 2024. When the above year-end dividend is converted to a dividend per share prior to the stock split, the amount is equal to 110 yen per share. Adding the 110 yen interim dividend, the annual dividend for the fiscal year under review was equivalent to 220 yen per share prior to the stock split.

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

- (i) Over the years, the Company has been working to strengthen its corporate governance structure through measures such as the establishment of a Nomination and Compensation Committee and introduction of a delegation-based executive officer system. The transition to a Company with an Audit and Supervisory Committee at this time is aimed at enhancing the functions of the Board of Directors and business execution functions by further expediting decision-making through delegation of authority, promoting separation of the functions of “management decision making and supervision” and “business execution,” and clarifying respective roles. As described above, by further strengthening the corporate governance structure, the Company will continue to work on increasing the Group’s corporate value in the face of accelerating changes in the business environment. As part of this transition, this proposal makes changes including newly establishing provisions related to the Audit and Supervisory Committee Members and the Audit and Supervisory Committee that are required for the transition to a company with an audit and supervisory committee, and removing provisions related to the company auditors and the board of company auditors.
- (ii) In order to achieve a dynamic capital policy and dividend policy, based on Article 459, Paragraph 1 of the Companies Act, a provision will be newly established which will enable dividends of surplus and related actions to also be enacted by a resolution of the board of directors. At the same time, Article 7 (Acquisition of Own Shares) and Article 44 (Interim Dividends) of the current articles of incorporation, which contain the same contents, will be removed. This change does not limit the right of shareholders to make proposals regarding dividends.
- (iii) In addition, as a result of the above changes, the article numbers will be changed, article text will be added and removed, contents will be reorganized, wording will be corrected, and other required changes will be made.
- (iv) These changes to the articles of incorporation shall take effect at the conclusion of this general meeting.

2. Details of the Amendments

The details of the amendments are as follows:

(Underlined text indicates changes)	
Current Articles of Incorporation	Proposed Amendments
Chapter 1. General Provisions	Chapter 1. General Provisions
Article 1 - Article 3 (Omitted) (Organs)	Article 1 - Article 3 (No change) (Organs)
Article 4 The Company shall have the following bodies in addition to the shareholders' meeting and Directors: (1) Board of directors; <u>(2) Company auditors;</u> <u>(3) Board of company auditors; and</u> <u>(4) Accounting auditor(s)</u>	Article 4 The Company shall have the following bodies in addition to the shareholders' meeting and Directors: (1) Board of directors; <u>(2) Audit and Supervisory Committee; and</u> <u>(3) Accounting auditor(s)</u>
Article 5 (Omitted)	Article 5 (No change)
Chapter 2. Shares	Chapter 2. Shares
Article 6 (Omitted) <u>(Acquisition of Own Shares)</u>	Article 6 (No change) (Deletion)
<u>Article 7</u> <u>The Company may acquire its own shares by the resolution of the board of directors pursuant to the provision of Paragraph 2, Article 165 of the Companies Act.</u>	
<u>Article 8 - Article 10</u> (Omitted) (Administrator of Shareholder Registry)	<u>Article 7 - Article 9</u> (No change) (Administrator of Shareholder Registry)
<u>Article 11</u> (Omitted) 2. The administrator of the shareholder registry and a place in which he or she handles administrative affairs pertaining thereto shall be appointed by a resolution of the board of directors meeting, and public notice thereon shall be given. 3. (Omitted) (Share Handling Regulations)	<u>Article 10</u> (No change) 2. The administrator of the shareholder registry and a place in which he or she handles administrative affairs pertaining thereto shall be appointed by a resolution of the board of directors meeting <u>or by a decision of a director authorized by a resolution of the board of directors</u> , and public notice thereon shall be given. 3. (No change) (Share Handling Regulations)
<u>Article 12</u> Handling and fees pertaining to shares of the Company shall be as set forth in the share handling regulations prescribed <u>by</u> the board of directors, in addition to those provided for in applicable laws and regulations or herein.	<u>Article 11</u> Handling and fees pertaining to shares of the Company shall be as set forth in the share handling regulations prescribed by <u>a resolution of</u> the board of directors <u>or by a director authorized by a resolution of the board of directors</u> , in addition to those provided for in applicable laws and regulations or herein.
Chapter 3. Shareholders' Meeting	Chapter 3. Shareholders' Meeting
<u>Article 13 - Article 18</u> (Omitted)	<u>Article 12 - Article 17</u> (No change)
Chapter 4. Directors, Board of Directors, and Executive Officers (Number of Directors)	Chapter 4. Directors, Board of Directors, and Executive Officers (Number of Directors)
<u>Article 19</u> The Company shall have twenty (20) or less directors. (Establishment)	<u>Article 18</u> The Company shall have twenty (20) or less directors <u>(excepting directors who are Audit and Supervisory Committee Members).</u> <u>2. The Company shall have four (4) or less directors who are Audit and Supervisory Committee Members (hereinafter referred to as "Audit and Supervisory Committee Members").</u>

Current Articles of Incorporation	Proposed Amendments
<p>(Election of Directors)</p> <p><u>Article 20</u> Directors shall be elected at a shareholders' meeting.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>(Term of Office of Directors)</p> <p><u>Article 21</u> (Omitted) (Establishment)</p> <p>2. <u>The term of office of directors who are elected according to an increase in the number of directors or as a substitute director for a director retired before the expiration of the term of office shall continue until the expiration of the term of office of other directors in office.</u></p> <p>(Establishment)</p> <p>(Representative Directors)</p> <p><u>Article 22</u> The board of directors shall appoint representative directors by a resolution of the board of directors meeting.</p> <p>(Executive Officers)</p> <p><u>Article 23</u> (Omitted)</p> <p>2. 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.</p> <p><u>Article 24</u> (Omitted)</p> <p>(Notice of Calling of Board of Directors Meeting)</p> <p><u>Article 25</u> The notice of the board of directors meeting shall be given to each director <u>and company auditor</u> no later than three (3) days prior thereto, provided, however, that in the event of urgent need, such period of time may be shortened.</p> <p>2. The board of directors meeting may be held without the procedures for calling such meeting if the consent of all directors <u>and company auditors</u> is obtained.</p> <p><u>Article 26</u> (Omitted) (Establishment)</p>	<p>(Election of Directors)</p> <p><u>Article 19</u> Directors shall be elected at a shareholders' meeting, <u>that distinguishes between those who are Audit and Supervisory Committee Members and those who are not.</u></p> <p>2. (No change)</p> <p>3. (No change)</p> <p>(Term of Office of Directors)</p> <p><u>Article 20</u> (No change)</p> <p>2. <u>Regardless of the provisions of the preceding paragraph, the term of office of Audit and Supervisory Committee Members shall continue until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year which ends within two (2) years from the time of their election.</u></p> <p>3. <u>The term of office of directors (excepting directors who are Audit and Supervisory Committee Members) who are elected as an addition or a substitute for a director (excepting directors who are Audit and Supervisory Committee Members) who retired before the expiration of the term of office shall continue until the expiration of the term of office of other directors (excepting directors who are Audit and Supervisory Committee Members) in office.</u></p> <p>4. <u>The term of office of an Audit and Supervisory Committee Member who is elected to fill a vacancy of an Audit & Supervisory Committee Member who retired before the expiration of the term of office shall continue until the expiration of the term of office of the member who retired from office.</u></p> <p>(Representative Directors)</p> <p><u>Article 21</u> The board of directors shall appoint representative directors <u>from among directors (excepting directors who are Audit and Supervisory Committee Members)</u> by a resolution of the board of directors meeting.</p> <p>(Executive Officers)</p> <p><u>Article 22</u> (No change)</p> <p>2. 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>from among directors (excepting directors who are Audit and Supervisory Committee Members).</u></p> <p><u>Article 23</u> (No change)</p> <p>(Notice of Calling of Board of Directors Meeting)</p> <p><u>Article 24</u> The notice of the board of directors meeting shall be given to each director no later than three (3) days prior thereto, provided, however, that in the event of urgent need, such period of time may be shortened.</p> <p>2. The board of directors meeting may be held without the procedures for calling such meeting if the consent of all directors is obtained.</p> <p><u>Article 25</u> (No change)</p> <p><u>(Delegation of Decisions for Execution of Business to Directors)</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 27 (Omitted) (Remuneration, etc. for Directors)</p> <p>Article 28 Remuneration and bonuses paid to directors and other financial benefits that the directors receive from the Company in consideration of the performance of their respective duties (hereinafter referred to as “Remuneration, etc.”) shall be fixed by a resolution of a shareholders’ meeting.</p> <p>Article 29 (Omitted) Chapter 5. <u>Company Auditors and Board of Company Auditors</u> (Number of Company Auditors)</p> <p>Article 30 <u>The Company shall have four (4) or less company auditors.</u> (Election of Company Auditors)</p> <p>Article 31 <u>Company auditors shall be elected at a shareholders’ meeting.</u> 2. <u>The resolution of the shareholders’ meeting to elect company auditors shall be adopted by a majority of the votes of the shareholders present at the meeting where the shareholders holding one third or more of the votes of the shareholders who are entitled to exercise their votes are present.</u> (Term of Office of Company Auditors)</p> <p>Article 32 <u>The term of office of company auditors shall continue until the conclusion of the annual shareholders’ meeting for the last business year which ends within four (4) years from the time of their election.</u> 2. <u>The term of office of the company auditors who are elected as substitute company auditors for company auditors retired before the expiration of the term of office shall continue until the expiration of the term of office of those company auditors so retired.</u> (Effect of Pre-election of Substitute Company Auditors)</p> <p>Article 33 <u>A resolution of a shareholders’ meeting to elect substitute company auditors shall remain in force until the commencement of the annual shareholders’ meeting for the last business year which ends within four (4) years from the time of their election.</u> (Full-Time Company Auditors)</p> <p>Article 34 <u>The board of company auditors shall appoint the full-time company auditors by its resolution.</u></p>	<p>Article 26 <u>Based on the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may, by a resolution of the board of directors, delegate all or some important decisions regarding execution of business (excepting matters listed in each Item of Paragraph 5 of the same Article) to directors.</u></p> <p>Article 27 (No change) (Remuneration, etc. for Directors)</p> <p>Article 28 Remuneration and bonuses paid to directors and other financial benefits that the directors receive from the Company in consideration of the performance of their respective duties (hereinafter referred to as “Remuneration, etc.”) shall be fixed by a resolution of a shareholders’ meeting, <u>with a distinction made between directors who are Audit and Supervisory Committee Members and other directors.</u></p> <p>Article 29 (No change) Chapter 5. <u>Audit and Supervisory Committee</u> (Deletion) (Deletion) (Deletion) (Deletion) (Deletion) (Deletion)</p>

Current Articles of Incorporation	Proposed Amendments
(Notice of Calling of <u>Board of Company Auditors Meeting</u>)	(Notice of Calling of <u>Audit and Supervisory Committee Meeting</u>)
<p><u>Article 35</u> The notice of a <u>board of company auditors meeting</u> shall be given to each <u>company auditor</u> no later than three (3) days prior thereto, provided, however, that in the event of urgent need, such period of time may be shortened.</p> <p>2. A <u>board of company auditors meeting</u> may be held without the procedures for calling such meeting if the consent of all <u>company auditors</u> is obtained.</p> <p>3. The <u>board of company auditors meetings</u> shall be called by each <u>company auditor</u>.</p>	<p><u>Article 30</u> The notice of an <u>Audit and Supervisory Committee meeting</u> shall be given to each <u>Audit and Supervisory Committee Member</u> no later than three (3) days prior thereto, provided, however, that in the event of urgent need, such period of time may be shortened.</p> <p>2. An <u>Audit and Supervisory Committee meeting</u> may be held without the procedures for calling such meeting if the consent of all <u>Audit and Supervisory Committee Members</u> is obtained.</p> <p>(Deletion)</p>
(Resolutions of <u>Board of Company Auditors Meeting</u>)	(Resolutions of <u>Audit and Supervisory Committee Meeting</u>)
<u>Article 36</u> Unless otherwise provided for in applicable laws and regulations, a resolution of the <u>board of company auditors meeting</u> shall be adopted by a majority of <u>company auditors</u> .	<u>Article 31</u> A resolution of the <u>Audit and Supervisory Committee meeting</u> shall be adopted by a majority of the <u>Audit and Supervisory Committee Members</u> where a majority of the <u>Audit and Supervisory Committee Members</u> who can vote on resolutions are in attendance.
(<u>Board of Company Auditors Regulations</u>)	(<u>Audit and Supervisory Committee Regulations</u>)
<u>Article 37</u> Matters related to the <u>board of company auditors</u> shall be as set forth in the <u>board of company auditors regulations</u> prescribed at a <u>board of company auditors meeting</u> , in addition to those provided for in applicable laws and regulations or herein.	<u>Article 32</u> Matters related to the <u>Audit and Supervisory Committee</u> shall be as set forth in the <u>Audit and Supervisory Committees</u> regulations prescribed at an <u>Audit and Supervisory Committee meeting</u> , in addition to those provided for in applicable laws and regulations or herein.
(Remuneration, etc. for Company Auditors)	(Deletion)
<u>Article 38</u> <u>Remuneration, etc. for company auditors shall be fixed by a resolution of a shareholders' meeting.</u>	(Deletion)
(<u>Exemption of Auditors from Liability</u>)	(Deletion)
<u>Article 39</u> Pursuant to Article 426, Paragraph 1 of the <u>Companies Act</u> , the <u>Company</u> may, by resolution of the <u>Board of Directors</u> , exempt auditors (including former auditors) from liability to pay compensation for damage resulting from negligence in the execution of duties up to the statutory limit.	
2. The <u>Company</u> may enter into agreements with auditors limiting liability to pay compensation for damage resulting from negligence in the execution of duties pursuant to Article 427, Paragraph 1 of the <u>Companies Act</u> ; provided, however, that the maximum amount of liability pursuant to such agreements shall be the minimum amount specified in laws and regulations.	
Chapter 6. Accounting Auditors	Chapter 6. Accounting Auditors
<u>Article 40</u> (Omitted)	<u>Article 33</u> (No change)
(Remuneration, etc. for Accounting Auditors)	(Remuneration, etc. for Accounting Auditors)
<u>Article 41</u> Remuneration, etc. for accounting auditors shall be fixed by the representative director with the consent of the <u>board of company auditors</u> .	<u>Article 34</u> Remuneration, etc. for accounting auditors shall be fixed by the representative director with the consent of the <u>Audit and Supervisory Committee</u> .
Chapter 7. Accounting	Chapter 7. Accounting
<u>Article 42</u> (Omitted)	<u>Article 35</u> (No change)
(<u>Record Date of Dividend of Surplus</u>)	(Deletion)
<u>Article 43</u> The record date of the year-end dividend of the <u>Company</u> shall be March 31 each year.	(<u>Dividends of Surplus, Etc.</u>)
(Establishment)	

Current Articles of Incorporation	Proposed Amendments
<p>(Interim Dividend)</p> <p><u>Article 44</u> <u>The Company may, by a resolution of a board of directors meeting, distribute an interim dividend on September 30 each year as the record date.</u></p> <p>(Period of Exclusion for Dividends)</p> <p><u>Article 45</u> (Omitted)</p> <p>2. The <u>year-end dividends and interim</u> dividends due and unpaid shall not accrue any interest.</p> <p>(Establishment)</p>	<p><u>Article 36</u> <u>The Company may, by a resolution of the board of directors, decide the matters listed in each Item of Article 459, Paragraph 1 of the Companies Act.</u></p> <p>2. The Company may pay monetary dividends of surplus (hereinafter referred to as “dividends”) to registered shareholders or registered pledgees of shares listed in the final shareholder registry on September 30 or March 31 of each year.</p> <p>(Deletion)</p> <p>(Period of Exclusion for Dividends)</p> <p><u>Article 37</u> (No change)</p> <p>2. The dividends due and unpaid shall not accrue any interest.</p> <p><u>Supplementary Provisions</u></p> <p><u>(Transitional Measures for Exemption from Liability for Company Auditors)</u></p> <p><u>The Company may, by a resolution of the board of directors, exempt company auditors (including former company auditors) from the liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act for acts committed prior to the conclusion of the 57th Ordinary General Meeting of Shareholders, to the limit permitted by laws and regulations.</u></p>

Proposal No. 3 Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of six (6) current directors will expire at the conclusion of this general meeting. In the event that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted, the Company will transition to a company with an audit and supervisory committee. Therefore, we request the increase of two directors to strengthen our management system, and the election of eight (8) directors (excluding directors who are Audit and Supervisory Committee Members) (of which, three (3) are outside directors).

This proposal is conditioned on the change to the articles of incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect, and at such time, it shall take effect.

The candidates for directors (excluding directors who are Audit and Supervisory Committee Members) are the following.

Candidate No.	Name/Candidate attributes		Position in the Company	Attendance at Board of Directors meetings	Committee the candidate is scheduled to join after the meeting	
					Nomination and Compensation Committee	Sustainability Committee
1	Isao Tsukamoto	Reelection	Representative Director, Founder & CEO	17/17 (100%)	○	
2	Ryoichi Kado	Reelection	Representative Director, President & COO	17/17 (100%)	○	★
3	Takeshi Tsukamoto	New candidate	Senior Executive Officer	-/- (-%)		○
4	Yasuhiro Ishihara	New candidate	Senior Executive Officer	-/- (-%)		○
5	Hitoshi Koujitani	New candidate	Executive Officer	-/- (-%)		○
6	Susumu Miyoshi	Reelection Outside Independent	Outside Director	17/17 (100%)	○	
7	Noritomo Hashimoto	Reelection Outside Independent	Outside Director	17/17 (100%)	★	
8	Mamoru Yoshida	Reelection Outside Independent	Outside Director	13/13 (100%)	○	

Reelection: Candidate for Director to be reelected

Outside: Candidate for Outside Director

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

New candidate: Candidate for Director to be newly elected

★ : Chairperson

○ : Member

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of the Company's shares held
1	Isao Tsukamoto (September 1, 1943) Reelection Term of office 57 years Attendance at Board of Directors meetings 17/17 (100%)	Sept. 1968	Established Kaga Electronics Co., Ltd. President & CEO	1,451,990
		Apr. 2007 June 2021	Founder & CEO Outside Director, ITbook Holdings Co., Ltd. (currently SAAF Holdings Co., Ltd.) (to present)	
		Apr. 2022 June 2023	Representative Director, Founder & CEO Representative Director, Founder & CEO (to present)	
		June 2024	Outside Board Director, Solekia Limited (to present)	
		Significant positions concurrently held Outside Director, SAAF Holdings Co., Ltd. Outside Board Director, Solekia Limited		
Reasons for proposing the candidate for director Isao Tsukamoto is the founder of the Company and served as President & CEO until 2007. Since taking office 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.				
2	Ryoichi Kado (December 1, 1957) Reelection Term of office 30 years Attendance at Board of Directors meetings 17/17 (100%)	Mar. 1980 Apr. 1991	Joined Kaga Electronics Co., Ltd. Division Manager of Sales Department No. 3, Sales Headquarters	142,682
		Apr. 1992 Apr. 1995	Division Manager of Amusement Products Sales Department, Sales Headquarters Division Manager of East Japan Sales Department, High Tech Business Division	
		June 1995 Apr. 2002 Apr. 2005	Director Managing Director Senior Managing Director, General Manager of Specific Industry Business Headquarters	
		Apr. 2011 Apr. 2012	Senior Managing Director, Head of Entertainment Business Unit Vice President, Head of Components Business Unit	
		Apr. 2014 Apr. 2022 June 2023	President & COO Representative Director, President & COO Representative Director, President & COO (to present)	
		Significant positions concurrently held —		
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.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of the Company's shares held
3	Takeshi Tsukamoto (August 6, 1964) New candidate Term of office - Attendance at Board of Directors meetings -/- (-%)	Apr. 1987	Joined Kaga Electronics Co., Ltd.	62,976
		Sept. 2001	Vice General Manager of Kaga (H.K.) Electronics Limited	
		Apr. 2005	Representative Director of Kaga (H.K.) Electronics Limited	
		Apr. 2010	General Manager of EMS Sales Department, Overseas Business Division	
		May 2012	Managing Director of KAGA HIGHTECH Co., Ltd.	
		Oct. 2015	General Manager of Corporate Strategy Office	
		Apr. 2016	Executive Officer, General Manager of Corporate Strategy Office	
		Jan. 2019	Executive Officer, Director and Senior Managing Executive Officer of Fujitsu Electronics Inc. (currently KAGA FEI Co., Ltd.)	
		Apr. 2023	Senior Executive Officer, Representative Director and President of KAGA FEI Co., Ltd.	
		Apr. 2025	Senior Executive Officer, Representative Director and President of KAGA FEI Co., Ltd. (to present)	
Significant positions concurrently held		—		
Reasons for proposing the candidate for director Since joining the Company, Takeshi Tsukamoto has been involved in the electronic component business, and contributed to overseas business expansion as president of a Hong Kong subsidiary. Subsequently as Head of the Corporate Planning Department, he has taken a leading role in the Company's business management and business strategies, and currently serves as president of a subsidiary in Japan. We believe that his extensive experience and broad range of knowledge are essential to improving the business value of the Company, and have made him a candidate for director.				
4	Yasuhiro Ishihara (February 19, 1965) New candidate Term of office - Attendance at Board of Directors meetings -/- (-%)	Apr. 1987	Joined Kaga Electronics Co., Ltd.	16,970
		Apr. 2012	General Manager of Finance Department, Administration Headquarters	
		May 2012	Director of KAGA HIGHTECH Co., Ltd.	
		Apr. 2015	General Manager of Finance Department, Administration Headquarters	
		Apr. 2018	Executive Officer, General Manager of Finance Department, Administration Headquarters	
		Jan. 2019	Executive Officer, Director and Managing Executive Officer of Fujitsu Electronics Inc. (currently KAGA FEI Co., Ltd.)	
		Apr. 2021	Executive Officer, General Manager of Finance Department, Deputy Head of Administration Headquarters	
		Apr. 2022	Executive Officer, Deputy Head of Administration Headquarters	
		Apr. 2023	Senior Executive Officer and Head of Administration Headquarters (to present)	
		Significant positions concurrently held		
Reasons for proposing the candidate for director After joining the Company, Yasuhiro Ishihara worked in the sales divisions before subsequently serving in administration department for many years. He has a particularly high level of knowledge in the fields of accounting and finance, and also served as an officer at a subsidiary in Japan. We believe that his extensive experience and wide range of knowledge make him suited to strengthen business management and corporate governance of the Company, and have made him a candidate for director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of the Company's shares held
5	Hitoshi Koujitani (November 30, 1969) New candidate Term of office - Attendance at Board of Directors meetings -/- (-%)	Apr. 1992	Joined Kaga Electronics Co., Ltd.	16,800
		Apr. 2012	General Manager of Special Sales Department No.4, Special Sales Division	
Apr. 2013	General Manager of Special Sales Department No.2, Special Sales Division			
Apr. 2019	Head of Corporate Planning Department			
Apr. 2020	Executive Officer, Head of Corporate Planning Department			
July 2024	Executive Officer, Head of Corporate Planning Department and General Manager of Sales Strategy Office			
Apr. 2025	Executive Officer, Head of Corporate Planning Department (to present)			
Significant positions concurrently held				
—				
Reasons for proposing the candidate for director Since joining the Company, Hitoshi Koujitani worked for many years in the electronic components business, and has extensive experience and broad-ranging knowledge, including involvement in the management strategies and business strategies of the Company as the Head of the Corporate Planning Department. We believe that he is essential for improving the corporate value of the Company, and have made him a candidate for director.				
6	Susumu Miyoshi (September 20, 1940) Reelection Outside Independent Term of office 10 years Attendance at Board of Directors meetings 17/17 (100%)	Apr. 1963	Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)	6,500
		Sept. 1994	Director	
June 2001	Executive Vice President and Representative Director			
June 2002	Consultant			
June 2002	President & COO of Osaka Toyopet Co., Ltd. (currently Osaka Toyota Motor Co., Ltd.)			
June 2005	Advisor to Toyota Motor Corporation Chairman of Osaka Toyopet Co., Ltd. (currently Osaka Toyota Motor Co., Ltd.)			
June 2009	Executive Advisor to Hitachi Maxell, Ltd. (currently Maxell Holdings, Ltd.)			
June 2015	Outside Director of the Company (to present)			
Significant positions concurrently held				
—				
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.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of the Company's shares held
7	Noritomo Hashimoto (July 30, 1954) Reelection Outside Independent Term of office 6 years Attendance at Board of Directors meetings 17/17 (100%)	Apr. 1977	Joined Mitsubishi Electric Corporation	3,400
		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)	
		June 2024	Outside Director, Susumu Holdings Corporation (to present)	
		June 2024	Outside Director, Susumu Co., Ltd. (to present)	
		Significant positions concurrently held		
		Outside Director, Ibokin Corp.		
		Outside Director, Susumu Holdings Corporation		
		Outside Director, Susumu Co., Ltd.		
		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.		

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares held
8	Mamoru Yoshida (May 21, 1956) Reelection Outside Independent Term of office 1 year Attendance at Board of Directors meetings 13/13 (100%)	<p>Apr. 1979 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)</p> <p>Apr. 2009 Executive Officer, and Senior Vice President of AVC Networks Company, Panasonic Corporation (currently Panasonic Holdings Corporation)</p> <p>Apr. 2012 Managing Executive Officer, and President of AVC Networks Company</p> <p>June 2012 Managing Director, and President of AVC Networks Company</p> <p>Apr. 2013 Managing Director in charge of Technology, Intellectual Property and Information Systems</p> <p>Apr. 2015 Managing Director, Senior Vice President of Appliances Company, President of Air-Conditioner Company, and in charge of TV Business</p> <p>June 2015 Managing Executive Officer, Senior Vice President of Appliances Company, President of Air-Conditioner Company, and in charge of TV Business</p> <p>June 2016 Senior Audit & Supervisory Board Member</p> <p>June 2020 Outside Director, NEC Networks & System Integration Corporation</p> <p>Oct. 2022 Outside Director, Nuvoton Technology Corporation Japan (to present)</p> <p>June 2024 Outside Director of the Company (to present)</p> <p>Significant positions concurrently held Outside Director, Nuvoton Technology Corporation Japan</p>	—
<p>Reasons for proposing the candidate for outside director and overview of expected role</p> <p>Mamoru Yoshida has served in top management roles in multiple fields, including overseas business, at Panasonic Holdings Corporation, and we believe that his high-level management and strategy formulation skills and his broad-ranging knowledge in manufacturing, marketing, governance and other aspects will be leveraged to supervise and provide advice on the Company's management objectively, 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. Mr. Miyoshi, Mr. Hashimoto, and Mr. Yoshida are candidates for outside directors.
 3. Mr. Miyoshi, Mr. Hashimoto, and Mr. Yoshida are currently outside directors of the Company, and their tenure as outside directors will come to ten (10) years for Mr. Miyoshi, six (6) years for Mr. Hashimoto, and one (1) year for Mr. Yoshida at the conclusion of this meeting.
 4. The Company has entered into contracts with Mr. Miyoshi, Mr. Hashimoto, and Mr. Yoshida 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. If the election of the candidates for directors 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. Mr. Miyoshi, Mr. Hashimoto, and Mr. Yoshida 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.
 7. Mr. Yoshida participated in all 13 meetings of the Board of Directors held during the fiscal year under review since June 26, 2024.

8. The number of shares held by each candidate is current as of the end of the fiscal year under review (March 31, 2025), following the stock split that was conducted on October 1, 2024.

Proposal No. 4 Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

In the event that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted, the Company will transition to a company with an audit and supervisory committee. Therefore, we request the election of four (4) directors who are Audit and Supervisory Committee Members (of which, three (3) are outside directors). Furthermore, the Board of Auditors has given acknowledgment of this proposal.

This proposal is conditioned on the change to the articles of incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect, and at such time, it shall take effect.

The candidates for directors who are Audit and Supervisory Committee Members are the following.

Candidate No.	Name/Candidate attributes	Position in the Company	Attendance at Board of Directors meetings	Attendance at Board of Auditors meetings
1	Eiji Kawamura New candidate	Inside Auditor	17/17 (100%)	16/16 (100%)
2	Susumu Kitsunai New candidate Outside Independent	Outside Auditor	17/17 (100%)	15/16 (93.8%)
3	Yoichi Sato New candidate Outside Independent	Outside Auditor	17/17 (100%)	16/16 (100%)
4	Kyoko Oyanagi New candidate Outside Independent	Outside Auditor	17/17 (100%)	16/16 (100%)

New candidate: Candidate for Director to be newly elected

Outside: Candidate for Outside Director

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

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares held
1	Eiji Kawamura (August 14, 1955) New candidate Term of office - Attendance at Board of Directors meetings 17/17 (100%) Attendance at Board of Auditors meetings 16/16 (100%)	Mar. 1979	Joined Kaga Electronics Co., Ltd.	81,644
		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	
		June 2023	Inside Auditor (to present)	
		-	Significant positions concurrently held	
Reasons for proposing the candidate for director who is an Audit and Supervisory Committee Member Eiji Kawamura possesses broad-ranging knowledge and insights concerning the Group's operations, having been involved in sales and administration departments since joining the Company, and served as president of consolidated subsidiaries in Japan and overseas. Accordingly, the Company judges that he will be able to carry out monitoring and supervision of the Company's general business execution appropriately as an Audit and Supervisory Committee Member, and we have made him a candidate for director who is an Audit and Supervisory Committee Member.				
2	Susumu Kitsunai (June 26, 1974) New candidate Outside Independent Term of office - Attendance at Board of Directors meetings 17/17 (100%) Attendance at Board of Auditors meetings 15/16 (93.8%)	Oct. 1997	Joined Tokyo Office of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)	4,300
		Oct. 2002	Opened Kitsunai Certified Public Accountant Office	
			Representative (to present)	
		Sept. 2004	Established Asia Alliance Partner Co., Ltd. Representative Director (to present)	
		June 2018	Outside Auditor of the Company (to present)	
		Mar. 2022	Outside Director, Agent Insurance Group, Inc. (to present)	
			Significant positions concurrently held	
			Representative, Kitsunai Certified Public Accountant Office	
			Representative Director, Asia Alliance Partner Co., Ltd.	
			Outside Director, Agent Insurance Group, Inc.	
Reasons for proposing the candidate for outside director who is an Audit and Supervisory Committee Member and overview of expected role Susumu Kitsunai possesses extensive knowledge and experience as a certified public accountant, and it is expected that he will appropriately carry out monitoring and supervision of the Company's general business execution as an Audit and Supervisory Committee Member from diverse perspectives based on expert points of view in finance, accounting, and other areas, and we have made him a candidate for outside director to ensure the soundness of the Company.				

Candidate No.	Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares held
3	Yoichi Sato (July 29, 1951) New candidate Outside Independent Term of office - Attendance at Board of Directors meetings 17/17 (100%) Attendance at Board of Auditors meetings 16/16 (100%)	Apr. 1977 Apr. 1989 Apr. 1996 Aug. 2016 June 2018 Nov. 2021 Significant positions concurrently held Lawyer (of counsel), Alpha Partners Law Offices Auditor, Bouygues Asia K.K.	Assistant Judge at Tokyo District Court Judge at Tokyo District Court Judge at Tokyo High Court Admitted to the bar Joined Alpha Partners Law Offices (to present) Outside Auditor of the Company (to present) Auditor, Bouygues Asia K.K. (to present)	-
	<p>Reasons for proposing the candidate for outside director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Yoichi Sato has advanced legal knowledge developed over many years as a judge and attorney at law, and it is expected that he will appropriately carry out monitoring and supervision of the Company's general business execution as an Audit and Supervisory Committee Member from diverse perspectives based on expert points of view related to the law, and we have made him a candidate for outside director to ensure the soundness of the Company. He has no experience of being directly involved in management but based on the above reasons, the Company judges that he will be able to perform his duties appropriately as an outside director.</p>			
4	Kyoko Oyanagi (September 11, 1978) New candidate Outside Independent Term of office - Attendance at Board of Directors meetings 17/17 (100%) Attendance at Board of Auditors meetings 16/16 (100%)	Apr. 2002 Jan. 2004 Nov. 2005 Apr. 2006 Apr. 2016 Apr. 2020 June 2023 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)	Joined Sanken Outsourcing K.K. Joined Sugata Labor Management Office (currently Sakura Management Office) Registered as a labor and social security attorney Executive Director, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association certified by the Minister of Health, Labour and Welfare) Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office (to present) Chairman, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association certified by the Minister of Health, Labour and Welfare) (to present) Outside Auditor of the Company (to present)	-
	<p>Reasons for proposing the candidate for outside director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Kyoko Oyanagi possesses extensive knowledge and experience as a labor and social security attorney, and it is expected that she will appropriately carry out monitoring and supervision of the Company's general business execution as an Audit and Supervisory Committee Member from diverse perspectives based on expert points of view related to reforming working styles, investing in human capital, and promoting women's participation, and we have made her a candidate for outside director to ensure the soundness of the Company. She has no experience of being directly involved in management but based on the above reasons, the Company judges that she will be able to perform her duties appropriately as an outside director.</p>			

- (Notes)
1. No conflict of interest exists between the candidate and the Company.
 2. Mr. Kitsunai, Mr. Sato, and Ms. Oyanagi are candidates for outside director.

3. Mr. Kitsunai, Mr. Sato, and Ms. Oyanagi are currently outside auditors of the Company, and their tenure as outside auditors will come to seven (7) years for Mr. Kitsunai, seven (7) years for Mr. Sato, and two (2) years for Ms. Oyanagi at the conclusion of this meeting.
4. The Company has entered into contracts with Mr. Kitsunai, Mr. Sato, and Ms. Oyanagi 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 election of the three candidates is approved, the Company plans to newly enter into contracts with the same contents with them. Furthermore, if the election of Mr. Eiji Kawamura is approved, the Company plans to enter into a limited liability agreement under the same terms with him.
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. If the election of the candidates for directors who are Audit and Supervisory Committee Members is approved, they 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. Mr. Kitsunai satisfies the requirements for independent officers based on the provisions of the Tokyo Stock Exchange; so the Company has registered him as an independent officer. If he is elected as originally proposed, the Company plans for his appointment as an independent officer to continue.
7. Mr. Sato serves concurrently as a lawyer (of counsel) at Alpha Partners Law Offices. The Company has signed a legal advisor agreement with partners at Alpha Partners Law Offices. However, as Mr. Sato is not a partner at Alpha Partners Law Offices, he does not engage in their management or operations. Therefore, he satisfies the requirements for independence as defined by the Tokyo Stock Exchange, and the Company has registered him as an independent officer. If he is elected as originally proposed, the Company plans for his appointment as an independent officer to continue.
8. Kyoko Oyanagi is the Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office, and while the Company has concluded an advisor contract with this Office, the amount paid or received in transactions with the Company Group is negligible as it accounted for less than 3% of consolidated net sales. Ms. Oyanagi satisfies the requirements for independence prescribed by the Tokyo Stock Exchange; so the Company has registered her as an independent officer. If she is elected as originally proposed, the Company plans for her appointment as an independent officer to continue.
9. The number of shares held by each candidate is current as of the end of the fiscal year under review (March 31, 2025), following the stock split that was conducted on October 1, 2024.

Proposal No. 5 Setting of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The 54th Ordinary General Meeting of Shareholders, held on June 29, 2022, approved limiting the amount of remuneration for directors of the Company to 1,000 million yen per year (including 100 million yen for outside directors), and this amount remains unchanged to this day. In the event that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted, the Company will transition to a company with an audit and supervisory committee. Accordingly, in consideration of economic conditions and various circumstances, and the expansion of our business, the Company decides the amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee Members), and intends to set the annual amount to a maximum of 1,200 million yen (including 200 million yen for outside directors). The contents of this proposal were decided based on overall consideration of the scale of the Company’s business, the remuneration system and remuneration level for directors, and other matters, and the Company has concluded that it is reasonable. The Company has established a policy for deciding the contents of remuneration, etc. to individual directors, and this resolution is consistent with that policy. Remuneration of directors (excluding directors who are Audit and Supervisory Committee Members) does not include the portion of employee salaries of directors who concurrently serve as employees. At present there are six (6) directors (of which, three (3) are outside directors). However, if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved and adopted as originally proposed, there will be eight (8) directors (excluding directors who are Audit and Supervisory Committee Members) (of which, three (3) are outside directors) involved with this proposal. This proposal is conditioned on the change to the articles of incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect, and at such time, it shall take effect.

Proposal No. 6 Setting of the Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members

In the event that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted, the Company will transition to a company with an audit and supervisory committee. Consequently, following the transition to a company with an audit and supervisory committee, in light of economic conditions and other circumstances, and with consideration for expansion of the business, we intend to set the amount of remuneration for directors who are Audit and Supervisory Committee Members to a maximum annual amount of 100 million yen. The contents of this proposal were decided based on overall consideration of the scale of the Company’s business, the remuneration system and remuneration level for directors, and other matters, and the Company has concluded that it is reasonable. If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 4 “Election of Four (4) Directors Who Are Audit and Supervisory Committee Members” are approved and adopted as originally proposed, there will be four (4) directors who are Audit and Supervisory Committee Members (of which, three (3) are outside directors) involved with this proposal. This proposal is conditioned on the change to the articles of incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect, and at such time, it shall take effect.

Proposal No. 7 Determination of the Amount of Remuneration for Directors to Grant Restricted Shares Thereto (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

The revision of the remuneration for directors of the Company to the maximum annual amount of 1,000 million yen (within this amount, maximum 100 million yen for outside directors) was approved at the 54th Ordinary General Meeting of Shareholders held on June 29, 2022. Separate from the above amount of remuneration, for restricted share-based remuneration, the annual amount of 100 million yen was approved at the 50th Ordinary General Meeting of Shareholders held on June 28, 2018.

In the event that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted, the Company will transition to a company with an audit and supervisory committee. As a result, separate from the amount of remuneration in Proposal No. 5 “Setting of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members),” the Company intends to pay remuneration to grant restricted shares to directors of the Company (excluding directors who are Audit and Supervisory Committee Members and outside directors, hereinafter, referred to as “Eligible Directors”).

This system is intended to provide incentives for continual improvement of the corporate value of the Company to the Eligible Directors, and to promote further value sharing with shareholders through ownership of Company shares. The remuneration to be paid to the Eligible Directors for granting restricted shares based on this proposal shall be monetary claims (hereinafter referred to as “monetary remuneration claims”), and the total amount shall not exceed an annual maximum amount of 300 million yen, an amount considered reasonable based on the objectives described above. The specific timing of payment and allocation to each director will be decided by the Board of Directors. However, remuneration to grant restricted shares to directors who are Audit and Supervisory Committee Members and outside directors shall not be paid.

The above remuneration amounts do not include the employee’s salary for directors who concurrently serve as employees.

At present there are six (6) directors (of which, three (3) are outside directors). However, if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved and adopted as originally proposed, there will be five (5) Eligible Directors.

Furthermore, based on a resolution of the Board of Directors of the Company, Eligible Directors shall pay in all monetary remuneration claims provided to them under this proposal, as property contributed in kind, and in return, shall receive the issuance or disposal of common shares of the Company. The total number of common shares of the Company to be issued or disposed of through this process shall be at most 240,000 shares per year. (However, if, on or after the date of approval and adoption of this proposal, the Company conducts stock splits of common shares of the Company (including allotment of common shares of the Company without contribution) or consolidation of such shares, said total number shall be adjusted within a reasonable range according to the split ratio, consolidation ratio, and other factors on or after the corresponding effective date.)

The amount to be paid in per share shall be the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day). For the issuance or disposal of the common shares of the Company, an agreement on allotment of shares with transfer restrictions that includes the provisions below (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director. The upper limit for the amount of remuneration in this proposal, total number of common shares of the Company for issue or disposal, and other conditions for granting restricted shares to Eligible Directors based on this proposal were decided with consideration for the objective described above, the business condition of the Company, and other circumstances, and are considered to be reasonable.

(1) Transfer restriction period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) for a period of minimum 3 years and maximum 20 years from the date on which the allotment was received as determined in advance by the Board of Directors of the Company (the “Restriction Period”). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the “transfer restrictions.”

(2) Treatment on retirement from the position

If an Eligible Director retires from the position of Director of the Company before the Restriction Period expires, the Company shall automatically acquire such Allotted Shares without contribution, unless the reason for his/her retirement from office is the expiration of the term of his/her office, death, or other just reason.

(3) Lifting of transfer restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the transfer restrictions on all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained continually in the position of Director of the Company throughout the Restriction Period. However, if the relevant Eligible Director retires from the position of Director of the Company before the expiration of the Restriction Period due to the expiration of the term of his/her office, death, or other just reason as designated in (2) above, the Company shall rationally adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted and the timing of lifting as needed. In addition, at the time immediately after the transfer restrictions were lifted in accordance with the provisions above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company’s General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on the Allotted Shares for the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company. In addition, in the cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(5) Other matters

Other matters related to this allotment agreement shall be decided by the Board of Directors of the Company.

<Reference> Table of Officer Structure After Approval of Proposal Nos. 3 and 4 and Area of Directors and Directors who are Audit and Supervisory Committee Members

Driven by our corporate philosophy of “Everything we do is for our customers,” we establish skill criteria aligned with the functions required of the Board of Directors and the Audit and Supervisory Committee, as well as with our management strategy and business domains. Our aim is to maintain a well-balanced composition of directors and directors who are Audit and Supervisory Committee Members, each possessing the requisite skills.

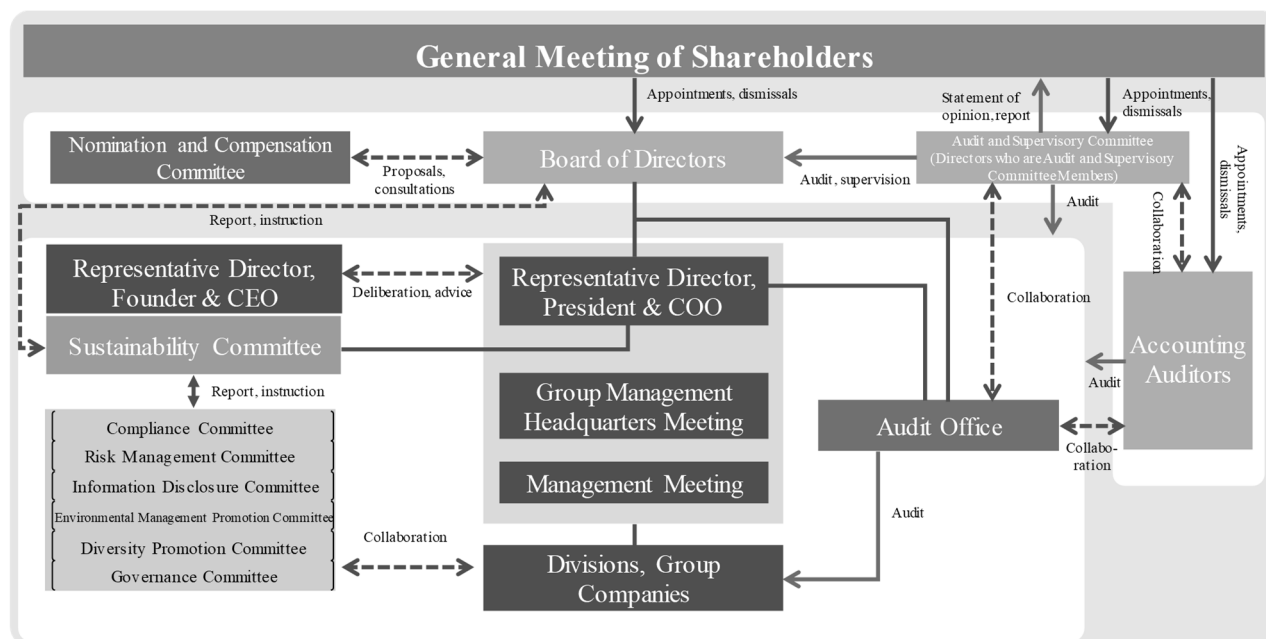
	Name	Expertise of directors and directors who are Audit and Supervisory Committee Members							
		Corporate Management	Global	Sales and Marketing	Legal Affairs, Risk Management, and Compliance	Finance and Accounting	Personnel and Human Resources Development	Technology and Manufacturing	IT and Digital
Directors	Isao Tsukamoto	○	○	○		○			
	Ryoichi Kado	○	○	○			○		
	Takeshi Tsukamoto	○	○	○				○	
	Yasuhiro Ishihara				○	○	○		○
	Hitoshi Koujitani	○		○					○
	Susumu Miyoshi Outside Independent	○		○	○	○			
	Noritomo Hashimoto Outside Independent	○			○		○	○	
	Mamoru Yoshida Outside Independent	○	○					○	○
Directors (Audit and Supervisory Committee Members)	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 candidates.

<Reference> Basic Policies and Structure of Corporate Governance (after the 57th 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, the Company has established the Sustainability Committee and the Nomination and Compensation Committee to strengthen its structure.

At the conclusion of the 57th Ordinary General Meeting of Shareholders, the Company will make a transition from a company with a Board of Auditors to a company with an audit and supervisory committee. We have adopted a corporate governance system based on cooperation among the Board of Directors, the Nomination and Compensation Committee, the Audit and Supervisory Committee, and the accounting auditors, and the Company has built a system capable of providing swift response to external environmental changes 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. 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 will be twelve (12), including six (6) outside directors, and the Company has established a system that allows for sufficient discussion and accurate and prompt decision-making. In addition, the Company introduced an employment-type executive officer system, and on April 1, 2022, the Company introduced an engagement-type executive officer system in order to further improve corporate governance. The Audit and Supervisory Committee will consist of four (4) directors who are Audit and Supervisory Committee Members (of which, three (3) are outside directors), and the directors who are Audit and Supervisory Committee Members 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, directors who are Audit and Supervisory Committee Members, 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 will conduct internal audits in cooperation with the directors who are Audit and Supervisory Committee Members. In addition to prior discussions between the directors who are Audit and Supervisory Committee Members and the Audit Office regarding audit plans, a system has been established in which the Audit Office reports audit results to the directors who are Audit and Supervisory Committee Members on a regular basis. Additionally, the directors who are Audit and Supervisory Committee Members collaborate with the Audit Office, requesting reports from the Audit Office when necessary.

Sustainability Committee

The Company has established a system to promote CSR and sustainability across the Group, having established the Sustainability Committee, chaired by the Representative Director, President & COO, directly under which exists specialized committees for compliance, risk management, information disclosure, environmental management promotion, diversity promotion, and governance. Additionally, we formulate policies, measures, and goals related to ESG issues and monitor their progress.

Outside Officers

The Company will elect six (6) outside directors (of which, three (3) are directors who are Audit and Supervisory Committee Members). 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 directors who are Audit and Supervisory Committee Members 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 directors, 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
 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 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

Business Report

(From April 1, 2024 to March 31, 2025)

I. Business Progress and Achievement of the Corporate Group

Overview of Business

(i) Business activities and results

During this fiscal year, the global economy remained on a strong course, backed by factors including improved personal spending in the United States, however due to the economic slowdown in China and geopolitical risks in Europe and the Middle East, overall the future is uncertain. In Japan, while improvement in the hiring and income environments, capital investment by corporations, and other positive trends were seen, the economy has been limited to a slow recovery due to factors including stagnating personal spending primarily caused by the rising prices of energy and food.

In the electronics industry to which the Group belongs, demand related to automotive applications remained robust against the backdrop of vehicle electrification. Inventory adjustment showed signs of moderation in applications related to industrial equipment and office equipment, but in some other areas including applications related to air-conditioning equipment, the inventory adjustment phase was prolonged.

Under such circumstances, during the consolidated fiscal year under review, although net sales in the electronic components business decreased as a result of prolonged inventory adjustment and termination of transactions with a certain major customer of an overseas subsidiary, and sales in the information equipment business were also sluggish due to completion of a certain large-scale project, a small increase in net sales was recorded, up 0.9% year on year to 547,779 million yen, reflecting robust performance of the software business and the others business.

Despite slow growth in net sales, gross profit recorded a small increase of 1.7% year on year to 71,665 million yen, with an increase in sales of relatively high-margin products as well as an improved sales mix resulting partly from termination of large-scale transactions that had been low-profit. Gross profit margin improved by 0.1 percentage points year on year.

Operating income decreased by 8.7% year on year to 23,601 million yen, reflecting an increase in selling, general and administrative expenses attributable in part to an increase in personnel expenses resulting from wage increases implemented during the fiscal year under review and rising logistics costs.

Ordinary income decreased by 13.0% year on year to 22,593 million yen, due partly to an increase in foreign exchange losses attributable to exchange rate fluctuations.

Profit attributable to owners of parent decreased by 16.0% year on year to 17,083 million yen, partly reflecting the absence of 1,420 million yen in gain on sale of investment securities and 481 million yen in gain on bargain purchase both recorded in the previous fiscal year.

(Consolidated results)

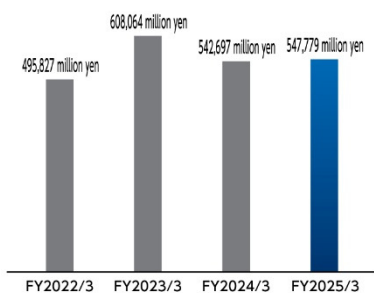
Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
547,779 million yen	23,601 million yen	22,593 million yen	17,083 million yen
YoY change 0.9% up ↗	YoY change 8.7% down ↘	YoY change 13.0% down ↘	YoY change 16.0% down ↘

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

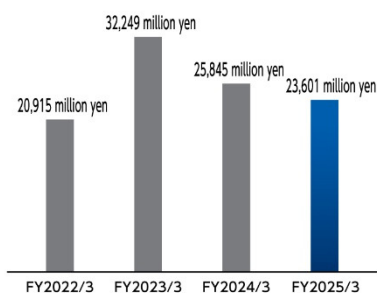
Item	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025
Net sales (million yen)	495,827	608,064	542,697	547,779
Operating income (million yen)	20,915	32,249	25,845	23,601
Ordinary income (million yen)	21,456	32,739	25,976	22,593
Profit attributable to owners of parent (million yen)	15,401	23,070	20,345	17,083
ROE (%)	15.7	19.6	14.5	10.8
Total assets (million yen)	272,139	286,217	286,792	305,671
Net assets (million yen)	105,800	129,737	151,231	166,379
Earnings per share (yen)	288.23	439.32	387.30	325.08
Net assets per share (yen)	2,013.11	2,467.68	2,871.11	3,162.68
Equity ratio (%)	38.8	45.3	52.6	54.4

(Note) The Company carried out a stock split at the rate of two shares for each common share with an effective date of October 1, 2024. Profit per share and net assets per share were calculated assuming that this stock split took place at the beginning of the fiscal year ended March 2022.

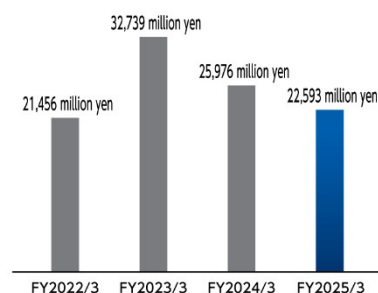
Net sales



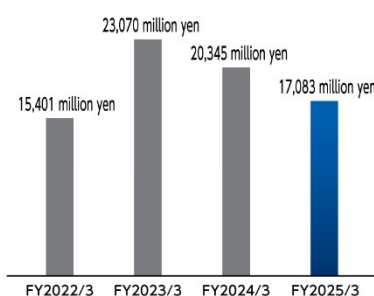
Operating income



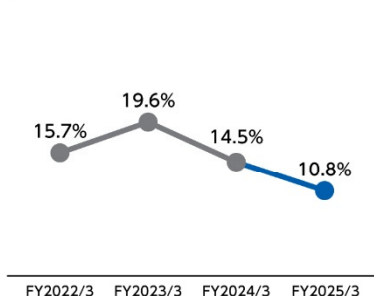
Ordinary income



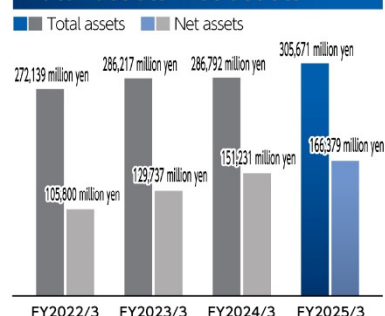
Profit attributable to owners of parent



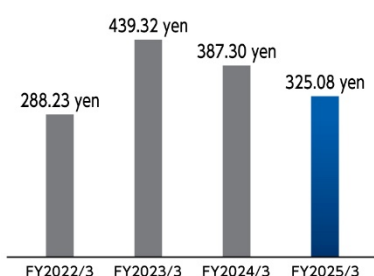
ROE



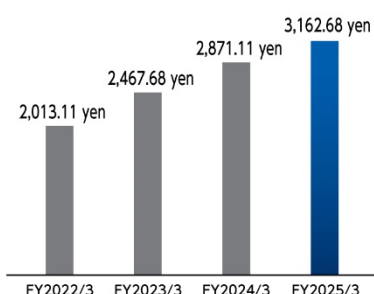
Total assets/net assets



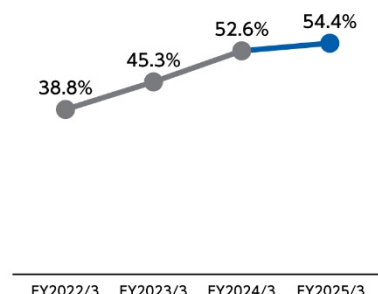
Earnings per share



Net assets per share



Equity ratio



(Note) The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Earnings per share and net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2022.

Electronic Components



Description of business Development, manufacture, and sale of semiconductors, general electronic components, and other products, the EMS^(Note 1), and other activities

In this business, the components sales business, which continued to face the impact of inventory adjustment at key customers, recorded a decline in net sales due partly to sluggish sales of SoC^(Note 2) products by Kaga FEI Co., Ltd. and termination of transactions with a certain major customer of an overseas subsidiary of Excel Co., Ltd. The EMS business recorded an increase in net sales due to strong sales in the automotive and medical sectors, a recovery in the industrial equipment sector, and a moderate recovery trend in the air-conditioning equipment sector, which had been in an inventory adjustment phase, that continued from the second quarter.

As a result, net sales increased 0.1% year on year to 472,910 million yen and segment income decreased 19.0% year on year to 16,927 million yen.

- (Notes) 1. Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis.
2. Abbreviation for System on a Chip. A design technique of integrating all the functions necessary for operation of a device or system on a single semiconductor chip.

Information Equipment

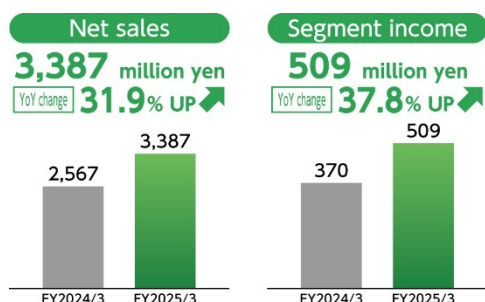


Description of business Sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products

In this business, the PC sales business saw continued strong sales of PCs for educational institutions, in contrast to sluggish sales of PCs for mass retailers due to a reduction in product lines by a major PC supplier. In addition, the LED installation business faced a decline in net sales given completion of the large-scale project that the Group had been pushing forward on a full scale since the fiscal year ended March 2023. Income margin improved due to robust sales of security software with its comparatively high profit margin, and the business was able to secure an increase in income even in the face of slow net sales growth.

As a result, net sales decreased 3.7% year on year to 42,652 million yen and segment income increased 13.1% year on year to 3,307 million yen.

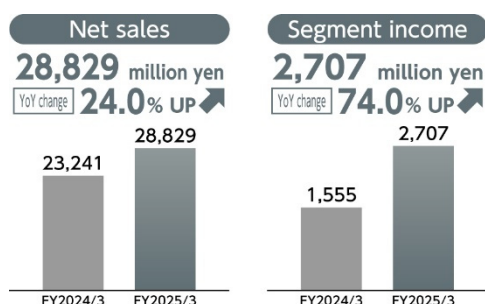
Software



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

In this business, computer graphics production enjoyed a steady flow of orders. Net sales increased by 31.9% year on year to 3,387 million yen, and segment income increased by 37.8% year on year to 509 million yen.

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 product and PC peripheral recycling business remained strong. In the amusement equipment business, which provides equipment and services to large-scale amusement facilities, sales to the United States were robust.

As a result, net sales increased 24.0% year on year to 28,829 million yen and segment income increased 74.0% year on year to 2,707 million yen.

(iii) Capital investments

Capital investment made in the fiscal year under review was 5,245 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

There are no particular matters of notes regarding financing during this fiscal year, and we proceeded with repayment centering on long-term borrowings. In addition, the Company has entered into a loan commitment line agreement with financial institutions totaling 15 billion yen, however no debt is outstanding as of the end of this fiscal year.

(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

Not applicable

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.
TAXAN MEXICO S.A. DE C.V.	1,088,735 thousand Mexican pesos	100.0%	Manufacture and sale of electronic equipment, electronic components, etc.

Name of Company	Capital	Percentage of voting rights held by the Company	Principal lines of business
KD TEC TURKEY ELECTRONIK SANAYI VE TICARET LIMITED Sirketi	308,209 thousand Turkish lira	100.0%	Assembly of electric and electronic units, sale of electronic components, etc.
KAGA ELECTRONICS INDIA PRIVATE LIMITED	239,000 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, 2025, the Group has 60 subsidiaries subject to consolidation (19 domestic and 41 overseas); of these, 28 are directly owned subsidiaries and 32 are indirectly owned subsidiaries.
2. In addition to the above, 2 investment cooperatives are considered directly owned subsidiaries.

Principal Business Locations (as of April 1, 2025)

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 ● EXCEL CO., LTD., Head Office ■ KAGA TECHNO SERVICE CO., LTD., Head Office (Sumida-ku) ◆ DREAMS CORPORATION, Head Office, (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	<ul style="list-style-type: none"> ● KAGA FEI Co., Ltd., Matsumoto Sales Office/Suzaka Sales Office ● EXCEL CO., LTD., Matsumoto Sales Office
Ishikawa	<ul style="list-style-type: none"> ● KAGA ELECTRONICS CO., LTD., Hokuriku Business Office ● KAGA FEI Co., Ltd., Kanazawa Sales Office ● AD DEVICE CO., LTD., Hokuriku Sales Office ▲ Digital Media Lab., Inc., Kanazawa Office
Shizuoka	<ul style="list-style-type: none"> ● KAGA ELECTRONICS CO., LTD., Hamamatsu Business Office / KAGA ELECTRONICS CO., LTD., Shizuoka Office ● KAGA FEI Co., Ltd., Shizuoka Sales Office ● EXCEL CO., LTD., Numazu Sales Office
Aichi	<ul style="list-style-type: none"> ● KAGA ELECTRONICS CO., LTD., Nagoya Business Office ● KAGA FEI Co., Ltd., Nagoya Office/Mikawa Office ● AD DEVICE CO., LTD., Chubu Sales Division ▲ KAGA SPORTS CO., LTD., Central Japan 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., Yatsushashi/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
Kumamoto	<ul style="list-style-type: none"> ● KAGA ELECTRONICS CO., LTD., Kumamoto Business 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 ● Candra 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

	<ul style="list-style-type: none"> ● 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. ● TAXAN-SWE MEXICO MANUFACTURING, S. DE R.L. DE C.V. ▲ KAGA AMUSEMENT AMERICA, INC.
China/Hong Kong/Taiwan	<ul style="list-style-type: none"> ● 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. ● HUBEI KAGA ELECTRONICS LIMITED ● KAGA FEI ELECTRONICS (Dalian) Software Limited ● KAGA (TAIWAN) ELECTRONICS CO., LTD. ● EXCEL ASIAN TAIWAN CO., LTD.

Issues to be Addressed

Medium-Term Management Plan

1. Review of the Medium-Term Management Plan 2024

Regarding the results of the Medium-Term Management Plan 2024 (2022 - 2024), which started in April 2022 and concluded in the fiscal year under review, following is a report of the management numbers and management policies.

<Quantitative targets>

With the exception of the new M&A target, the management targets for the final year (fiscal 2024) of the Medium-Term Management Plan 2024, announced in November 2021, were achieved for all KPI of net sales, operating income, and ROE two years ahead of schedule in fiscal 2022, the first year of the plan. Based on the strong results from the first year of the plan, the Company updated the management targets for the final year of the plan and released them as our “Latest Outlook” in May 2023.

However, results were affected by subsequent unexpectedly prolonged inventory adjustments, wage increases, and other factors, and results for fiscal 2024 (year ended March 31, 2025), the final year of the plan, were net sales of 547,700 million yen and operating income of 23,600 million yen, falling short of the “Latest Outlook.” However, ROE remained stable at a level of 10% or higher during the plan period.

	Management Plan Announced on Nov. 25, 2021	First-year results 2023/3 Announced on May 11, 2023	Latest Outlook Same as on the left	Second-year results 2024/3 Announced on May 9, 2024	Final-year results 2025/3 Announced on May 14, 2025
Net Sales	JPY 750.0 bn Organic Growth: JPY 600.0 bn Including new M&As: JPY 150.0 bn	JPY 608.0 bn	[No change]	JPY 542.6 bn	JPY 547.7 bn
Operating Income	JPY 20.0 bn	JPY 32.2 bn	JPY 30.0 bn or higher	JPY 25.8 bn	JPY 23.6 bn
ROE	Stable 8.5% or higher	19.6%	stable 10% or higher	14.5%	10.8%

<Qualitative targets>

The Group carried out a variety of management policies throughout the past three fiscal years in line with the four basic policies prescribed in the Medium-Term Management Plan 2024.

First, regarding “Further Improvements to Profitability,” in the EMS business we relocated and expanded our plants in Malaysia, Turkey, and Mexico, and actively worked to increase production capacity.

Next regarding “Improvement of Management Base,” we proceeded with digital transformation utilizing digital technologies including replacing core systems and introducing SFA tools. In addition to payment of an allowance for inflation and raising wages, we also established a new childcare leave policy for male employees, and made other investments in human capital.

For “Promotion of SDGs Management,” we actively addressed management issues related to E (environment), S (society), and G (governance).

For “Creation of New Businesses,” we received transfer of a compact wireless module business, and also invested in 11 venture companies, however we did not achieve any large-scale M&A during the plan period.

	key issues	Major outcome
Further Reinforcement of Profitability	<ul style="list-style-type: none"> Selection and concentration in growth fields Reinforcement and expansion of EMS business and overseas business 	<ul style="list-style-type: none"> Relocated and expanded the Malaysia plant (Oct. 2022) Relocated and expanded the Turkey plant (Jun. 2023) Relocated and expanded the Mexico plant (Apr. 2024)
Reinforcement of Management Base	<ul style="list-style-type: none"> Reinforcement of corporate governance Efficient Group management Investments in human capital 	<ul style="list-style-type: none"> DX investments: SFA (Aug. 2022), SAP (Apr. 2023) Inflation allowance (Mar. 2023), wage increase implemented (Apr. 2024) Established a special leave system for male employees (Apr. 2024)
Creation of New Businesses	<ul style="list-style-type: none"> Initiatives in new fields Promotion of open innovation through venture investments M&A efforts aimed at discontinuous growth 	<ul style="list-style-type: none"> M&As: Four deals, including Taiyo Yuden small wireless module business Investment in venture companies: JPY800mn/11 companies
Promotion of SDGs Management	<ul style="list-style-type: none"> Addressing ESG management issues 	<ul style="list-style-type: none"> Environmental: Solar power generation facilities installed at six plants in Japan and overseas Social: Recognized as a Health and Productivity Management Organization Governance: Streamlining of the Board of Directors, appointment of female auditor (Jun. 2023)

2. Medium-Term Management Plan 2027: Concept

Based on the results and issues in the Medium-Term Management Plan 2024, the Company on November 6, 2024 announced the “Medium-Term Management Plan 2027 (2025 - 2027),” a three-year management plan running from fiscal 2025 (year ending March 31, 2026) to fiscal 2027 (year ending March 31, 2028) as a guideline for sustained growth of the Group toward the next generation. The new medium-term plan continues the management vision of being a “world class company” and “Japan’s No. 1 corporate group in the industry” that were presented in the previous medium-term plan, based on a long-term concept focused on achieving net sales of 1 trillion yen in fiscal 2028 (year ending March 31, 2029), the 60th anniversary of the Company’s founding.



3. Medium-Term Management Plan 2027: Overview

(i) Basic policy: Key measures and action plan

The new medium-term plan establishes a basic policy of “increasing corporate value through management focused on profitability and capital efficiency,” and prescribes the following key measures.

The first is “Further Improvements to Profitability,” and in addition to expanding our core business, we will challenge ourselves in M&A and work to create new business.

Next for “Improvement of Management Base,” we will make clear the concept for cash allocation in order to carry out strategic capital policies, and review our policy for returns to shareholders.

Finally for “Promotion of SDGs Management,” based on the Medium- to Long-Term Sustainability Management Plan that was formulated in November 2021, we will accelerate our actions to address management issues related to ESGs.

Basic policy		Enhance corporate value through management focused on profitability and capital efficiency
Priority measures		Main action plan
Further Reinforcement of Profitability	Expansion of core businesses	■ Put business portfolio management into practice
	M&A challenges	■ Generate more than JPY100bn in new business revenue during the next medium-term management plan period in order to achieve the JPY1trn target in FY2028
	Creation of new businesses	■ Set up a new Sales Strategy Office and explore new businesses with energy, infrastructure, transportation, and the environment as the priority themes
Advanced management base	Implementation of capital strategies	■ Strategic cash allocation and proactive shareholder returns
	Investment in human capital	■ Reform HR system (overseas Human Resource Development, promote diversification of human resources, etc.)
Promotion of SDGs Management	Accelerated response to ESG management issues	■ Environmental: Promote 100% renewable energy to become carbon neutral ■ Social: Promotion of women’s full participation in the workplace, work-style reform, employee engagement ■ Governance: Early achievement of goals of appointing female directors and becoming a company with an audit and supervisory committee structure

(ii) Management targets: Achieving sustained growth through independent growth + new M&A

Focusing on net sales of 1 trillion yen in fiscal 2028, the management targets in the new medium-term plan call for net sales of 800 billion yen or more and operating income of 36 billion yen or more in fiscal 2027, the final year of the plan. The targets based on organic growth are net sales of 700 billion yen or more and operating income of 35 billion yen or more. While a harsh business environment is expected, the target for operating income ratio is to ensure 5.0%. The targets for compound annual growth rates (CAGR) compared with the results of the year ended March 31, 2025 are 8.5% for net sales and 14.0% for operating income.

In line with our basic policy of focusing on capital efficiency, the target ROE for the final year is 12.0% or more, with an awareness of the current shareholders’ equity cost of 10%.

		Final year of current medium-term plan (FY2024)	Final year of next medium-term plan (FY2027)	CAGR
Management targets aiming for JPY 1 tn in three years	Net Sales		JPY 800 bn or higher	
	Operating Income		JPY 36 bn or higher	
Increase in revenue through organic growth	Net Sales	JPY 547.7 bn	JPY 700 bn or higher	8.5%
	Operating Income (Profit Margin)	JPY 23.6 bn (4.3%)	JPY 35 bn or higher (5.0%)	14.0%
Index in capital efficiency	ROE [Equity Cost]	10.8% [around 10%]	12.0% or higher [around 10%]	

(iii) Cash allocation

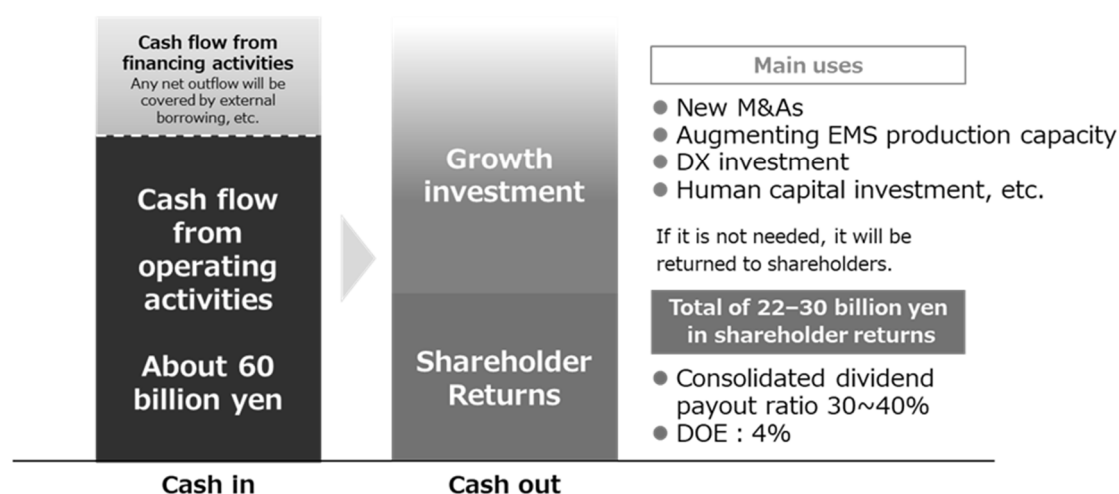
The basic concept for increasing corporate value in the new medium-term plan is to focus the allocation of generated cash on growth investments and returns to shareholders while maintaining financial discipline.

Based on this concept, we expect an operating cash flow over the three years of the new medium-term plan of around 60 billion yen. 22 to 30 billion yen of this will be allocated to returns to shareholders, while more than 30 billion yen will be allocated to growth investment including new M&A and increasing production capacity in the EMS business.

For M&A, because there is the possibility that the required amount of capital will vary largely depending on the project, if there is a shortfall we will make up for it with outside borrowing, and if there is an excess we will allocate it to returns to shareholders.

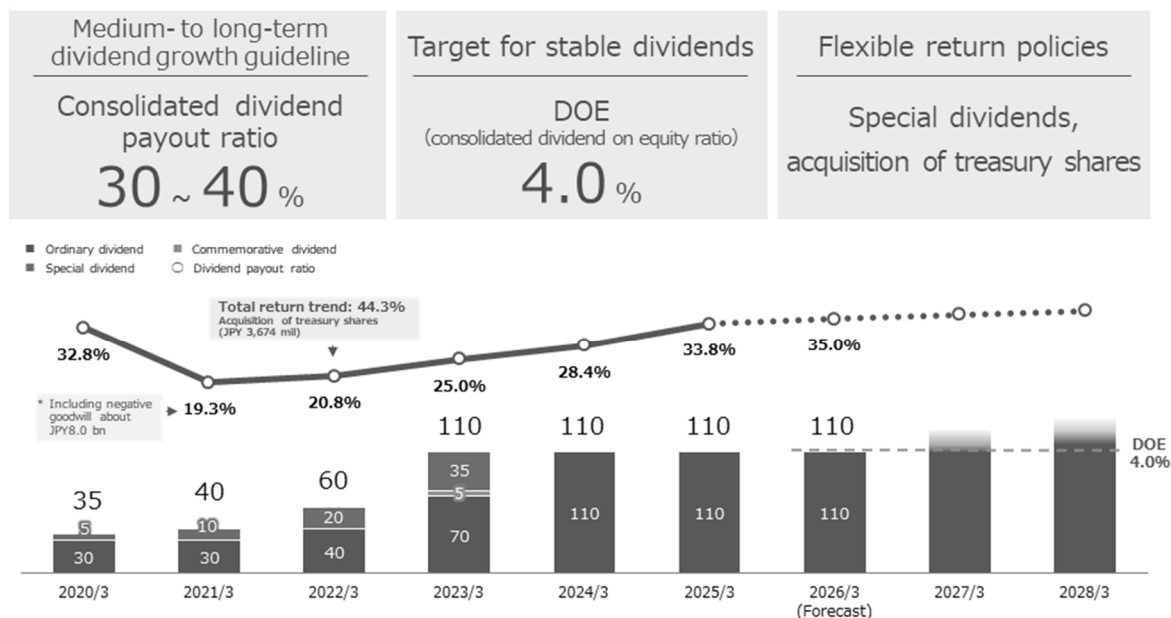
Basic approach	We will actively allocate the cash we generate to growth investments and shareholder returns in order to improve corporate value while maintaining financial discipline.
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FY2025–FY2027 (cumulative total for three years)



(iv) Policy for returns to shareholders

From the perspective of actively providing dividends to shareholders, the Company has raised the guideline for the consolidated dividend payout ratio to 30% - 40% in the new medium-term plan, and based on this we will endeavor to grow dividends through medium- and long-term growth in profits. For regular dividends, we have established a new index of DOE 4.0% as a guideline for stable and continuous dividends. As additional measures according to the profit level and capital efficiency, we will dynamically carry out extraordinary dividends and acquisition of treasury shares.



(Note) The Company carried out a stock split at the ratio of two shares for each common share on October 1, 2024.
The dividend amounts shown above, including those for the fiscal years prior to the stock split, take into account the effect of the stock split.

4. 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.

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 has positioned CSR and sustainability as important management issues, and has established the Sustainability Committee chaired by the Representative Director, President & COO of KAGA ELECTRONICS CO., LTD. Directly under this committee are technical committees for compliance, risk management, information disclosure, environmental management promotion, diversity promotion, and governance. In this way, we have constructed a management system for promoting CSR and sustainability throughout the group. Under commitment by top management and collaboration among business divisions, we act through these committees 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 27 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 management plan, major KPIs and activities and status of progress

	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 & Productivity Management Outstanding 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 	June 2021: Performed	Setting of targets in line with next Corporate Governance Code revision
		<ul style="list-style-type: none"> ● Establishment of Nomination and Compensation Committee 	By June 2022: Determination of policy	
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> ● Diversification of the Board of Directors 		
		<ul style="list-style-type: none"> ● Full compliance with Corporate Governance Code for Prime Market 	November 2021: Performed	
		<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	

Note: Figures in parentheses () indicate the values at the time the plan was formulated: November 2021

Main activities in fiscal 2023/2024 and status of progress

[Fiscal 2023]

- 1) In order to achieve the target of “40% renewable energy by 2024,” decided to purchase non-fossil certificates.
- 2) Decided to quantify greenhouse gas emissions and set reduction targets for fiscal 2024.

[Fiscal 2024]

Purchased non-fossil certificates and achieved the target of “40% renewable energy.

[Fiscal 2023]

Introduced solar power generation facilities at Towada Plant (December 2023) and Fukushima Office (February 2024).

[Fiscal 2024]

The self-sufficiency rate by solar power generation reached 9.2% at Towada Plant, and we are considering additional installation. Self-sufficiency rate at Fukushima Office reached 21.9%.

[Fiscal 2023]

Installed solar panels at the new plant in Mexico (April 2024).

[Fiscal 2024]

The new plant in Mexico received approval for solar power generation and started operation in January 2025. The leased manufacturing facility is considering purchasing an IREC (International Renewable Energy Certificate).

[Fiscal 2023]

Increased conversion rate to electric vehicles by 3.0 points from the previous fiscal year to 85.0% (as of March 31, 2024).

[Fiscal 2024]

Increased conversion rate to electric vehicles by 5.2 points from the previous fiscal year to 90.2% (as of March 31, 2025).

- Implemented recruitment activities for new female graduates in career track positions in accordance with our “Action Plan.”

[Fiscal 2023]

Of the 23 new graduates hired for career-track positions, 5 were women. Increase of 3.6 points from the previous fiscal year to 21.7%.

[Fiscal 2024]

Of the 22 new graduates hired for career-track positions, 5 were women. Increase of 1.0 points from the previous fiscal year to 22.7%, but still fell short of the target of 30%.

- We held discussions within the Group to increase the ratio of female managers, and each company determined its own target number of female managers.

[Fiscal 2023]

We saw an increase of 0.9 points from the previous fiscal year to 17.4%.

[Fiscal 2024]

We saw a decrease of 0.1 points from the previous fiscal year to 17.3%.

[Fiscal 2023]

Our employment of people with disabilities was at 100% of the legally mandated employment rate.

[Fiscal 2024]

Our employment of people with disabilities was at 100% of the legally mandated employment rate.

[Fiscal 2023]

The new rules on telework went into operation from April 2023.

[Fiscal 2024]

Twelve people used the parental leave system for male employees. The utilization rate for the parental leave system among male employees was 100%.

[Fiscal 2023]

We obtained certification as a Health & Productivity Management Outstanding Organization for the second consecutive year in March 2024.

[Fiscal 2024]

We obtained certification for the third consecutive year in March 2025. Health & Productivity Management Policy and initiatives were posted on the Company website.

[Fiscal 2023]

A resolution was passed at the June 2023 General Meeting of Shareholders to adopt a six-member Board of Directors (including three outside directors).

[Fiscal 2024]

A reduced number of outside directors was elected at the June 2024 General Meeting of Shareholders, retaining a structure of six directors (of which three are outside directors).

[Fiscal 2023]

Election of a female outside auditor was approved at the June 2023 General Meeting of Shareholders.

Election of female directors will not be proposed at the June 2024 General Meeting of Shareholders.

[Fiscal 2024]

Following the General Meeting of Shareholders in June 2025, the Company plans to appoint a female director in conjunction with the transition to a company with an audit and supervisory committee.

[Fiscal 2023]

No revision of Corporate Governance Code.

[Fiscal 2024]

No revision of Corporate Governance Code, but the Company revised its internal response.

[Fiscal 2023]

Decided to expand the membership of the Group Management Headquarters Meeting to include delegation-based executive officers. Operation started in April 2024.

[Fiscal 2024]

The operation is ongoing.

[Fiscal 2023]

Continue to be a company with a Board of Auditors. Considering the expeditious management and the need for the appointment of female directors, continuing to consider transitioning to a “company with an audit and supervisory committee.”

[Fiscal 2024]

The Board of Directors resolved to transition to a company with an audit and supervisory committee. Transition will be made after the General Meeting of Shareholders in June 2025.

II. Current Status of the Company

Status of Shares (as of March 31, 2025)

- (i) Total number of authorized shares 160,000,000
- (ii) Total number of issued shares 57,404,236
- (iii) Number of shareholders 10,385
- (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)	6,112	11.63
OKOZE CO., LTD	3,680	7.00
Custody Bank of Japan, Ltd. (Trust Account)	3,471	6.60
KAGA ELECTRONICS Employee Shareowners Association	3,140	5.97
MUFG Bank, Ltd.	2,275	4.33
Mizuho Bank, Ltd.	1,900	3.62
Isao Tsukamoto	1,451	2.76
THE BANK OF NEW YORK MELLON 140044	1,046	1.99
STATE STREET BANK AND TRUST COMPANY 505103	984	1.87
Nippon Life Insurance Company	918	1.75

- (Notes) 1. The Company holds 4,843,430 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	Number of persons eligible for the granting
Directors	4,091	2
Outside directors	—	—
Auditors	—	—

- (Notes) 1. 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 26, 2024 resolved to dispose of treasury shares as restricted share remuneration, and disposal of 4,091 treasury shares to 2 directors (not including Representative Director, Founder & CEO and outside directors) was carried out on July 25 of that year. Details regarding share-based remuneration for directors can be found in “III. Corporate Officers, Overview of Details of Remuneration to Directors and Auditors for the Fiscal Year Under Review” of the Business Report.
2. The Company carried out a stock split at the ratio of two shares for each common share on October 1, 2024. The above are the number of shares at the time when they were granted (July 25, 2024).

- (vi) Other matters related to shares

Based on a resolution at a Board of Directors meeting held on May 23, 2024, the Company carried out a stock split at the ratio of two shares for each common share, with an effective date of October 1, 2024. As a result, the total number of authorized shares increased by 80,000,000, and the total number of issued shares increased by 28,702,118.

Share Acquisition Rights

Not applicable

III. Corporate Officers

Directors and Auditors (as of March 31, 2025)

Position in the Company	Name	Responsibilities and significant positions concurrently held
Representative Director, Founder & CEO	Isao Tsukamoto	Outside Director, SAAF Holdings Co., Ltd. Outside Board Director, Solekia Limited
Representative Director, President & COO	Ryoichi Kado	
Director, Senior Managing Executive Officer	Shintaro Kakei	
Director	Susumu Miyoshi	
Director	Noritomo Hashimoto	Outside Director, Ibokin Corp. Outside Director, Susumu Holdings Corporation Outside Director, Susumu Co., Ltd.
Director	Mamoru Yoshida	Outside Director, Nuvoton Technology Corporation Japan
Inside Auditor	Eiji Kawamura	
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), Alpha Partners Law Offices Auditor, Bouygues Asia K.K.
Auditor	Kyoko Oyanagi	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)

- (Notes)
1. Directors Susumu Miyoshi, Noritomo Hashimoto, and Mamoru Yoshida are outside directors.
 2. Auditors Susumu Kitsunai, Yoichi Sato, and Kyoko Oyanagi are outside auditors.
 3. Inside Auditor Eiji Kawamura has many years of experience as an employee and director of the Company in sales and administration departments, and has a broad range of knowledge in areas such as corporate management, finance, and accounting.
 4. Auditor Susumu Kitsunai is a credentialed certified public accountant and has substantial knowledge of finance and accounting.
 5. Auditor Yoichi Sato is a credentialed attorney and has substantial knowledge of corporate legal affairs.
 6. Auditor Kyoko Oyanagi is a credentialed labor and social security attorney and has substantial knowledge of social insurance, labor, and related matters.
 7. The Company has submitted notification to the Tokyo Stock Exchange that Directors Susumu Miyoshi, Noritomo Hashimoto, and Mamoru Yoshida, and Auditors Susumu Kitsunai, Yoichi Sato, and Kyoko Oyanagi, have been designated as independent officers.

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 profit 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 Representative Director, Founder & CEO and Representative Director, 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 Representative Director, Founder & CEO and Representative Director, President & COO, and the Representative Director, Founder & CEO and Representative Director, 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 Representative Director, Founder & CEO and Representative Director, 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 Representative Director, Founder & CEO and Representative Director, President & COO. The Representative Director, Founder & CEO and Representative Director, 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
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (Of which outside directors)	685 (28)	238 (28)	447 (-)	21 (-)	6 (3)
Auditors (Of which outside auditors)	36 (15)	36 (15)	- (-)	- (-)	4 (3)
Total (Of which outside officers)	721 (43)	274 (43)	447 (-)	21 (-)	10 (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, Overview of Business (i) Business activities and results."
 3. Non-monetary remuneration is provided as share-based remuneration, and the conditions for its provision can be found in "III. Corporate Officers, Overview of Details of Remuneration to Directors and Auditors for the Fiscal Year Under Review." The status of granting during the fiscal year under review can be found in "II. Current Status of the Company, Status of Shares (v) Status of shares granted to company officers as consideration of execution of duties during the fiscal year under review."
 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 eight.
 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 auditors 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 Representative Director, Founder & CEO Isao Tsukamoto and the Representative Director, 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.

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 and operations. There is no particular relationship between Bouygues Asia K.K. and the Company.
 - Auditor Kyoko Oyanagi concurrently serves as Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office, and as Chairperson of the Tokyo Labor Improvement Promotion Association (Labor insurance affairs association certified by the Minister of Health, Labour and Welfare). The Company has concluded an advisor agreement with Social Insurance and Labor Advisors Corporation, Sakura Management Office, however the amount of the transaction is negligible. There is no particular relationship between the Company and the Tokyo Labor Improvement Promotion Association (Labor insurance affairs association certified by the Minister of Health, Labour and Welfare).
- (ii) Concurrent positions as outside officers at other organizations and relationships between the Company and such other organizations
- Director Noritomo Hashimoto is an outside director of Ibokin Corp., and an outside director of Susumu Holdings Corporation and Susumu Co., Ltd. There is no particular relationship between any of these concurrent employers and the Company.
 - Director Mamoru Yoshida is an outside director of Nuvoton Technology Corporation Japan. As of March 21, 2025, he retired from his position as outside director of NEC Networks & System Integration Corporation. There is no particular relationship between any of these concurrent employers 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 officers
Outside Director Susumu Miyoshi	Participated in all 17 of 17 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 Noritomo Hashimoto	Participated in all 17 of 17 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 Mamoru Yoshida	Participated in all 13 of 13 meetings of the Board of Directors during the fiscal year under review following his appointment on June 26, 2024. He provides his opinions as a director from an objective viewpoint and independent perspective, particularly concerning matters such as business management and business strategies, 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 officers
Outside Auditor Susumu Kitsunai	Participated in all 17 of 17 meetings of the Board of Directors and in 15 of 16 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 17 of 17 meetings of the Board of Directors and in all 16 of 16 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.
Outside Auditor Kyoko Oyanagi	Participated in all 17 of 17 meetings of the Board of Directors and in all 16 of 16 meetings of the Board of Auditors during the fiscal year under review. She provides opinions from the professional point of view of a labor and social security attorney 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.

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.

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, 2025)

(Million yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	257,164	Current liabilities	117,704
Cash and deposits	80,188	Notes and accounts payable - trade	73,340
Notes receivable - trade	892	Short-term loans payable	14,890
Electronically recorded monetary claims - operating	7,155	Current portion of bonds payable	5,000
Accounts receivable - trade	106,091	Accrued expenses	8,145
Securities	150	Income taxes payable	4,018
Merchandise and finished goods	35,906	Provision for directors' bonuses	428
Work in process	1,973	Other	11,881
Raw materials and supplies	13,893	Non-current liabilities	21,587
Other	11,148	Bonds payable	5,000
Allowance for doubtful accounts	(236)	Long-term loans payable	5,500
Non-current assets	48,507	Deferred tax liabilities	4,115
Property, plant and equipment	28,445	Provision for directors' retirement benefits	99
Buildings and structures	9,839	Net defined benefit liability	2,572
Machinery, equipment and vehicles	11,034	Asset retirement obligations	698
Tools, furniture and fixtures	1,217	Other	3,601
Land	5,940	Total liabilities	139,292
Construction in progress	413	NET ASSETS	
Intangible assets	1,738	Shareholders' equity	142,993
Software	1,694	Capital stock	12,133
Other	44	Capital surplus	14,885
Investments and other assets	18,323	Retained earnings	121,553
Investment securities	12,556	Treasury shares	(5,579)
Deferred tax assets	1,344	Accumulated other comprehensive income	23,225
Claims provable in bankruptcy, claims provable in rehabilitation and other	4,815	Valuation difference on available-for-sale securities	3,263
Other	4,481	Deferred gains or losses on hedges	(28)
Allowance for doubtful accounts	(4,873)	Foreign currency translation adjustment	18,959
		Remeasurements of defined benefit plans	1,031
		Non-controlling interests	160
		Total net assets	166,379
Total assets	305,671	Total liabilities and net assets	305,671

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

Consolidated Statement of Income

(From April 1, 2024 to March 31, 2025)

(Million yen)

Account title	Amount	
Net sales		547,779
Cost of sales		476,113
Gross profit		71,665
Selling, general and administrative expenses		48,064
Operating income		23,601
Non-operating income		
Interest income	1,300	
Dividend income	249	
Commission fee	120	
House rent income	131	
Other	768	2,569
Non-operating expenses		
Interest expenses	769	
Share of loss of entities accounted for using equity method	90	
Foreign exchange losses	2,336	
Other	379	3,576
Ordinary income		22,593
Extraordinary income		
Gain on sales of non-current assets	42	
Gain on sales of investment securities	754	
Reversal of impairment losses	642	1,439
Extraordinary loss		
Loss on retirement of non-current assets	42	
Loss on sales of investment securities	4	
Loss on valuation of investment securities	241	
Other	35	324
Profit before income taxes		23,709
Income taxes - current	6,778	
Income taxes - deferred	209	6,988
Profit		16,721
Loss attributable to non-controlling interests		(361)
Profit attributable to owners of parent		17,083

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

Non-consolidated Financial Statements

Balance Sheet (As of March 31, 2025)

(Million yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	78,546	Current liabilities	57,693
Cash and deposits	15,839	Notes payable - trade	451
Notes receivable - trade	67	Accounts payable - trade	17,569
Electronically recorded monetary claims - operating	2,710	Short-term loans payable	7,603
Accounts receivable - trade	26,015	Current portion of bonds payable	5,000
Securities	150	Short-term loans payable to subsidiaries and associates	14,685
Merchandise	6,366	Current portion of long-term loans payable	5,000
Work in process	10	Lease obligations	37
Supplies	0	Accounts payable - other	911
Advance payments - trade	11	Accrued expenses	2,662
Prepaid expenses	344	Income taxes payable	1,899
Short-term loans receivable from subsidiaries and associates	22,977	Advances received	1,130
Accounts receivable - other	5,280	Deposits received	89
Other	345	Provision for directors' bonuses	400
Allowance for doubtful accounts	(1,574)	Other	250
Non-current assets	58,835	Non-current liabilities	12,315
Property, plant and equipment	6,046	Bonds payable	5,000
Buildings	1,783	Long-term loans payable	5,500
Structures	10	Deferred tax liabilities	380
Machinery and equipment	28	Lease obligations	12
Vehicles	775	Asset retirement obligations	112
Tools, furniture and fixtures	133	Other	1,309
Land	3,292	Total liabilities	70,009
Lease assets	23	NET ASSETS	
Intangible assets	1,262	Shareholders' equity	64,512
Trademark right	3	Capital stock	12,133
Software	1,252	Capital surplus	14,030
Other	5	Legal capital surplus	13,912
Investments and other assets	51,526	Other capital surplus	118
Investment securities	10,656	Retained earnings	43,923
Shares of subsidiaries and associates	38,820	Legal retained earnings	618
Investments in capital	10	Other retained earnings	43,305
Investments in capital of subsidiaries and associates	15	General reserve	7,000
Long-term loans receivable from subsidiaries and associates	940	Open innovation promotion reserve	25
Claims provable in bankruptcy, claims provable in rehabilitation and other	4,378	Retained earnings brought forward	36,280
Long-term prepaid expenses	203	Treasury shares	(5,575)
Other	1,454	Valuation and translation adjustments	2,859
Allowance for doubtful accounts	(4,412)	Valuation difference on available-for-sale securities	2,883
Allowance for investment loss	(540)	Deferred gains or losses on hedges	(23)
Total assets	137,381	Total net assets	67,372
		Total liabilities and net assets	137,381

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

Statement of Income
(From April 1, 2024 to March 31, 2025)

(Million yen)

Account title	Amount	
Net sales		117,513
Cost of sales		103,063
Gross profit		14,449
Selling, general and administrative expenses		9,143
Operating income		5,306
Non-operating income		
Interest income	410	
Dividend income	9,057	
Other	841	10,309
Non-operating expenses		
Interest expenses	576	
Depreciation of assets for rent	14	
Foreign exchange losses	34	
Other	207	832
Ordinary income		14,782
Extraordinary income		
Gain on sales of investment securities	630	
Reversal of allowance for doubtful accounts	58	
Other	0	688
Extraordinary loss		
Loss on sales of investment securities	4	
Loss on valuation of investment securities	241	
Provision of allowance for investment loss	240	
Other	5	493
Profit before income taxes		14,978
Income taxes - current	2,263	
Income taxes - deferred	1	2,264
Profit		12,713

(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 23, 2025

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

PricewaterhouseCoopers Japan LLC
Tokyo office

Haruyasu Tanabe, 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, 2024 to March 31, 2025. 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, 2025 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.
- Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis to express opinions on the consolidated financial statements. We are responsible for directing, supervising, and inspecting 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 where applicable, any measures taken to remove hindrances to independence or any safeguards applied to mitigate hindrances to a tolerable level.

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 23, 2025

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

PricewaterhouseCoopers Japan LLC

Tokyo office

Haruyasu Tanabe, 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 57th fiscal year from April 1, 2024 to March 31, 2025.

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, 2025 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 where applicable, any measures taken to remove hindrances to independence or any safeguards applied to mitigate hindrances to a tolerable level.

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 57th fiscal year (from April 1, 2024 to March 31, 2025), 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 Board of Auditors, 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. 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).

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 Japan 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 Japan LLC, Accounting Auditor, and the results thereof are appropriate and sufficient.

May 23, 2025

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

Inside Auditor	Eiji Kawamura	(Seal)
Outside Auditor	Susumu Kitsunai	(Seal)
Outside Auditor	Yoichi Sato	(Seal)
Outside Auditor	Kyoko Oyanagi	(Seal)