



NOTICE OF THE 66TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Time and Date:

1:00 p.m., Thursday, March 25, 2021 (JST)

(The reception desk will open at 12:30 p.m., JST.)

Venue:

MOMOYAMA, 4th floor, Hotel Mariners Court Tokyo
4-7-28 Harumi, Chuo-ku, Tokyo

Items to be resolved:

Agenda 1: Election of nine (9) directors

Agenda 2: Issuance of performance-linked share acquisition rights

Please kindly note that the Company does not distribute memento items to the shareholders who attend the General Meeting of Shareholders. We greatly appreciate your understanding.

Request for prevention of infection with the novel coronavirus disease (COVID-19)

In order to avoid the risk of infection with COVID-19, we ask that shareholders refrain from traveling to the Annual General Meeting of Shareholders. Please exercise your voting rights in writing or via the Internet prior to the meeting.

SUMIDA CORPORATION

Stock Code: 6817

Table of Contents

Notice of the General Meeting of Shareholders

Notice of the 66th Annual General Meeting of Shareholders	1
---	---

Concerning the Exercise of Voting Rights

Reference Materials for Annual General Meeting of Shareholders

Agenda 1: Election of nine (9) directors	4
Agenda 2: Issuance of performance-linked share acquisition rights	16

Attached Documents to the Notice of the General Meeting of Shareholders

Business Report

1. Matters Concerning the Current Status of the Sumida Group	24
2. Matters Concerning the Company	42

Consolidated Financial Statements	60
--	----

Non-consolidated Financial Statements	65
--	----

Audit Report	70
---------------------------	----

This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

(Stock Code: 6817)

March 2, 2021

NOTICE OF THE 66TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

We would like to express our gratitude for your continued patronage.

SUMIDA CORPORATION (the “Company”) hereby would like to inform you that the 66th Annual General Meeting of Shareholders will be held as outlined below.

Yours faithfully,

Shigeyuki Yawata

Director, Representative Executive Officer and CEO

SUMIDA CORPORATION

7th floor, KDX Ginza East Building

3-7-2 Irifune, Chuo-ku, Tokyo

- 1. Time and Date:** 1:00 p.m., Thursday, March 25, 2021 (JST)
(The reception desk will open at 12:30 p.m., JST.)
- 2. Venue:** MOMOYAMA, 4th floor, Hotel Mariners Court Tokyo
4-7-28 Harumi, Chuo-ku, Tokyo

3. Meeting Agenda:

- Items to be reported

1. Business Report, Consolidated Financial Statements and reports on the audited results of the Consolidated Financial Statements by the independent auditors and the Audit Committee for the 66th term (January 1 to December 31, 2020)
2. Non-consolidated Financial Statements for the 66th term (January 1 to December 31, 2020)

- Items to be resolved

- Agenda 1: Election of nine (9) directors
- Agenda 2: Issuance of performance-linked share acquisition rights

4. Decisions Made for the Meeting

- (1) If a shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right in writing or via the Internet, the Company will treat such cases as indications of acceptance.
- (2) In the event that a shareholder exercises a voting right via the Internet, even if the voting form is returned to us by mail, the Company will treat the shareholder's vote via the Internet as the effective exercise of the voting right.
- (3) If a shareholder exercises a voting right in writing, the shareholder is requested to return the voting form to us by mail by 5:00 p.m. on Wednesday, March 24, 2021 (JST).
- (4) If a shareholder exercises a voting right via the Internet, the shareholder is requested to do so by 5:00 p.m. on Wednesday, March 24, 2021 (JST).
- (5) In the event that a shareholder exercises voting rights diversely, the shareholder is requested to submit his/her intention to do so and the reason for the diverse exercise of voting rights to the Company in writing by three days before the meeting.

*If attending the meeting in person, please hand in the enclosed voting form, completed, to the receptionist at the meeting. In the interest of saving resources, please bring this notice with you to the meeting.

*The information contained in this notice has been disclosed on the Company's website before dispatching this notice with the objective of providing the information promptly.

*Of the attached documents to the notice of the General Meeting of Shareholders, notes to Consolidated Financial Statements in the Consolidated Financial Statements and notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements have been posted on the Company's website (<https://www.sumida.com>) under laws and regulations and Article 15 of the Company's Articles of Incorporation, and are accordingly not included with this notice and the attached documents thereto. Consolidated Financial Statements and Non-consolidated Financial Statements, which have been audited by the independent auditors and the Audit Committee, shall include not only the documents stated in the attached documents to this notice, but also notes to the Consolidated Financial Statements and notes to the Non-consolidated Financial Statements, which are posted on the above website.

*If the Reference Materials for Annual General Meeting of Shareholders, Business Report, and Non-consolidated and Consolidated Financial Statements are subsequently revised, the revisions shall be posted on the Company's website (<https://www.sumida.com>).

*Please note that the Company is not planning to hold any company presentation or reception after the meeting.

<Concerning the Exercise of Voting Rights>

- * Shareholders attending the meeting in person are requested to submit the voting form enclosed with this notice at the reception desk on the day of the meeting.
- * A shareholder may exercise his/her voting rights by designating one proxy who is another shareholder of the Company with voting rights pursuant to Article 17 of the Articles of Incorporation. In such cases, please submit to the Company a document proving the proxy's power of representation (power of attorney).
- * If you are unable to attend the meeting in person, please exercise your voting rights using either of the below methods.

[Exercising Voting Rights by Mail (in Writing)]

After indicating your acceptance or rejection of the agenda items on the voting form enclosed with this notice, return it without affixing a stamp.

Votes to be received by: 5:00 p.m., Wednesday, March 24, 2021 (JST)

[Exercising Voting Rights by electromagnetic method (via the Internet)]

Please access the Website for Exercising Voting Rights (<https://evote.tr.mufig.jp/>) with a computer, smartphone, or mobile phone, and enter the log-in ID and temporary password shown on the voting form enclosed with this notice. Follow the instructions given on the screen to indicate your acceptance or rejection.

In addition, you can exercise voting rights from the Website for Exercising Voting Rights for smartphones, which does not require the entry of the log-in ID and temporary password, by scanning the QR code shown on the voting form with your smartphone or other devices.

Votes to be given by: 5:00 p.m., Wednesday, March 24, 2021 (JST)

1. Please note that shareholders are to bear any and all telecommunications charges, including call charges and connection charges to be paid to Internet service providers when accessing the Website for Exercising Voting Rights.
2. For shareholders who intend to exercise voting rights via mobile phones or smartphones, please note that it may not be possible to do so using certain models.
3. In the event that a shareholder exercises a voting right on multiple occasions via the Internet, the Company will treat the shareholder's final vote as the effective exercise of the voting right.

Please direct any inquiries you may have concerning the exercise of voting rights via the Internet to:

Shareholders' Register Manager: Transfer Agent Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Tel: 0120-173-027 (Toll-free, available only in Japan)
Operating hours: 9:00 a.m. to 9:00 p.m. (JST)

[To All Institutional Investors]

In the event that you apply for the use of the platform for electronic exercise of voting rights (the so-called TSE platform) operated by ICJ, you may use it as your electronic method for exercising voting rights at the Company's General Meetings of Shareholders, in addition to the above-mentioned electronic methods via the Internet.

Reference Materials for Annual General Meeting of Shareholders

Agenda 1: Election of nine (9) directors

The terms of office of nine (9) directors will expire at the conclusion of this Annual General Meeting of Shareholders. The Company hereby requests the election of nine (9) directors including seven (7) outside directors as nominated by the Nomination Committee.

The candidates for the directors' positions are as follows. Seven (7) of the candidates for director, namely Messrs. Pak Hong Auyang, Yukihiro Moroe, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Mr. Tatsuo Umemoto and Mr. Gen Ikegami, seek the positions as outside directors as stipulated in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

[Reference] List of candidates

No.	Name	Positions and duties at the Company	
1	Shigeyuki Yawata	Director (Chairman of the Board of Directors), Representative Executive Officer and CEO, and member of the Risk Management Committee	[Re-election]
2	Pak Hong Auyang	Director, Chairman of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
3	Yukihiro Moroe	Director, member of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
4	Atsushi Kato	Director, Chairman of the Audit Committee and member of the Risk Management Committee	[Re-election] [Outside] [Independent]
5	Michael Mühlbayer	Director, member of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
6	Masako Miyatake	Director, member of the Audit Committee and Risk Management Committee	[Re-election] [Outside] [Independent]
7	Tatsuo Umemoto	Director and member of the Audit Committee	[Re-election] [Outside] [Independent]
8	Tomoharu Suseki	Director and Chairman of the Risk Management Committee	[Re-election]
9	Gen Ikegami		[New election] [Outside] [Independent]

Candidates' attendance to meetings

Name	Number of years in office	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Risk Management Committee meetings
Shigeyuki Yawata	–	6/6 (100%)	–	–	–	4/4 (100%)
Pak Hong Auyang	8	6/6 (100%)	–	6/6 (100%)	7/7 (100%)	–
Yukihiro Moroe	7	6/6 (100%)	–	6/6 (100%)	7/7 (100%)	–
Atsushi Kato	6	6/6 (100%)	10/10 (100%)	–	–	4/4 (100%)
Michael Mühlbayer	6	6/6 (100%)	–	6/6 (100%)	7/7 (100%)	–
Masako Miyatake	2	6/6 (100%)	10/10 (100%)	–	–	4/4 (100%)
Tatsuo Umemoto	2	6/6 (100%)	10/10 (100%)	–	–	–
Tomoharu Suseki	–	5/5 (100%)	–	–	–	3/3 (100%)
Gen Ikegami	0	–	–	–	–	–

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
1 Re-election	Shigeyuki Yawata (October 28, 1951) Rate of attendance at the Board of Directors meetings in FY2020: 6/6	<p>(Brief personal profile)</p> <p>Nov. 1977 Joined the Company Mar. 1988 Director Mar. 1990 Representative Director and Senior Managing Director Apr. 1991 Representative Director and Vice President Mar. 1992 Representative Director and President Apr. 2003 Director, Representative Executive Officer and CEO (To date) Dec. 2005 Managing Director, Sumida Holding Germany GmbH (Currently SUMIDA Europe GmbH) (To date)</p> <p>(Positions and duties at the Company)</p> <p>Director (Chairman of the Board of Directors), Representative Executive Officer and CEO, and member of the Risk Management Committee</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Managing Director, SUMIDA Europe GmbH</p>	0

<Reasons for the election of candidate nominated for director>

Mr. Shigeyuki Yawata possesses abundant experience and a proven track record in regard to not only his service in the executive management of the Sumida Group but also his role in operating and developing global business operations. The Company proposed him as a candidate for director because it expects Mr. Yawata not only to offer his extensive insight regarding the electronic components industry but also to continue to strengthen the function of the Board of Directors as he has served the executive management role in the Company of Representative Executive Officer and CEO.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
2 Re-election/ Outside/ Independent	Pak Hong Auyang (December 24, 1967) Rate of attendance at the Board of Directors meetings in FY2020: 6/6	<p>(Brief personal profile)</p> <p>Sep. 1991 Joined Computime Group Limited Sep. 2002 CEO, Computime Group Limited Nov. 2009 Chairman, Vida Nova Ventures Jul. 2010 Co-CEO & Executive Director, Touchmedia Dec. 2012 Outside Director, Grayhill (Hong Kong) Company Limited Mar. 2013 Outside Director of the Company (To date) Dec. 2015 CEO, Altis Technology Limited Jun. 2018 Director, CT Nova Limited Nov. 2018 Director, ZADAS Limited Nov. 2019 Independent Non-executive Director, Lever Style Corporation (To date) Jan. 2020 Non-executive Director, Computime Group Limited Apr. 2020 Director and CEO, Computime Group Limited (To date)</p> <p>(Positions and duties at the Company)</p> <p>Director, Chairman of the Nomination Committee and Compensation Committee</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Director and CEO, Computime Group Limited Independent Non-executive Director, Lever Style Corporation</p>	0

<Reasons for the election of candidate nominated for outside director>

Mr. Pak Hong Auyang is engaged in the management of electronic control products manufacturer Computime Group Limited of Hong Kong, and currently serves as a manager or director at Asian companies mainly in China and Hong Kong. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the Asian market. He currently serves as outside director of the Company. The length of his service as outside director will be eight (8) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
3 Re-election/ Outside/ Independent	Yukihiro Moroe (July 18, 1955) Rate of attendance at the Board of Directors meetings in FY2020: 6/6	<p>(Brief personal profile)</p> <p>Nov. 1985 Joined The Nomura Securities Co., Ltd. Jul. 1988 Joined Goldman Sachs Japan Nov. 1998 Managing Director, Goldman Sachs Japan Aug. 2008 Representative Director, YUME Capital Co., Ltd. (To date) Representative Director, Itohan Japan Co., Ltd. (To date) Jun. 2009 External auditor, Oisix ra daichi Inc. (To date) Mar. 2014 Outside Director of the Company (To date) Sep. 2018 Outside Director, JOYFUL HONDA CO., LTD.</p> <p>(Positions and duties at the Company)</p> <p>Director, member of the Nomination Committee and Compensation Committee</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Representative Director, YUME Capital Co., Ltd. Representative Director, Itohan Japan Co., Ltd. External auditor, Oisix ra daichi Inc.</p>	0

<Reasons for the election of candidate nominated for outside director>

Mr. Yukihiro Moroe has accumulated a wealth of experience in the financial industry over many years, and currently engages in management and serves as director and external auditor at several companies. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the experience and insight that he has accumulated throughout his career. He currently serves as outside director of the Company. The length of his service as outside director will be seven (7) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
4 Re-election/ Outside/ Independent	Atsushi Kato (April 14, 1943) Rate of attendance at the Board of Directors meetings in FY2020: 6/6	<p>(Brief personal profile)</p> <p>Apr. 1968 Established a tax accountant office, Director</p> <p>Oct. 1971 Joined Tokyo Office, Coopers & Lybrand</p> <p>Jul. 1983 Partner, Tokyo Office, Coopers & Lybrand</p> <p>Jul. 1984 Representative Partner, Chuo Audit Corporation (later ChuoAoyama Audit Corporation, a PricewaterhouseCoopers member firm) due to a merger</p> <p>Jul. 2001 Part-time member, Accounting Standards Board of Japan (ASBJ)</p> <p>Sep. 2006 Representative Partner, PricewaterhouseCoopers Aarata (Currently PricewaterhouseCoopers Aarata LLC, a PricewaterhouseCoopers member firm)</p> <p>Feb. 2007 Representative Director and President, Control Solutions International, Inc.</p> <p>Apr. 2009 Full-time Member, Accounting Standards Board of Japan (ASBJ)</p> <p>Apr. 2010 Full-time Vice Chairman, Accounting Standards Board of Japan (ASBJ)</p> <p>Apr. 2013 Certified Public Accountant, Atsushi Kato Certified Public Accountant Office (To date)</p> <p>Mar. 2015 Outside Director of the Company (To date)</p> <p>Jun. 2016 Outside Audit & Supervisory Board Member, UNIZO Holdings Company, Limited</p> <p>(Positions and duties at the Company)</p> <p>Director, Chairman of the Audit Committee and member of the Risk Management Committee</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Certified Public Accountant, Atsushi Kato Certified Public Accountant Office</p>	0

<Reasons for the election of candidate nominated for outside director>

Mr. Atsushi Kato has been involved in the provision of advice and activities regarding finance, audit, internal control and International Financial Reporting Standards (IFRS) for global corporations over many years, and has held various posts including partner at Coopers & Lybrand (C&L). The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the managerial knowledge and experience that he has accumulated throughout his career, especially in the fields of accounting and taxation. He currently serves as outside director of the Company. The length of his service as outside director will be six (6) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
5 Re-election/ Outside/ Independent	Michael Mühlbayer (February 22, 1955) Rate of attendance at the Board of Directors meetings in FY2020: 6/6	<p>(Brief personal profile)</p> <p>Oct. 1985 Joined Daimler AG</p> <p>Apr. 1994 Manager, Treasury Control, MTU Friedrichshafen GmbH, Daimler AG Group</p> <p>Apr. 1997 Executive Vice President, TEMIC TELEFUNKEN Mikroelektronik GmbH, Daimler AG Group</p> <p>Nov. 1998 Executive Vice President, New York Office, Mercedes-Benz Credit Corp, U.S., Daimler AG Group</p> <p>Nov. 1998 Executive Vice President, Detroit Office, Chrysler Financial Corp, U.S.</p> <p>Aug. 2000 Senior Vice President (Treasury), DaimlerChrysler AG</p> <p>Jul. 2005 Senior Vice President (Investor Relations & Treasury), Daimler AG</p> <p>Mar. 2015 Outside Director of the Company (To date)</p> <p>(Positions and duties at the Company)</p> <p>Director, member of the Nomination Committee and Compensation Committee</p>	0

<Reasons for the election of candidate nominated for outside director>

Dr. Michael Mühlbayer has been involved in finance of Daimler AG, a German automobile manufacturer, over many years. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, especially in the field of finance, and his insight into the automobile and electric and electronics industries and the European and U.S. markets. He currently serves as outside director of the Company. The length of his service as outside director will be six (6) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
6 Re-election/ Outside/ Independent	Masako Miyatake (August 19, 1958) Rate of attendance at the Board of Directors meetings in FY2020: 6/6	<p>(Brief personal profile)</p> <p>Apr. 1983 Joined The Chase Manhattan Bank N.A.</p> <p>Oct. 2002 Registered as Attorney (Daini Tokyo Bar Association); Erasion of the registration in 2011 to study abroad, Reregistration in 2014</p> <p>Oct. 2002 Joined Koga & Partners</p> <p>Jun. 2004 Joined Nishimura & Asahi (Formerly Asahi & Koma Law Offices)</p> <p>Nov. 2014 Joined Nakano Law Office</p> <p>Nov. 2014 Reconciliator, Dispute Reconciliation Center for Nuclear Damage Compensation regarding Fukushima Nuclear Plant, Ministry of Education, Culture, Sports, Science and Technology (To date)</p> <p>Apr. 2015 Conciliation Commissioner, Tokyo Family Court (To date)</p> <p>Apr. 2018 Joined Blakemore & Mitsuki (To date)</p> <p>Dec. 2018 Deputy Secretary-General, Japan International Dispute Resolution Center (To date)</p> <p>Mar. 2019 Outside Director of the Company (To date)</p> <p>Apr. 2019 Visiting Professor, Keio University Law School (To date)</p> <p>(Positions and duties at the Company)</p> <p>Director, member of the Audit Committee and Risk Management Committee</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Attorney</p> <p>Partner, Blakemore & Mitsuki</p> <p>Visiting Professor, Keio University Law School</p> <p>Deputy Secretary-General, Japan International Dispute Resolution Center</p>	0

<Reasons for the election of candidate nominated for outside director>

Dr. Masako Miyatake has accumulated a wealth of experience as an international lawyer over many years. She currently works as a lawyer with accumulated expertise in the fields of international transactions, finance, corporate governance, and litigation, arbitration and conciliation. The Company proposed her as a candidate for outside director because it expects her to oversee and check management based on her insight which is especially informed by her experience in international transactions and her global perspective. The Company judges she will appropriately fulfill her duties as an outside director based on the above reasons. She currently serves as outside director of the Company. The length of her service as outside director will be two (2) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
7 Re-election/ Outside/ Independent	Tatsuo Umemoto (September 14, 1956) Rate of attendance at the Board of Directors meetings in FY2020: 6/6	<p>(Brief personal profile)</p> <p>Apr. 1979 Joined Nippon Telegraph and Telephone Public Corporation (Currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION)</p> <p>Aug. 1985 Joined Bain & Company Japan, Inc.</p> <p>Sep. 1991 Joined Schroeder PTV Partners Co., Ltd.</p> <p>Apr. 1995 Joined SAZABY Inc. (Currently SAZABY LEAGUE, Ltd.) as Director of Corporate Planning Office Project Leader for start-up of Starbucks Coffee Japan Co., Ltd. Corporate Leader for the “second startup” (business re-establishment activities) project Chief Planning Officer (From 2000)</p> <p>Jan. 2005 Established iGRAM Inc., Representative Director (To date)</p> <p>Aug. 2011 Established LEAGUE MILLION INC., Representative Director</p> <p>Apr. 2015 Specially Appointed Professor at Graduate School of Social Design Studies, Rikkyo University</p> <p>Jun. 2015 Councilor, THE KIYOSHI HAYAKAWA FOUNDATION</p> <p>Apr. 2017 Outside Director, Forum Engineering Inc. (To date)</p> <p>Mar. 2019 Outside Director of the Company (To date)</p> <p>Apr. 2020 Specially Appointed Professor at Graduate School of Media and Governance, Keio University (To date)</p> <p>Apr. 2020 Visiting Professor at Graduate School of Social Design Studies, Rikkyo University (To date)</p> <p>(Positions and duties at the Company) Director and member of the Audit Committee</p> <p>(Important concurrent occupations or positions at other organizations) Specially Appointed Professor at Graduate School of Media and Governance, Keio University Visiting Professor at Graduate School of Social Design Studies, Rikkyo University Representative Director, iGRAM Inc. Outside Director, Forum Engineering Inc.</p>	0

<Reasons for the election of candidate nominated for outside director>

Mr. Tatsuo Umemoto has accumulated a wealth of international experience as a management consultant and corporate executive over many years. He has played leading roles in the launches of multiple companies, including Starbucks Coffee Japan Co., Ltd., and he currently works as an advisor in various fields and as a Specially Appointed Professor at Graduate School of Media and Governance, Keio University. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on his insight which is especially informed by his experience in business strategy, business planning, new business development, organization personnel, competency development, and marketing and branding. He currently serves as outside director of the Company. The length of his service as outside director will be two (2) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
8 Re-election	Tomoharu Suseki (February 18, 1957) Rate of attendance at the Board of Directors meetings in FY2020: 5/5	<p>(Brief personal profile)</p> <p>Apr. 1979 Joined Sumitomo Electric Industries, Ltd. Oct. 1990 Joined Raychem Corporation (Currently Tyco Electronics Japan G.K.) Jan. 1997 Director, Raychem Corporation Nov. 2001 Representative Director, Raychem Corporation Apr. 2003 Executive Officer, D&M Holdings Inc. Oct. 2004 Joined OCC Corporation Nov. 2004 Representative Director, President and CEO, OCC Corporation Sep. 2006 Retired from OCC Corporation Nov. 2006 Joined Sumida Electric Co., Ltd. Jan. 2007 Representative Director and President, Sumida Electric Co., Ltd. Mar. 2007 Executive Officer and COO of the Company Sep. 2010 Representative Executive Officer and President Feb. 2012 Managing Director, SUMIDA Europe GmbH Apr. 2020 Director of the Company (To date)</p> <p>(Positions and duties at the Company)</p> <p>Director and Chairman of the Risk Management Committee</p>	20,000

<Reasons for the election of candidate nominated for director>

Mr. Tomoharu Suseki has been involved for many years in business management at major electric and electronic companies, including foreign affiliates. He has also served as Representative Executive Officer and President of the Sumida Group for many years, has demonstrated strong leadership as a corporate executive, and has made significant contributions to business expansion and improvements in business performance. The Company proposed him as a candidate for director because it expects him to work to share information on the Board of Directors, and contribute to strengthening the decision-making and supervisory functions of the Board of Directors by leveraging his abundant experience and proven track record.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
9 New election/ Outside/ Independent	Gen Ikegami (January 10, 1955)	<p>(Brief personal profile)</p> <p>Sep. 1980 Joined Showa Audit Corporation (Currently Ernst & Young ShinNihon LLC)</p> <p>Mar. 1983 Registered as Certified Public Accountant</p> <p>May 1992 Registered as CPA in the state of California, United States of America</p> <p>May 2000 Representative Partner, Century Ota Showa & Co. (Currently Ernst & Young ShinNihon LLC)</p> <p>Jan. 2002 Board Member, International Auditing and Assurance Standards Board (IAASB)</p> <p>Nov. 2005 Board Member, International Federation of Accountants (IFAC)</p> <p>Jul. 2010 Deputy President, The Japanese Institute of Certified Public Accountants (JICPA) (Reappointed in July 2013)</p> <p>Jul. 2010 Director, Financial Accounting Standards Foundation (FASF)</p> <p>Jun. 2015 Representative, Gen Ikegami Certified Public Accountant Office (To date)</p> <p>Jul. 2015 Outside Statutory Auditor, TEIJIN LIMITED (To date)</p> <p>Jun. 2016 Outside Director, TAC Co., Ltd. (To date)</p> <p>Jul. 2016 Counsel, The Japanese Institute of Certified Public Accountants (JICPA)</p> <p>Jun. 2020 Outside Director (Audit and Supervisory Committee Member), Fujitsu Frontech Limited</p> <p>(Important concurrent occupations or positions at other organizations)</p> <p>Representative and Certified Public Accountant, Gen Ikegami Certified Public Accountant Office</p> <p>Outside Statutory Auditor, TEIJIN LIMITED</p> <p>Outside Director, TAC Co., Ltd.</p>	0

<Reasons for the election of candidate nominated for outside director>

Mr. Gen Ikegami is expected to contribute to maintaining and improving the Company's compliance based on his abundant knowledge and experience as a certified public accountant over many years, and therefore, the Company judges that he will appropriately fulfill his duties as an outside director. He is a new candidate for outside director.

Notes:

1. SUMIDA Europe GmbH is a subsidiary of the Company. Among other things, the Company loans funds to the subsidiary.
2. There are no special interest relationships between the candidates for the directors' positions and the Company.
3. If the seven (7) candidates for outside director, Messrs. Pak Hong Auyang, Yukihiro Moroe, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto and Gen Ikegami are elected as originally proposed, the Company plans that these persons will be independent directors in accordance with the provisions of the Tokyo Stock Exchange.
4. The Company has entered into an insurance contract covering officer liability for damages with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The insurance contract will cover damages to be borne by the insured, including compensation, judgment amounts decided by the court, settlement money, amounts paid in out-of-court settlements and legal costs, which may arise in relation to damage compensation claims. All of the directors, executive officers, accounting advisors, and employees who manage, supervise, and give directions and orders are insured by the said insurance contract. The following candidates for director will be included in those insured under the said insurance contract: Messrs.

Shigeyuki Yawata, Pak Hong Auyang, Yukihiro Moroe, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto, Tomoharu Suseki and Gen Ikegami.

Reasons for the election:

Eight (8) of the candidates nominated for director, Messrs. Shigeyuki Yawata, Pak Hong Auyang, Yukihiro Moroe, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake, Messrs. Tatsuo Umemoto and Tomoharu Suseki have sufficiently served as directors who determine basic management policies and supervise operations. The Company therefore requests to reelect them as directors. Furthermore, the Company believes that Mr. Gen Ikegami will sufficiently serve as director who determines basic management policies and supervises operations, and therefore requests to newly elect him as director.

Reasons for the election of candidates nominated for outside director, independence as outside directors and the explanation of liability limitation contracts with outside directors are as follows.

(1) Reasons for the election of candidates nominated for outside director

The Company is a company employing a committee-based corporate governance structure, called a company with nomination committee, etc. At a company with nomination committee, etc., the board of directors specializes in supervising management, while a committee, a majority of which consists of outside directors, is established to improve the transparency of management and executive officers are installed as an organ to work full-time for the execution of operations. Thus, a company with nomination committee, etc. clearly separates “supervision of management” from “execution of operations” to make them function effectively. Such a company generally needs to elect multiple outside directors. To further enhance the functions of the board of directors, the Company is to make outside directors account for a majority of directors, and hereby requests the election of seven (7) outside directors.

(2) Independence of candidates for outside director

- (i) None of the candidates for outside director have been managing members of the Company or business operators that have specific relations with the Company in the past.
- (ii) None of the candidates for outside director have received or plan to receive a large amount of money or other property from the Company or business operators that have specific relations with the Company.
- (iii) None of the candidates for outside director have relatives in the third degree or closer with managing members of the Company or business operators that have specific relations with the Company.

(3) Liability limitation contracts with outside directors

The Company has entered into liability limitation contracts with outside directors of the Company, Messrs. Pak Hong Auyang, Yukihiro Moroe, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake and Mr. Tatsuo Umemoto. (Outline of the contracts is stated on page 50 of the Business Report.) In case of their re-election, the Company will continue the above liability limitation contracts with them. In case of election of Mr. Gen Ikegami, the Company will also enter into the above liability limitation contracts with him.

Agenda 2: Issuance of performance-linked share acquisition rights

The Company requests approval for the determination of offering terms for share acquisition rights to be issued as share options to directors and employees of the Company's subsidiaries in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act, to be entrusted to the board of directors of the Company (the "Board of Directors") or to the executive officer of the Company delegated by resolution of the Board of Directors.

1. Reasons for the need to solicit subscribers for share acquisition rights on particularly favorable terms

In aiming for the Sumida Group to achieve the targets for the three-year period from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023, realize sustainable growth, and enhance medium- to long-term corporate value, the Company will issue share acquisition rights without contribution to directors and employees of the Company's subsidiaries, upon exercise of which shares are delivered on stipulation that the value of property to be contributed upon exercise of the share acquisition rights is one (1) yen per share, as a medium-term incentive plan.

These share acquisition rights may be exercised only when the conditions stipulated in 2. (3) "(viii) Terms and conditions for exercising share acquisition rights" below are fulfilled, and the extent to which they become exercisable shall be determined by the level of fulfillment. Therefore, their contents include commitments toward the Group's business results targets to be assumed by the directors and employees of the Company's subsidiaries eligible to receive the share acquisition rights.

In addition, it is the Company's policy that if the Company holds treasury shares upon exercise of the share acquisition rights, the Company will deliver treasury shares rather than issuing new shares to the extent possible.

2. Details of, maximum number of, and matters regarding payment for share acquisition rights for which offering terms may be determined based on the decision of this Annual General Meeting of Shareholders

- (1) Maximum number of share acquisition rights for which offering terms may be determined based on this entrustment

The maximum number of the share acquisition rights under the terms specified in (3) below shall be 6,000.

The maximum number of shares to be granted upon exercise of the share acquisition rights shall be 600,000 shares of ordinary shares of the Company. In the event that the number of such shares to be granted is adjusted pursuant to (3) (i) below, the maximum number of shares to be granted upon exercise of share acquisition rights shall be the number obtained by multiplying the number of shares granted after adjustment by the maximum number of share acquisition rights as provided for above.

- (2) Amount to be paid in for share acquisition rights for which offering terms may be determined based on this entrustment

Monetary payment is not required for the share acquisition rights as they are issued without contribution.

- (3) Details of the share acquisition rights for which offering terms may be determined based on this

entrustment

(i) Class and number of shares to be delivered upon exercise of share acquisition rights

The class of shares to be delivered upon exercise of the share acquisition rights shall be ordinary shares and the number of shares to be delivered upon exercise of one (1) share acquisition right (hereinafter the “Number of Shares Granted”) shall be 100.

Notwithstanding the foregoing, in the event that the Company carries out a share split (including any allotment of shares without contribution; the same shall apply hereinafter) or a share consolidation of ordinary shares of the Company after the date of the resolution at the General Meeting of Shareholders (hereinafter the “Resolution Date”), the Number of Shares Granted for share acquisition rights that are unexercised as of the time of the share split or share consolidation shall be adjusted according to the following formula. Any fraction of less than one (1) share resulting from this adjustment shall be discarded.

$$\begin{array}{rcccl} \text{Number of Shares} & & \text{Number of Shares} & & \\ \text{Granted after} & = & \text{Granted before} & \times & \text{Ratio of share split or} \\ \text{adjustment} & & \text{adjustment} & & \text{consolidation} \end{array}$$

In addition, in the event that it is necessary for the Company to make an adjustment to the Number of Shares Granted in cases where the Company carries out a merger, company split, share exchange, share transfer, etc., the Company may make an appropriate adjustment taking into account the merger ratio and other conditions, to the extent reasonable.

(ii) Value of property to be contributed upon exercise of share acquisition rights

The value of property to be contributed upon exercise of one (1) share acquisition right shall be the amount obtained by multiplying one (1) yen, which is the amount to be paid in per one (1) share to be delivered upon exercise of the share acquisition rights (hereinafter the “Exercise Price”), by the Number of Shares Granted. Notwithstanding the foregoing, if the Company carries out a share split or share consolidation of ordinary shares of the Company after the Resolution Date, the Exercise Price for share acquisition rights that are unexercised as of the time of the share split or share consolidation shall be adjusted according to the following formula. Any fraction of less than one (1) yen resulting from this adjustment shall be rounded up to the nearest yen.

$$\begin{array}{rcccl} \text{Exercise Price after} & & \text{Exercise Price before} & & 1 \\ \text{adjustment} & = & \text{adjustment} & \times & \frac{\quad}{\quad} \\ & & & & \text{Ratio of share split or} \\ & & & & \text{consolidation} \end{array}$$

In addition, in the event that it is necessary for the Company to make an adjustment to the Exercise Price in cases where the Company carries out a merger, company split, share exchange, share transfer, etc., the Company may make an appropriate adjustment taking into account the merger ratio and other conditions, to the extent reasonable.

(iii) Exercise period of the share acquisition rights

April 1, 2024 to March 31, 2039

(iv) Matters concerning capital stock and legal capital surplus increases in event of issuance of

shares upon exercise of share acquisition rights

- (a) The amount of capital stock increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be half the maximum amount of increase in capital stock, etc., calculated in accordance with the provision of Article 17, paragraph (1) of the Regulation on Corporate Accounting. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest yen.
 - (b) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be the amount obtained by subtracting the capital stock increase stipulated in (a) above from the maximum amount of increase in capital stock, etc., described in (a) above.
- (v) Restriction on the transfer of share acquisition rights
- Any acquisition of the share acquisition rights by way of transfer shall be subject to the approval of the Board of Directors.
- (vi) Cases of acquisition of share acquisition rights by the Company
- (a) In the event that any of the agenda items set forth in 1), 2), 3), 4) and 5) below is approved at a General Meeting of Shareholders of the Company (or, if a resolution at a General Meeting of Shareholders is not required, is resolved by the Board of Directors or determined by the executive officer of the Company delegated by resolution of the Board of Directors), the Company may acquire the share acquisition rights without contribution on the date to be separately determined by the Board of Directors or determined by the executive officer of the Company delegated by resolution of the Board of Directors:
 - 1) Agenda item for approval of a merger agreement under which the Company shall become a disappearing company;
 - 2) Agenda item for approval of absorption-type company split agreement or incorporation-type company split plan under which the Company shall become a split company;
 - 3) Agenda item for approval of a share exchange agreement or share transfer plan under which the Company shall become a wholly owned subsidiary;
 - 4) Agenda item for approval of an amendment to the Articles of Incorporation in order to establish the provision that all shares to be issued by the Company shall require the approval of the Company for acquiring by way of transfer; and
 - 5) Agenda item for approval of an amendment to the Articles of Incorporation in order to establish the provision that a class of shares to be delivered upon exercise of the share acquisition rights shall require the approval of the Company for acquiring by way of transfer or that all of such class of shares may be acquired by the Company by resolution at a General Meeting of Shareholders.
 - (b) In the event that an individual who has been allotted share acquisition rights (“Share Acquisition Rights Holder”) is no more possible to exercise his/her share acquisition rights due to the provisions set forth in (viii) below or by other reasons before exercising his/her rights, the Company may acquire the share acquisition rights without contribution.

(vii) Handling of share acquisition rights in relation to an act of structural reorganization

In the event that the Company carries out a merger (limited to cases where the Company disappears due to the merger), an absorption-type or incorporation-type company split (limited to cases where the Company becomes a split company), or a share exchange or transfer (limited to cases where the Company becomes a wholly owned subsidiary) (collectively, the “Act of Structural Reorganization”), the Company shall, in each of the above cases, deliver the share acquisition rights of any of the relevant companies set forth in Article 236, paragraph (1), items (viii), (a) to (viii), (e) of the Companies Act (hereinafter referred to as the “Reorganized Company”) to the Share Acquisition Rights Holder remaining as of the effective date of the relevant Act of Structural Reorganization (hereinafter the “Remaining Share Acquisition Rights”) in accordance with the following terms and conditions. In this case, the Remaining Share Acquisition Rights shall be extinguished and the Reorganized Company shall issue new share acquisition rights; provided, however, that the foregoing shall be on the condition that delivery of such share acquisition rights of the Reorganized Company in accordance with the following terms and conditions is stipulated in a merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(a) Number of share acquisition rights of the Reorganized Company to be delivered

A number equal to the number of the Remaining Share Acquisition Rights held by the Share Acquisition Rights Holder shall be delivered to each such holder.

(b) Class of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights

Ordinary shares of the Reorganized Company

(c) Number of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights

To be determined in accordance with (i) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.

(d) Value of property to be contributed upon exercise of share acquisition rights

The value of property to be contributed upon exercise of each share acquisition right to be delivered shall be the amount obtained by multiplying the amount per share to be paid in after reorganization obtained by adjusting the Exercise Price set forth in (ii) above by the number of shares of the Reorganized Company to be delivered upon exercise of relevant share acquisition rights as determined in accordance with (c) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.

(e) Exercise period of the share acquisition rights

From and including whichever is the later of the commencement date of the period during which the share acquisition rights may be exercised as provided for in (iii) above (hereinafter the “Exercise Period”) or the effective date of the Act of Structural Reorganization, to and including the expiry date of the Exercise Period.

(f) Terms and conditions for exercising share acquisition rights

To be determined in accordance with (viii) below.

- (g) Matters concerning capital stock and legal capital surplus increases in event of issuance of shares upon exercise of share acquisition rights

To be determined in accordance with (iv) above.

- (h) Matters concerning acquisition of share acquisition rights

To be determined in accordance with (vi) above.

- (i) Restriction on acquisition of share acquisition rights by way of transfer

Acquisition of the share acquisition rights by way of transfer shall be subject to the approval by resolution of the board of directors of the Reorganized Company (or a director of the Reorganized Company if the Reorganized Company is not a company with a board of directors).

- (viii) Terms and conditions for exercising share acquisition rights

- (a) Provided that the two conditions of (i) the operating profit recorded in the consolidated statement of profit or loss in the annual securities report (hereinafter referred to as “Performance Assessment Level”) reaches 6,400 million yen or more, in any fiscal year of the Company, from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023 (hereinafter referred to as “Target Fiscal Years”), and (ii) the average return on invested capital during the Target Fiscal Years is 4.9% or higher, are met, the maximum number of share acquisition rights that each Share Acquisition Rights Holder may exercise shall be the number of share acquisition rights held by each holder multiplied by the exercisable ratio (calculated by dividing the largest amount achieved during the Target Fiscal Years (the Performance Assessment Level can only be a maximum of 10,000 million yen even if the operating profit recorded in the consolidated statement of profit or loss in the annual securities report exceeds 10,000 million yen) by 10,000 million yen (any fraction of less than one (1) unit shall be discarded)). However, if a significant change occurs in the concept of index to be referred to, the Board of Directors shall determine another index to be referred to.
- (b) Share Acquisition Rights Holder must be in a position of director or employee of the Company or its subsidiary (collectively, the “Required Position”) until the time of exercise of the share acquisition rights on a continuing basis.
- (c) With regard to Share Acquisition Rights Holders, there must not be a situation where dismissal of director has been adopted at a General Meeting of Shareholders of the relevant subsidiary of the Company, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiary, or a similar situation, as of the time of exercise of the share acquisition rights.
- (d) Notwithstanding (b) above, share acquisition rights may be exercised even when a Share Acquisition Rights Holder has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In

this case, the holder may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which two (2) years have elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period. However, if the date of loss of the Required Position is prior to the commencement date of the Exercise Period, the number of share acquisition rights that can be exercised is calculated based on the following formula (any fraction of less than one (1) unit shall be discarded):

$$\text{Number of exercisable share acquisition rights} = \text{Limit number of (a) above} \times \frac{\text{The number of days from the allotment date to the date of loss of the Required Position}}{\text{The number of days from the allotment date to the day immediately preceding the commencement date of the Exercise Period of the share acquisition rights}}$$

- (e) Share acquisition rights may not be exercised by inheritors of share acquisition rights.
- (f) Any fraction of a share acquisition right less than one (1) may not be exercised.

- (ix) Handling of fractions of less than one (1) share resulting from exercise of share acquisition rights

Any fraction of less than one (1) share included in the number of shares to be delivered to a Share Acquisition Rights Holder who exercised share acquisition rights shall be discarded.

- (4) Other matters regarding share acquisition rights

If there are finer details of the aforementioned or any other matters relating to the subscription of share acquisition rights, these shall be determined by the Board of Directors of the Company or by executive officers of the Company who have been delegated by resolution of the Board of Directors.

(Reference)

In aiming for the Sumida Group to achieve the targets for the three-year period from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023 and realize sustainable growth and enhance medium- to long-term corporate value, the Company also plans to issue share acquisition rights to executive officers of the Company with terms and conditions for exercise that are similar to the incentive plan to directors and employees of the Company's subsidiaries as a medium-term incentive plan. With regard to share acquisition rights to be allotted to executive officers of the Company, the paid-in amount will be the amount obtained by multiplying the fair value of a share acquisition right calculated by the formula of the Black-Sholes Model by the number of share acquisition rights to be allotted to each executive officer. The Compensation Committee will, on the condition that this agenda item is approved and adopted, grant to each executive officer remuneration at the same amount as the amount to be paid in, where each executive officer's right to claim the remuneration from the Company and each executive officer's obligation to pay the amount to be paid in will offset each other. In addition, the details of share acquisition rights

regarding specifics of individual remuneration, etc. of executive officers will be similar to those set forth in 2. (3) above.

Business Report

for the 66th term

(January 1 to December 31, 2020)

Shigeyuki Yawata
Director, Representative Executive Officer and CEO
SUMIDA CORPORATION

Business Report

(January 1 to December 31, 2020)

1. Matters Concerning the Current Status of the Sumida Group

(1) Business conditions for the fiscal year under review

(i) Progress and results of the business

In 2020, the global economy was buffeted by the COVID-19 pandemic. Economic activities were restricted during the first half of the year due to lockdowns, restrictions on movement and other measures imposed in various countries. China, the country that saw the first outbreak of COVID-19, returned to its growth path after lifting the restrictions and employing aggressive measures by the government. The U.S. and European nations also saw recovery owing to economic policies developed by the governments, but the growing COVID-19 cases in the U.S. and major European countries have triggered re-introduction of restrictive measures including stay-at-home order and business suspension order to stores and restaurants in the European nations. As a result, social and economic activities are restricted once again.

With the growing spread of COVID-19 infection, the Sumida Group secured a structure to maintain normal operations through the thorough implementation of measures to prevent the spread of COVID-19 at all offices, including working from home according to the circumstances in each office. In order to carry out our business operations without losing productivity even during the COVID-19 crisis, we have been reviewing our operational processes, such as using cloud services to share files on a location-free basis, and reconsidering the frequency of receiving and placing orders in order to achieve appropriate inventory levels. In addition, in order to expand production in our Thai and Vietnam plants from China, where production is currently concentrated, we reviewed production items, purchased local production equipment, contracted with local suppliers, and promoted local production and local consumption in our production system. In addition, we promoted the development of a global technology system that can flexibly respond to the globalization of design and development, such as the joint efforts of the development teams in Europe and the U.S. and the ones in China, contracting with global raw material suppliers, and strengthening the support system at development bases close to production sites. In addition, progress has been made in effective use of office space with the consolidation of working from home, and the head office space and Shintomi-cho office were merged.

For the fiscal year ended December 31, 2020, the Sumida Group was unable to conduct production activities in China during the first quarter due the restrictions on economic activities and restrictions on movement imposed in China from around Chinese New Year due to the spread of COVID-19. There was also reduced function in the Asian supply chain. Production activities in China recovered during the second quarter and the Asian supply chains also functioned, but there was a substantial drop in automotive-related revenue with lockdowns and shutdowns of client factories due to the spread of COVID-19 in the U.S. and Europe.

In the third quarter, economic activities resumed in the U.S. and Europe, and automotive-related sales also showed signs of recovery with production at steadily operating factories in China underpinning revenue. The steady recovery in automotive-related revenue continued even during the fourth quarter.

Although sales of products for home appliances decreased for some customers as a result of the

worsening relationship between the U.S. and China, demand for PCs and tablets expanded due to the spread of teleworking, and in the industry sector sales of products for solar power generation, medical care, and home appliance production facilities were strong. However, in automotive-related products, the sales growth in the second half of the year could not cover the drop in the first half of the year, and revenue for the fiscal year ended December 31, 2020 declined 10.5% year on year to 84,417 million yen. Although there was stagnation in North America and Europe for automotive-related products in the first half, a recovery trend was evident in the second half of the year with sales growth in products for EV and xEV.

Looking at revenue by region, revenue in Asia decreased by 5.8% compared to the previous fiscal year due to the impact of a change in strategy by a major consumer electronics customer and the worsening relationship between the U.S. and China, despite strong sales of automotive products in China. In North America and Europe, revenue decreased by 20.1% and 10.3%, respectively, despite the recovery of the automotive market in the second half of the year and the increase in revenue.

In terms of profit, factory operation levels fell substantially in China during the first quarter and in the U.S. and Europe during the second quarter, so the burden of fixed costs reduced the profit. Operation levels showed signs of recovery during the third and fourth quarters, but this was not sufficient to cover the drop in the first half.

Efforts were made to improve profitability throughout the year with initiatives to reduce fixed costs and curtail selling, general and administrative expenses. In addition, for a number of regions where the Sumida Group has companies, particularly production bases, 1,204 million yen in government support were received in relation to COVID-19 including temporary deductions of social insurance premiums and absence allowances that should be borne by organizations under the legal systems of such regions. Furthermore, a profit of 551 million yen was recorded due to the resolution of lease obligations with the cancellation of a land lease in China. However, an impairment loss of 475 million yen (after offset of the impairment loss reversal) was recorded on production facilities for strong-selling smartphones due to changes in strategies by business partners.

As a result, operating profit decreased by 19.9% from the previous fiscal year to 2,838 million yen, due to negative factors such as 3,811 million yen from the impact of lower sales and changes in the sales mix, and 558 million yen from the impact of lower plant capacity utilization, despite positive factors such as 999 million yen from reduced manufacturing overhead costs, 830 million yen from lower raw material prices, as well as 821 million yen from improved production efficiency. Profit before income taxes decreased by 32.7% year on year to 1,470 million yen, and net profits for the year attributable to owners of parent decreased by 47.7% to 828 million yen.

Note that the average annual exchange rates were 1 US\$ = 107.02 yen, 1 euro = 121.44 yen, 1 renminbi = 15.40 yen, and the annual average price of copper was US\$5,895 per ton.

The business performance by quarter are as follows.

	1st quarter	2nd quarter	3rd quarter	4th quarter
Revenue	20,573	17,588	22,325	23,930
Operating profit	(260)	(954)	1,331	2,721

(Reporting segment information)

The following is the business performance in the current fiscal year by reporting segment.

1) Asia Pacific Business

In the Asia Pacific Business, revenue for the current fiscal year decreased by 10.5% year on year to 53,725 million yen due to the large drop in demand in the first half of the year caused by COVID-19. Segment profit decreased by 27.1% year on year to 1,933 million yen due to factors such as the decline in revenue, the sales mix and lowered operation levels.

2) EU Business

In the EU Business, revenue for the current fiscal year decreased by 10.3% year on year to 30,691 million yen due to the large drop in automotive-related orders in the first half with factors such as lockdowns and factory shutdowns due to the spread of COVID-19. Segment profit decreased by 23.5% year on year to 1,097 million yen due to factors such as lowered operation levels.

Business segment	Revenue (million yen)
Asia Pacific Business	53,725
EU Business	30,691
Total	84,417

(Status by market)

For automotive-related products, the Sumida Group was unable to conduct production activities in China during the first quarter due the restrictions on economic activities and restrictions on movement imposed in China from around Chinese New Year due to the spread of COVID-19. Production activities in China recovered during the second quarter, but there was a substantial drop in automotive-related orders with factors such as lockdowns and client factory shutdowns due to the spread of COVID-19 in the U.S. and Europe. In the third quarter, economic activities resumed in the U.S. and Europe, and automotive-related sales also showed signs of recovery with production at steadily operating factories in China underpinning revenue. The steady recovery in automotive-related revenue continued even during the fourth quarter. In addition, EV/xEV related sales were also strong during the COVID-19 disaster, but there was a large drop in the first half of the year and automotive-related revenue declined 15.2% from the end of the previous fiscal year to 48,289 million yen.

In consumer electronics related products, there was the impact of demand for goods to make homes more comfortable, with strong sales of white goods, note PCs, tablets and products used in datacenters, with orders particularly strong from the second half of the year. However, changes in strategies by some major clients as well as the deterioration in relations between the U.S. and China led to revenue declining by 7.1% from the end of the previous fiscal year to 19,110 million yen.

Meanwhile, industry-related products also faced severe conditions with a similar impact to automotive-related products from the spread of COVID-19. However, there are also moves towards decarbonization and there are favorable trends for facilities for solar power generation in the U.S. and Europe, while medical-related products are also strong, so revenue increased 1.6% from the previous fiscal year to 17,017 million yen.

Financial position

(Assets)

Total assets at the end of the current fiscal year were 98,063 million yen, up 1,502 million yen from the end of the previous fiscal year. Although items such as trade and other receivables and inventories declined, cash and cash equivalents increased so current assets increased by 441 million yen. In addition, although items such as goodwill and intangible assets declined, items such as property, plant and equipment and right-of-use asset increased, so non-current assets increased by 1,060 million yen.

(Liabilities)

Total liabilities at the end of the current fiscal year were 63,505 million yen, up 1,538 million yen from the end of the previous fiscal year. Interest bearing debts increased 1,127 million yen from the end of the previous fiscal year (Short-term interest bearing debts fell 17 million yen from the end of the previous fiscal year, long-term interest bearing debts due within one year fell 829 million yen from the end of previous fiscal year, and long-term interest bearing debts rose 1,974 million yen from the end of previous fiscal year).

Items such as long-term interest bearing debts due within one year and short-term interest bearing debts declined, so current liabilities declined by 656 million yen. Although items such as lease obligations declined, items such as long-term interest bearing debts rose, so non-current liabilities increased by 2,194 million yen.

Note that the net DE ratio was 1.07 at the end of the current fiscal year, compared to 1.09 at the end of the previous fiscal year.

(Equity)

Total equity at the end of the current fiscal year fell 36 million yen from the end of the previous fiscal year to 34,557 million yen. Although net profits for the year attributable to owners of parent was 828 million yen, this was attributable to factors such as dividends. Consequently, total equity attributable to owners of parent was 32,990 million yen, and the ratio of equity attributable to owners of parent at the end of the current fiscal year was 33.6%, compared to 34.2% at the end of the previous fiscal year.

Given the increased uncertainty about the future outlook with the spread of COVID-19, the Sumida Group issues rolling forecasts out to 6 months ahead on a monthly basis and has managed funds. In addition, we undertook initiatives such as increasing the open commitment line from financial institutions from 8 billion yen to 13 billion yen and revising the perpetual subordinated loan. Net interest bearing debts at the end of the current fiscal year was reduced by 822 million yen from the end of the previous fiscal year, which was before the spread of COVID-19. Since more than 95% of total debts are foreign-currency denominated debts with comparatively high interest rate levels, the average interest rate on debts is 1.6%. There was considerable depreciation of the yen/appreciation of the renminbi in the current fiscal year, so the cost price of yen denominated products increased. There was also abundant conversion to renminbi due to demand for funds which led to a foreign exchange loss. Note that 95% of the Sumida Group's property, plant and equipment are overseas property, plant and equipment.

(ii) Plant and equipment investment

The Group continuously makes investments to expand facilities and enhance research and development for rationalization of production, quality improvement and increasing demand. For the current fiscal year, the Group made constant investments related to the development and manufacturing of new products, enhancement of automotive-related facilities to meet active demand, and production automation and expansion of facilities in China. Although the Group had initially planned for total plant and equipment investment of 8,900 million yen for FY2020, total investment amounted to 5,989 million yen due to delays in new product development schedules and postponement of increasing production according to customer requests as a result of the impact of the spread of COVID-19. The breakdown of plant and equipment investment was 40% for new products, 34% for increasing production, and 14% for improving productivity and upgrading plants and equipment.

(iii) Fund procurement

1) Loan commitment agreements

In order to raise working capital effectively, the Group has concluded loan commitment agreements with eleven of its financing banks during the current fiscal year. Total amount of specified in loan commitment agreements, outstanding borrowings and unused loan commitments at the end of the current fiscal year are as follows:

(Million yen)

Total amount specified in loan commitment agreements	18,168
Outstanding borrowings	9,053
Balance	9,115

2) Multi-currency commitment line agreements

In order to make it possible to raise working capital effectively, the Group has concluded U.S. dollar, euro and yen multi-currency commitment line agreements with seven of its financing banks. Total amount specified in multi-currency commitment line agreements, outstanding borrowings and unused multi-currency commitment lines based on the said agreements at the end of the current fiscal year are as follows:

(Million yen)

Total amount specified in multi-currency commitment line agreements	8,000
Outstanding borrowings	—
Balance	8,000

3) Perpetual subordinated loan agreements

For the Mid-Term Business Plan announced in the current fiscal year, the Company aims to implement growth strategies as well as maintain a healthy financial position as a management policy. As a specific measure, the Company procured funds through a perpetual subordinated loan. The funds obtained from this subordinated loan were used for capital investments and repayments of existing interest-bearing loans.

According to IFRS, because this perpetual subordinated loan has no date of repayment for the principal specified and optional deferral of its interest payment is possible, it is classified

as an equity instrument and the funds obtained from this loan after deducting issuance expenses will be classified as equity in the consolidated financial statements.

(i) Amount	5,000 million yen
(ii) Contract date	December 25, 2020
(iii) Execution date	December 28, 2020
(iv) Repayment date	No repayment date specified Provided, however, that on each interest payment date, optional repayment of all or part of the principal is possible
(v) Use of funds	Operating funds (capital investment and repayment of existing interest-bearing debts)
(vi) Interest rate	Variable interest rate based on 3-month Japanese yen TIBOR
(vii) Clauses relating to interest payment	Optional deferral of interest payment is possible
(viii) Lenders	Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc., Mizuho Leasing Company, Limited

- (iv) Acquisition or disposal of shares, other stakes or share acquisition rights of other companies
There were no relevant issues.

(2) Summary of assets, profit and losses

	63rd term (ended Dec. 2017)	64th term (ended Dec. 2018)	65th term (ended Dec. 2019)	66th (current) term (ended Dec. 2020)
Revenue (million yen)	90,153	97,538	94,283	84,417
Operating profit (million yen)	6,217	5,383	3,543	2,838
Net profits for the year attributable to owners of parent (million yen)	4,504	2,420	1,582	828
Basic earnings per share (yen)	176.41	90.24	58.36	30.50
Total assets (million yen)	84,366	94,277	96,561	98,063
Total equity (million yen)	30,122	35,438	34,593	34,557
Equity attributable to owners of parent per share (yen)	1,069.67	1,250.01	1,216.08	1,213.75
ROE (Return on equity attributable to owners of parent) (%)	18.3	7.8	4.7	2.5

Notes:

1. Starting from the 63rd term, International Financial Reporting Standards (IFRS) has been applied for the preparation of consolidated financial statements.
2. Basic earnings per share is calculated based on the average number of shares issued in each fiscal term, and equity attributable to owners of parent per share is calculated based on the total number of shares issued at the end of each fiscal term.
In calculating basic earnings per share and equity attributable to owners of parent per share, treasury shares are excluded from the average number of shares issued during each fiscal term and from the total number of shares issued at the end of each fiscal term.

(3) Significant matters of the parent company and subsidiaries

(i) Parent company

There were no relevant issues.

(ii) Significant subsidiaries

Company name	Capital		Voting rights of the Company (%)	Key business
Sumida Electric Co., Ltd.	460,000	thousand yen	100	Manufacture, sale and research & development of coils
Sumida Corporate Service Incorporated	25,000	thousand yen	100	Control of Group management
Dongguan Sumida (Tai Ping) Electric Co., Ltd.	305,000	thousand Hong Kong dollars	100 (100)	Manufacture of coils
SUMIDA ELECTRIC (GUANGXI) CO., LTD.	20,000	thousand Hong Kong dollars	100 (100)	Manufacture of coils
Sumida Electric (H.K.) Company Limited	784,000	thousand Hong Kong dollars	100 (100)	Manufacture and research & development of coils
SUMIDA TRADING PTE. LTD.	6,000	thousand Singapore dollars	100	Sale of coils
SUMIDA AMERICA COMPONENTS INC.	6,350	thousand U.S. dollars	100	Sale of coils
SUMIDA TRADING (SHANGHAI) COMPANY LIMITED	8,070	thousand yuan	100 (100)	Sale of coils
TAIWAN SUMIDA TRADING COMPANY LIMITED	30,000	thousand Taiwan dollars	100	Sale of coils
SUMIDA TRADING (KOREA) COMPANY LIMITED	2,000,000	thousand Korea won	100	Sale of coils
SUMIDA Europe GmbH	25	thousand euro	100	Control of the EU Business
SUMIDA Components GmbH	105	thousand euro	97.8 (97.8)	Manufacture and sale of coils
SUMIDA AG	7,344	thousand euro	97.8 (97.8)	Intermediate holding company of the EU Business
SUMIDA Components & Modules GmbH	25	thousand euro	97.8 (97.8)	Manufacture, sale and research & development of coils
SUMIDA EMS GmbH	25	thousand euro	97.8 (97.8)	Controlling company of EMS
SUMIDA Lehesten GmbH	1,100	thousand euro	97.8 (97.8)	EMS

Company name	Capital		Voting rights of the Company (%)	Key business
SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V.	50	thousand Mexico peso	72.3 (72.3)	Manufacture of coils
SUMIDA ROMANIA S.R.L.	3,101	thousand euro	97.8 (97.8)	Manufacture of coils
SUMIDA electronic Shanghai Co., Ltd.	37,904	thousand yuan	97.8 (97.8)	Manufacture and sale of coils
SUMIDA Slovenija, d.o.o.	503	thousand euro	72.3 (72.3)	Manufacture of coils
vogtronics GmbH	25	thousand euro	72.3 (72.3)	Manufacture and sale of coils
SUMIDA flexible connections GmbH	25	thousand euro	97.8 (97.8)	Manufacture and sale of flat cables
SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L.	156	thousand euro	97.8 (97.8)	Manufacture and sale of flat cables
Sumida Electric (Thailand) Co., Ltd.	205,000	thousand baht	100	Development, manufacture and sales of power electronics related coils
ISMART GLOBAL LIMITED	6,308	thousand euro	100	Intermediate holding company
Sumida Finance B.V.	20	thousand euro	100	Financial control company
SUMIDA ELECTRONIC VIETNAM CO., LTD.	2,000	thousand U.S. dollars	100	Manufacture of coils
Sumida Electric (Changde) Co., Ltd.	17,664	thousand yuan	100 (100)	Manufacture of coils
Sumida Electric (JI'AN) Co., Ltd.	124,242	thousand yuan	100 (100)	Manufacture of coils
Guangzhou Sumida Electric Co., Ltd.	272,807	thousand yuan	100 (100)	Manufacture of coils
SUMIDA Electronic SuQian Co., Ltd.	4,500	thousand yuan	97.8 (97.8)	Manufacture of coils
SUMIDA ELECTRONIC QUANG NGAI CO., LTD.	3,000	thousand U.S. dollars	100	Manufacture of coils
Sumida Insurance Corporation	5,000	thousand U.S. dollars	100	Control and management of group insurance
SUMIDA AMERICA HOLDINGS INC.	100	thousand U.S. dollars	100	Intermediate holding company
Pontiac Coil, Inc.	21	U.S. dollars	100	Manufacture, sale and research & development of coils
Sumida Electric (India) Private Limited	30,000	thousand Indian rupee	100	Sale of coils

Notes:

1. Figures shown in parentheses in the column of voting rights are the percentages held indirectly.
2. Sumida Power Technology Co., Ltd. was excluded from the scope of consolidation due to its dissolution as a result of the merger with Sumida Electric Co., Ltd. on October 1, 2020.

(4) Issues to address

<Increasingly unstable global economy>

It remains difficult to see the exit from the lockdowns that have been imposed by each country due to the spread of COVID-19, and although vaccinations have commenced, there are still no signs of containment. Despite the change in U.S. administration, U.S.-China problems persist and although there have been improvements in Europe for the post Brexit risk in the U.K., economic activity remains uncertain due to factor such as the emergence of mutant strains of COVID-19 and the uncertainty is growing in the global economy.

(i) Promoting the Mid-Term Business Plan

Direction of the New Business Plan (FY2021-FY2023)

- In the initial business plan Stage III (2018-2021), which is the final stage of the master plan, the aim was to achieve revenue of 100 billion yen and operating profit of 10 billion yen by 2021, the final year of this stage.
- Stage III was extended by one year at the beginning of 2020 to cover the period from 2018 to 2022.
- Since the market recovery is anticipated to be further delayed due to the spread of COVID-19, the final year of Stage III is extended by a further year with the creation of a plan covering the three years from 2021 to 2023, as a new business plan and as an extension of Stage III. The basic direction of the New Business Plan (2021-2023) is as follows.

[Prerequisites for the New business plan (FY2021-FY2023)]

This plan was created in anticipation that the market situation during the next 3 years will be similar to 2020 given the resurgence of COVID-19. Even without a dramatic recovery in the market, the target is to achieve the most operating profit to date in FY2023 by implementing the basic policies by market outlined below. Since the overall market is uncertain due to the resurgence of COVID-19, the plan will be for 3-year rolling forecasts with any change in business conditions reflected in the following year's plan.

[Basic policies by market]

- Automotive-related market:
To become the market leader with maximum concentrated effort on the design and manufacture of EV/xEV.
- Consumer electronics market:
To establish a business model for high-priced new technology applications that are price competitive and able to secure sufficient profits by way of buy-sell transactions and ODM
- Industry market:
Focused initiatives on renewable energy and alternative energy markets, decarbonization-related infrastructure and the medical market.

[Key numerical targets]

- The target for the final year of FY2023 is for 108 billion yen in revenue and 7 billion yen in operating profit from existing businesses. On the other hand, we continue to pursue M&A opportunities.
- The EV/xEV field shows a high growth rate calculated on an order base in power train related products for EV/xEV.
- For Non-EV/xEV, existing automotive-related products such as power inductors, ABS, antennas and actuators.
- For the industry-related business, existing products for the industry and medical markets.
- For the consumer electronics field, revenue appears to have dropped because some products that previously included in consumer electronics-related revenue were reclassified to the automotive-related segment from 2021, but if that factor is excluded, revenue is tracking at about the same as 2020.
- With the exception of EV/xEV, the target revenues for the above segments are based on prudent market forecasts.

(ii) Continuing focus on strengthening corporate governance system

In 2003, to make clear the separation of management and supervision, the Company changed into a company with committees, etc. as the first listed company in Japan. Furthermore, seven of our nine directors are outside directors with diversified expertise, one of whom is a female director and two of whom are foreign directors from Europe and China, where the Company does a relatively large proportion of its business. The Company has been working to further strengthen corporate governance including such structure of the Board of Directors.

(iii) Pursuing CSR

CSR (corporate social responsibility) is one of the top priority issues to the Group. The Sumida Group performs business based on the principles of integrity, discipline and common sense and fulfills its social responsibilities to the expectations and requirements of the society toward ESG (Environment, Society and Governance), aiming for the creation of a better society and sustainable development of companies. We are also active in various issues such as the reinforcement of the legal and compliance functions to address social problems.

<Details of activities in FY2020>

- Closely investigated sustainable contribution to society and procurement methods based on CSR standards of external evaluation institutions.
- Revised the Sumida Group's Code of Conduct and ISO26000 related guidelines
- Evaluated current ESG activities based on ISO26000 and implement improvements
- Established a CSR Committee, and revised plans for future activities

Environment	Society	Governance
· Verified environment evaluation and implemented continuous improvement activities at all Sumida Group factories according to	· Continued thorough policies to prevent COVID-19 and activities to protect the health and safety of employees · Confirmed ongoing	· Implemented education concerning thorough compliance with laws and regulations for Directors and executive officers

<p>ISO14001</p> <ul style="list-style-type: none"> · Achieved large-scale reduction in energy consumption by upgrading facilities · Reduced carbon dioxide emissions by changing company cars in Germany to electric vehicles · Introduced large-scale working from home and the reduction in use of public transport for business trips, aiming to continue normal operations even during the COVID-19 pandemic, which resulted in reduced carbon dioxide emissions · Decided to commence use of electricity from alternative energies at Dongguan Sumida (Tai Ping) Electric Co., Ltd. in China · Installed and verified the impact of solar power generation systems at R&D centers in Germany 	<p>ISO45001 requirements and current situation at the Sumida Group (for factories in the Asian region) and implemented improvements</p> <ul style="list-style-type: none"> · Shared details of Sumida Group activities for each quarter · Implemented re-education of the Company's Code of Conduct with participation by 7,669 employees across all Sumida Group offices · Increased the use of cloud services to promote working from home · Supported reconstruction of typhoon damage at the Quang Ngai factory in Vietnam and its surrounding area 	<ul style="list-style-type: none"> · Implemented education concerning corruption and cartels · Implemented education concerning insider trading regulations (in Japan) · Implemented education concerning harassment (in Japan) · Held The Risk Management Committee quarterly and evaluated risk and proposed mitigation measures · Provided a cookie policy on the Company's website and clarified the privacy policy protection
--	---	---

(5) Major business lines (as of December 31, 2020)

Lines of business	Key products
Asia Pacific Business	DC/DC converter transformers, switching power supply transformers, stroboscopic oscillating transformers, noise filter coils, DC/DC converter units, power inductors, IFT/RF coils, keyless entry antenna coils, ADSL modem transformers, data line filters, antenna coils, video filters, signal inductors, RF-ID, four-way valve coils, CCFL driving inverter transformers, ABS coils, injection coils, antenna coils, sensor coils, noise filers, solenoid coils for automotive air conditioner, high-frequency transformers, high-frequency choke coils, edge-wise coils, stick coils, motor coils for HDD, low-frequency transformers, harmonic preventive reactors, reactors, common mode coils
EU Business	Antenna coils, sensor coil modules, ignition coil modules, noise filters, xDSL splitter modules, DC/DC converter transformers, keyless entry antenna coils, Xenon igniters, power steering control units, GPS antennas, anti-theft control units, diesel engine control units, power supplies, high-frequency transformers, high-frequency choke coils, edge-wise coils, stick coils, motor coils for HDD, low-frequency transformers, harmonic preventive reactors, reactors, common mode coils

(6) Major business offices of the Sumida Group (as of December 31, 2020)

Headquarters: Chuo-ku, Tokyo (the Company)

Business supervising companies:

SUMIDA Europe GmbH (Germany), SUMIDA AG (Germany), Sumida Corporate Service Incorporated (Chuo-ku [Tokyo]), Sumida Finance B.V. (Netherlands), SUMIDA INSURANCE CORPORATION (Micronesia), SUMIDA AMERICA HOLDINGS INC. (U.S.)

Domestic sales offices:

Sumida Electric Co., Ltd. (Chuo-ku [Tokyo], Saitama-shi [Saitama], Kawasaki-shi [Kanagawa], Osaka-shi, Nagoya-shi, Natori-shi [Miyagi], Komoro-shi [Nagano])

Overseas sales offices:

Sumida Electric (H.K.) Company Limited (Hong Kong), SUMIDA TRADING PTE. LTD. (Singapore), SUMIDA AMERICA COMPONENTS INC. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA TRADING (SHANGHAI) COMPANY LIMITED (China), SUMIDA Components & Modules GmbH (Germany), vogtronics GmbH (Germany), SUMIDA Lehesten GmbH (Germany), SUMIDA flexible connections GmbH (Germany), SUMIDA TRADING (KOREA) COMPANY LIMITED (South Korea), TAIWAN SUMIDA TRADING COMPANY LIMITED (Taiwan), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA electronic Shanghai Co., Ltd. (China), Pontiac Coil, Inc. (U.S.), Sumida Electric (India) Private Limited (India)

Domestic production bases:

Sumida Electric Co., Ltd. (Mutsu-shi [Aomori], Komoro-shi [Nagano])

Overseas production bases:

Sumida Electric (H.K.) Company Limited (Hong Kong), Dongguan Sumida (Tai Ping) Electric Co., Ltd. (China), SUMIDA Components GmbH (Germany), SUMIDA Components & Modules GmbH (Germany), SUMIDA ROMANIA S.R.L. (Romania), SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V. (Mexico), SUMIDA Slovenija, d.o.o. (Slovenia), SUMIDA Lehesten GmbH (Germany), SUMIDA electronic Shanghai Co., Ltd. (China), SUMIDA flexible connections GmbH (Germany), SUMIDA ELECTRIC (GUANGXI) CO., LTD. (China), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L. (Romania), SUMIDA ELECTRONIC VIETNAM CO., LTD. (Vietnam), Sumida Electric (JI'AN) Co., Ltd. (China), Sumida Electric (Changde) Co., Ltd. (China), Guangzhou Sumida Electric Co., Ltd. (China), SUMIDA Electronic SuQian Co., Ltd. (China), SUMIDA ELECTRONIC QUANG NGAI CO., LTD. (Vietnam), Pontiac Coil, Inc. (U.S.)

Domestic R&D centers:

Sumida Electric Co., Ltd. (Natori-shi [Miyagi], Chuo-ku [Tokyo], Komoro-shi [Nagano])

Overseas R&D centers:

Sumida Electric (H.K.) Company Limited (Hong Kong), SUMIDA AMERICA COMPONENTS INC. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA

Components & Modules GmbH (Germany), SUMIDA flexible connections GmbH (Germany),
Pontiac Coil, Inc. (U.S.)

(7) Employees (as of December 31, 2020)

(i) Employees of the Sumida Group

Business segments	Number of employees	Changes from the end of the previous fiscal year
Asia Pacific Business	14,698	Decrease by 189
EU Business	2,970	Decrease by 156
Company-wide (common)	100	Decrease by 2
Total	17,768	Decrease by 347

Notes:

1. The number of employees is the number of persons who engage in work in the Sumida Group.
2. "Company-wide (common)" indicates the number of employees posted in Sumida Corporate Service Incorporated which carries out a headquarter and support function, in Sumida Electric (H.K.) Company Limited and in the Service Department of Sumida Electric Co., Ltd.
3. The number of employees includes those in the consigned processing companies.

(ii) Employees of the Company

The Company is a pure holding company and it has no employees.

(8) Major lenders (as of December 31, 2020)

Lenders	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	19,031
MUFG Bank, Ltd.	9,234
Mizuho Bank, Ltd.	4,593
Sumitomo Mitsui Trust Bank, Limited	3,555
Resona Bank, Limited	1,767

(9) Basic strategy for capital policy and policy on determination of dividends of surplus

(i) Basic strategy for capital policy

Using the Cash Conversion Cycle (CCC), Return on Invested Capital (ROIC), Return on Equity (ROE) and Net D/E Ratio as target management benchmarks in the Mid-Term Business Plan, the Company will strive to increase profits by executing the strategies in the Mid-Term Business Plan as well as to maximize corporate value through the effective use of shareholders' equity.

	FY2020 actual	FY2023 target
Cash Conversion Cycle (CCC)	73 days	70 days
Return on Invested Capital (ROIC)	2.98%	6.39%
Return on Equity (ROE)	2.51%	10.83%
Net D/E Ratio	1.07	1.10

Given the requirement for management to be mindful of the cost of capital, the Company added the more adaptive ROIC compared to capital cost to the benchmarks monitored under the Mid-Term Business Plan.

Profitability declined in FY2020 due to the spread of COVID-19, so actual ROIC was 2.98%. The target in the Mid-Term Business Plan is 6.39%. Note that the average ROIC from FY2017 to FY2019 was 6.0%. The cost of shareholders' equity is currently seen as 4.9%.

In addition, finance charges such as interest expenses and foreign exchange gains and losses continue to have a large impact on net profits, so we believe ROE is also an important benchmark to be monitored. Actual ROE in FY2020 was 2.5% while the target in the Mid-Term Business Plan was 10.8%. The average ROE from FY2017 to FY2019 was 10.3%.

Since Net D/E Ratio is anticipated to temporarily rise with success of an M&A, it has been set at 1.1 times in the guidelines. The actual Net D/E Ratio at the end of FY2020 was 1.07 times, while the target in the Mid-Term Business Plan was 1.1 times.

(Demand for funds)

The automotive-related business requires investment 2 to 3 years in advance, but it forecast to generate stable profit over the long term. The consumer electronics business quickly starts to recover following investment, but the business cycle is short and the period for forecast profit is also short. Therefore, in relative terms, the consumer electronics business has a higher investment recovery risk than the automotive-related business. In terms of the contraction in operating capital, since these are B to B businesses it is difficult to obtain the merit from initiatives to improve Days Sales Outstanding (DSO) and Days Payable Outstanding (DPO), so effort is made to improve DIO (Days Inventory Outstanding). As a practical initiative for DIO management, monitoring is done of products by month and region. Actual DIO was 82 days in FY2018, 76 days in FY2019, and 79 days in FY2020, and the target for FY2023 is set at 77 days.

(Fund procurement)

The Company is expanding its options for fund procurement methods by obtaining a credit rating, in order to do that, it is improving medium-term profitability and strengthen its financial structure.

(Funds on hand)

There are 39 consolidated subsidiaries in Japan and overseas and a minimum amount of funds

on hand for major subsidiaries is set to ensure capital efficiency is not reduced due to funds stagnating at each company. The funds on hand for the entire group are monitored by comparing that set amount with the actual amount of funds on hand each month, with efforts made to reduce the surplus funds and reduce loans payable.

(ii) Source of capital and liquidity of funds

The Sumida Group's main fund requirements are for operating expenses such as personnel expenses, and selling, general and administrative expenses as well as for investment in non-current assets, etc. Fund requirements are mainly covered by the Company's own funds, with loans from banks, etc. raised as required.

1) The state of the Sumida Group's funds

As at the end of the current fiscal year, the Sumida Group's liquidity was at an adequate level.

The Sumida Group creates steady operating cash flow and is securing a broad-range of fund procurement methods with the aim of always securing appropriate funds for business activities, maintaining liquidity and having a sound financial position. Operating funds and capital investment funds needed for the future to maintain growth are mainly procured through loans payable in addition to cash on hand and cash flows from operating activities. Loans from banks, etc. are aimed to maintain the benchmark Net D/E Ratio at 1.0.

For liquidity, the target for cash and cash equivalents is 3,000 million yen. Interest-bearing debts were increased to secure liquidity amid the uncertain business environment due to COVID-19, so cash and cash equivalents increased 1,950 million yen from the end of the previous fiscal year to 5,237 million yen, while net-interest bearing debts outstanding fell 822 million yen.

Note that the Sumida Group conducts meetings regularly and has built a good relationship with key banks.

2) Main details of demand for funds

The main items in the Sumida Group's demand for operating funds are the purchase of materials and components for products manufactured by the Sumida Group as well as operating expenses such as manufacturing costs and selling, general and administrative expenses. The Sumida Group's R&D expenses are recorded as part of the various operating expenses, but the personnel expenses for employees involved in R&D account for a major portion of R&D expenses.

3) Financial policy

Although there are currently no problems in the Company's financial position, the Company is focused on the cash flows in each country and proceeded with the following initiatives.

- The Company conducts global cash management to enable management of funds on a global base such as the movement of funds and the outstanding balances at group companies, promoting the visualization of funds, as it has in the past.
- Since gradual recovery is forecast for sales, the Company forecasts an increase in operating capital. Kyriba (SaaS), which the Company uses for global cash

management, updates the cash flow forecast for 6 months on a company-wide base since April, while monitoring the aggregate outstanding bank loans payable in 6 currencies for 8 countries on a weekly basis since June.

(iii) Policy on determination of dividends of surplus

The Company's basic policy for the return of profits to shareholders is to deliver dividends in consideration of a consolidated dividend payout ratio (25% to 30%) with top priority on the profit distribution through dividends.

When it is inappropriate to deliver dividends in accordance with the basic policy based on consolidated business results for the current fiscal year, the Company will work to enhance shareholder returns up to the amount of distributable surplus after considering Dividend on Equity (DOE) and other measures.

The Company stipulates in the Articles of Incorporation that it may allocate dividends of surplus upon a resolution of the Board of Directors, and it is the Company's basic policy to pay dividends four times a year.

Regarding the payment method of dividends, the Company pays the amount determined in each quarter from the first quarter through the third quarter. In addition, the Company's policy for the fourth quarter is to pay year-end dividend in order to have dividends reflect the consolidated business results of the current fiscal year and to have annual dividend in line with the above dividend policy.

The Company will utilize internal reserve funds to strengthen its financial structure and keep growth power for the future.

Regarding the dividends of surplus in the current fiscal year, the Company decided to refrain from paying a dividend in each quarter from the first quarter through the third quarter of the current fiscal year due to the impact of the spread of COVID-19 and the uncertain outlook. According to the resolution at the meeting of the Board of Directors held on February 22, 2021, the Company expects to pay a year-end dividend of 9 yen per share in line with the dividend policy.

Details of dividends of surplus for the current fiscal year are as follows:

Date of Board of Directors resolution	Term	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Date of commencement of payment
April 28, 2020	The 1st quarter	—	—	March 31, 2020	—
July 31, 2020	The 2nd quarter	—	—	June 30, 2020	—
October 30, 2020	The 3rd quarter	—	—	September 30, 2020	—
February 22, 2021	The 4th quarter	244	9.00	December 31, 2020	March 3, 2021

Note:

Pursuant to Article 459 of the Companies Act, the Company stipulates in the Articles of Incorporation that it shall be entitled to allocate dividends of surplus on predetermined record dates (March 31, June 30, September 30 and December 31) by a resolution of the Board of Directors.

(10) Other important matters concerning the Sumida Group

There were no relevant issues.

2. Matters Concerning the Company

(1) Shares of the Company (as of December 31, 2020)

- (i) Number of shares issuable: 70,000,000 shares
- (ii) Total number of shares issued: 27,444,317 shares (including treasury shares)
- (iii) Number of shareholders as of December 31, 2020: 4,667
- (iv) Major shareholders (top 10 shareholders, excluding treasury shares)

Name of shareholders	Number of shares held (thousand shares)	Ratio of the number of shares held (%)
Custody Bank of Japan, Ltd. (Trust Account)	6,219	22.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,439	8.98
Custody Bank of Japan, Ltd. (Trust Account 9)	1,490	5.49
Yawata Building Co., Ltd.	1,112	4.09
GOVERNMENT OF NORWAY	980	3.53
Yawata Zaidan Limited	959	3.53
BBH/SUMITOMO MITSUI TRUST BANK, LIMITED (LONDON BRANCH)/SMTTIL/JAPAN SMALL CAP FUND CLT AC	634	2.33
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	603	2.22
JPMBL RE NOMURA INTERNATIONAL PLC 1 COLL EQUITY	543	2.00
JUNIPER	530	1.95

Note:

The ratio of the number of shares held has been calculated excluding treasury shares (263,694 shares).

- (v) Other significant matters concerning shares

There were no relevant issues at the end of the current fiscal year.

(2) Matters concerning the Company's share acquisition rights

- (i) Share acquisition rights granted to and held by three (3) executive officers of the Company as compensation for exercise of their duties at the end of the current fiscal year

Date of resolution to issue	March 25, 2020 Resolution at the Compensation Committee
Category and number of grantees	3 executive officers of the Company
Class of share subject to share acquisition rights	Ordinary shares
Number of shares	1,610 shares
Amount to be paid in per share upon exercise of share acquisition rights	1 yen
Exercise period of share acquisition rights	from April 1, 2023 through March 31, 2032
Issue price and amount to be accounted for as stated capital in respect of shares to be issued upon exercise of share acquisition rights (yen)	Issue price: 514.22 yen Amount to be accounted for as stated capital: 257.11 yen
Terms and conditions for exercising share acquisition rights	(Note)
Status of holding	Number of share acquisition rights: 1,610 units Number of shares subject to share acquisition rights: 161,000 shares

Note:

Terms and conditions for exercising share acquisition rights

- (a) Provided that the three conditions of (i) the operating profit recorded in the consolidated statement of profit or loss in the annual securities report (hereinafter referred to as "Performance Assessment Level") reaches 8,000 million yen or more, in any fiscal year of the Company, from the fiscal year ended December 31, 2020 to the fiscal year ending December 31, 2022 (hereinafter referred to as "Target Fiscal Years"), (ii) the return on equity attributable to owners of parent reaches 7.5% or higher for two fiscal years or longer during the Target Fiscal Years, and (iii) the return on equity attributable to owners of parent for the fiscal year ending December 31, 2022 reaches 10% or higher, are met, the maximum number of share acquisition rights that each holder of the share acquisition rights may exercise shall be the number of share acquisition rights held by each holder multiplied by the exercisable ratio (calculated by dividing the largest amount achieved during the Target Fiscal Years (the Performance Assessment Level can only be a maximum of 10,000 million yen even if the operating profit recorded in the consolidated statement of profit or loss in the annual securities report exceeds 10,000 million yen) by 10,000 million yen (any fraction of less than one (1) unit shall be discarded)). However, if a significant change occurs in the concept of index to be referred to, the Board of Directors shall determine another index to be referred to.
- (b) Holder of the share acquisition rights must be in a position of executive officer or director of the Company or director or employee of the Company's subsidiaries (collectively, the "Required Position") until the time of exercise of the share acquisition rights on a continuing basis.
- (c) With regard to holders of the share acquisition rights, there must not be a situation where dismissal of director has been adopted at a General Meeting of Shareholders of the relevant subsidiary of the Company, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiary, or a similar situation, as of the time of exercise of the share acquisition rights.
- (d) Notwithstanding (b) above, share acquisition rights may be exercised even when a holder of the share acquisition rights has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement

mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which two (2) years have elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period. However, if the date of loss of the Required Position is prior to the commencement date of the Exercise Period, the number of share acquisition rights that can be exercised is calculated based on the following formula (any fraction of less than one (1) unit shall be discarded):

$$\text{Number of exercisable share acquisition rights} = \text{Limit number of (a) above} \times \frac{\text{The number of days from the allotment date to the date of loss of the Required Position}}{\text{The number of days from the allotment date to the day immediately preceding the commencement date of the Exercise Period of the share acquisition rights}}$$

- (e) Share acquisition rights may not be exercised by inheritors of share acquisition rights.
- (f) Any fraction of a share acquisition right less than one (1) may not be exercised.

(ii) Share acquisition rights granted to employees, etc. as compensation for exercise of their duties during the current fiscal year

Date of resolution to issue	March 25, 2020 Resolution at the Annual General Meeting of Shareholders
Category and number of grantees	45 directors and employees of the Company's subsidiaries
Class of share subject to share acquisition rights	Same as left
Number of shares subject to share acquisition rights	4,230 shares
Amount to be paid in per share upon exercise of share acquisition rights	1 yen
Exercise period of share acquisition rights	from April 1, 2023 through March 31, 2038
Issue price and amount to be accounted for as stated capital in respect of shares to be issued upon exercise of share acquisition rights (yen)	Issue price: 462.57 yen Amount to be accounted for as stated capital: 231.28 yen
Terms and conditions for exercising share acquisition rights	(Note)
Status of holding	Number of share acquisition rights: 4,230 units Number of shares subject to share acquisition rights: 423,000 shares Number of holders: 45

Note:

Terms and conditions for exercising share acquisition rights

- (a) Provided that the three conditions of (i) the operating profit recorded in the consolidated statement of profit or loss in the annual securities report (hereinafter referred to as "Performance Assessment Level") reaches 8,000 million yen or more, in any fiscal year of the Company, from the fiscal year ended December 31, 2020 to the fiscal year ending December 31, 2022 (hereinafter referred to as "Target Fiscal Years"), (ii) the return on equity attributable to owners of parent reaches 7.5% or higher for two fiscal years or longer during the Target Fiscal Years, and (iii) the return on equity attributable to owners of parent for the fiscal year ending December 31, 2022 reaches 10% or higher, are met, the maximum number of share acquisition rights that each holder of the share acquisition rights may exercise shall be the number of share acquisition rights held by each holder multiplied by the exercisable ratio (calculated by dividing the largest amount achieved during the Target Fiscal Years (the Performance Assessment Level can only be a maximum of 10,000 million yen even if the operating profit recorded in the consolidated statement of profit or loss in the annual securities report exceeds 10,000 million yen) by 10,000 million yen (any fraction of less than one (1) unit shall be discarded)). However, if a significant change occurs in the concept of index to be referred to, the Board of Directors shall determine another index to be referred to.
- (b) Holder of the share acquisition rights must be in a position of director or employee of the Company or its subsidiaries (collectively, the "Required Position") until the time of exercise of the share acquisition rights on a continuing basis.
- (c) With regard to holders of the share acquisition rights, there must not be a situation where dismissal of director has been adopted at a General Meeting of Shareholders of the relevant subsidiaries of the Company, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiaries, or a similar situation, as of the time of exercise of the share acquisition rights.

(d) Notwithstanding (b) above, share acquisition rights may be exercised even when a holder of the share acquisition rights has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which two (2) years have elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period. However, if the date of loss of the Required Position is prior to the commencement date of the Exercise Period, the number of share acquisition rights that can be exercised is calculated based on the following formula (any fraction of less than one (1) unit shall be discarded):

$$\text{Number of exercisable share acquisition rights} = \text{Limit number of (a) above} \times \frac{\text{The number of days from the allotment date to the date of loss of the Required Position}}{\text{The number of days from the allotment date to the day immediately preceding the commencement date of the Exercise Period of the share acquisition rights}}$$

- (e) Share acquisition rights may not be exercised by inheritors of share acquisition rights.
- (f) Any fraction of a share acquisition right less than one (1) may not be exercised.

(iii) Other important matters concerning share acquisition rights
There were no relevant issues.

(3) Matters concerning corporate officers of the Company

(i) Directors and executive officers (as of December 31, 2020)

Position at the Company	Name	Duties at the Company and important concurrent occupations or positions at other organizations
Director, Representative Executive Officer and CEO	Shigeyuki Yawata	Chairman of the Board of Directors Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH
Director (Independent director)	Johji Sato	Member of the Audit Committee Independent Director and Member of the Audit and Risk Committee, OUE Lippo Healthcare Limited
Director (Independent director)	Pak Hong Auyang	Chairman of the Nomination Committee and Compensation Committee Director and CEO, Computime Group Limited Independent Non-executive Director, Lever Style Corporation
Director (Independent director)	Yukihiro Moroe	Member of the Nomination Committee and Compensation Committee Representative Director, YUME Capital Co., Ltd. Representative Director, Itohan Japan Co., Ltd. External auditor, Oisix ra daichi Inc.
Director (Independent director)	Atsushi Kato	Chairman of the Audit Committee and member of the Risk Management Committee Certified Public Accountant, Atsushi Kato Certified Public Accountant Office
Director (Independent director)	Michael Mühlbayer	Member of the Nomination Committee and Compensation Committee
Director (Independent director)	Masako Miyatake	Member of the Audit Committee and Risk Management Committee Attorney, Partner, Blakemore & Mitsuki Visiting Professor, Keio University Law School Deputy Secretary-General, Japan International Dispute Resolution Center
Director (Independent director)	Tatsuo Umemoto	Member of the Audit Committee Specially Appointed Professor at Graduate School of Media and Governance, Keio University Visiting Professor at Graduate School of Social Design Studies, Rikkyo University Representative Director, iGRAM Inc. Outside Director, Forum Engineering Inc.
Director	Tomoharu Suseki	Chairman of the Risk Management Committee
Representative Executive Officer and CFO	Yoshiyuki Honda	Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH External Auditor, McDonald's Holdings Company (Japan), Ltd.
Executive Officer and President	Kanji Hori	Member of the Risk Management Committee Managing Director, SUMIDA Europe GmbH

Notes:

- Messrs. Johji Sato, Pak Hong Auyang, Yukihiro Moroe, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake and Mr. Tatsuo Umemoto are outside directors set forth in Article 2, item (xv) of the Companies Act.
- Messrs. Johji Sato, Pak Hong Auyang, Yukihiro Moroe, Atsushi Kato, Dr. Michael Mühlbayer, Dr. Masako Miyatake and Mr. Tatsuo Umemoto have been designated as independent directors of the Company in accordance with the rules of the Tokyo Stock Exchange and their names have been notified to the said stock exchange.
- Aside from statutory committees (Nomination, Audit and Compensation Committees), the Company has voluntarily set up a Risk Management Committee.
- Mr. Johji Sato, member of the Audit Committee, has been involved in the provision of advice regarding taxation and investment to global corporations over many years while Mr. Tatsuo Umemoto, member of the Audit Committee, has been involved in running several companies and Mr. Atsushi Kato, Chairman of the Audit Committee and a certified public accountant, served as full-time Vice Chairman of the Accounting Standards Board of Japan. As such, all three members of the Audit Committee have considerable financial and accounting knowledge. Furthermore, Dr. Masako

Miyatake, member of the Audit Committee, is an Attorney and has considerable legal knowledge on international transactions, litigation and compliance.

5. As all four members of the Audit Committee are outside directors, the Company has not appointed any standing members of the said Committee. Therefore, although none of them serve on a full-time basis, the Corporate Office and Internal Audit Office take charge of internal control of not only the Company, but also the Group and oversees compliance and risk management operations, while Internal Audit Office performs internal audits working closely with the Audit Committee in order to enhance the effectiveness of the audit.

(ii) Executive officers who retired during the current fiscal year

Name	Date of retirement	Reason for retirement	Position and duties at the Company and important concurrent occupations or positions at other organizations at the time of retirement
Tomoharu Suseki	March 25, 2020	Expiration of his term of office	Representative Executive Officer and President Managing Director, SUMIDA Europe GmbH

(iii) Policy to determine the amount of compensation for directors and executive officers by the Compensation Committee

1. Scope of decision and extent of disclosure

“The amount of individual compensation for directors and executive officers” that the Compensation Committee defines and discloses shall be the total amount of compensation paid by the Sumida Group in order to enhance its transparency. It shall be disclosed separately for directors and executive officers.
2. Directors’ compensation

The directors’ compensation shall be determined by reflecting the position and responsibility of each director, and in consideration of the economic trends and the business environment of the Company. Directors’ compensation is composed of the following three elements and this will not be paid to those who serve as executive officer concurrently.

 - 1) Basic compensation

Compensation for the responsibilities as director (including the compensation for the responsibilities of the members of the Nomination and Compensation Committees)
 - 2) Compensation of Audit Committee members

Compensation for the responsibilities as the member of the Audit Committee
 - 3) Compensation of Committee Chairmen

Compensation for the duties as Chairman of the Audit Committee, Chairman of the Nomination Committee and the Compensation Committee
3. Executive officers’ compensation

For executive officers’ compensation, incentive compensation (corporate performance-linked compensation) shall be adopted in addition to the basic compensation (fixed compensation) in order to maintain and raise the motivation for the execution of operations. Executive officers’ compensation is composed of the following five elements:

 - 1) Basic compensation

Basic compensation shall be on a fixed basis in consideration of the position and

responsibility as an executive officer within the Company, and any additional post as an officer at subsidiaries. The amount of compensation shall be determined by taking into account the previous operational performance and comparison with the actual compensation for the previous fiscal year.

2) Short-term incentives

These compensations are intended to maintain and raise the short-term motivation, and the base amount shall be determined depending on the position and responsibility of each executive officer. The amount to be paid will be changed in accordance with the target performance set at the beginning of the term and the actual performance and execution of duties of the Group as a whole or the function in charge. Additional bonuses may be paid to any distinguished achievement for which the Compensation Committee gives credit.

3) Share options

The Company shall grant performance-linked share acquisition rights in accordance with the Mid-Term Business Plan.

4) Long-term incentives

The Company shall grant this compensation to maintain and raise the medium- and long-term motivation of executive officers, and to prevent the loss of such officers.

5) Pension plans

The Company shall grant this compensation as additional benefit to public pension in consideration of their service period in order to help eligible retired executive officers have stable lives after retirement.

(iv) Total amount of compensation paid to directors and executive officers
(Period: January 1 to December 31, 2020)

Category	Number of payees (person)	Basic compensation (million yen)	Short-term incentive (million yen)	Long-term incentive (million yen)	Stock options (million yen)	Pension plan (million yen)	Total (million yen)
Executive officers	4	124	47	16	82	8	279
Directors	(Note)	–	–	–	–	–	–
Outside directors	7	55	–	–	–	–	55
Total	11	179	47	16	82	8	334

Notes:

- During the current fiscal year, the Company has four executive officers, two directors and seven outside directors. Two of the four executive officers serve as directors concurrently. Accordingly, the total number of officers is eleven. Directors' compensations are not paid to those who concurrently serve as executive officer and director, and therefore, they are included in the figures shown in the row of executive officers and excluded from the figures indicated in the row of directors. The above column for executive officers includes the amount paid for the period from January 2020 to March 2020 to one executive officer who retired at the conclusion of the 65th Annual General Meeting of Shareholders held on March 25, 2020.
- The figures are consolidated compensation of the Group. Compensation relating to the Group consists of 124 million yen for four executive officers, and 55 million yen for seven outside directors.
- Short-term incentive compensation
The amount paid was calculated in accordance with the achievement rate of consolidated operating profit target for the current fiscal year.

4. Long-term incentive compensation
Phantom stocks depending on the positions of the executive officers for the next fiscal year shall be granted, with underlying assets calculated by multiplying the total amount of dividends for the current fiscal year by the rate designated by the Company.
5. The cell of outside directors in the basic compensation column indicates the sum of basic compensation and compensation of the Audit Committee members.
6. In addition to the above compensations, the Group paid fringe benefits totaling 24 million yen (including 3 million yen paid by the Company) to three eligible executive officers.
7. In addition to the above compensation, the Company paid a bonus of 7 million yen and retirement benefits totaling 127 million yen to one executive officer who retired at the conclusion of the 65th Annual General Meeting of Shareholders held on March 25, 2020, in cash and by transferring the rights to the insurance contract (all of which was paid by the Company).

(v) Outline of liability limitation contracts

In order to obtain excellent directors from outside, the Company has made provisions limiting liability for damages under Article 423, paragraph (1) of the Companies Act in the Articles of Incorporation pursuant to the provisions under Article 427, paragraph (1) of the said act. In accordance with the aforementioned provisions, the Company has entered into liability limitation contracts with seven outside directors. The limit of liability for damages under such contracts has been set at the minimum liability provided for under Article 425, paragraph (1) of the Companies Act. However, liability limitation is applied only when the relevant outside directors have carried out their duties, for which they are supposed to assume liability, in good faith or without gross negligence.

(vi) Insurance contract covering officer liability for damages

The Company has entered into an insurance contract covering officer liability for damages with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The insurance contract will cover damages to be borne by the insured, including compensation, judgment amounts decided by the court, settlement money, amounts paid in out-of-court settlements and legal costs, which may arise in relation to damage compensation claims. All of the directors, executive officers, accounting advisors, and employees who manage, supervise, and give directions and orders are insured by the said insurance contract.

(vii) Matters concerning outside directors

1. Important concurrent occupations or positions at other organizations
This is as described in the list of (i) Directors and executive officers above. There are no business relationships between the Company and other organizations where they hold the additional posts.
2. Relatives of managing members of the Company or business operators that have specific relations with the Company such as main clients
 - 1) None of the outside directors have been managing members of the Company or business operators that have specific relations with the Company in the past.
 - 2) None of the outside directors have relatives in the third degree or closer with managing members of the Company or business operators that have specific relations with the Company.

3. Main activities during the current fiscal year

1) Attendance of outside directors

Name	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Risk Management Committee meetings
Johji Sato	6/6	10/10	–	–	–
Pak Hong Auyang	6/6	–	6/6	7/7	–
Yukihiro Moroe	6/6	–	6/6	7/7	–
Atsushi Kato	6/6	10/10	–	–	4/4
Dr. Michael Mühlbayer	6/6	–	6/6	7/7	–
Dr. Masako Miyatake	6/6	10/10	–	–	4/4
Tatsuo Umemoto	6/6	10/10	–	–	–

Note:

The Company established the Risk Management Committee. Members include executive officers, chairman of the Audit Committee and members of the Audit Committee.

2) Statements of each outside director

(a) Mr. Johji Sato

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a financial strategy expert.

At the Audit Committee meetings, he led the deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value, and performed audits of the Business Report, the Non-consolidated Financial Statements, the Consolidated Financial Statements, etc.

(b) Mr. Pak Hong Auyang

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a corporate business executive.

As chairman of the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

As chairman of the Compensation Committee, he led the deliberations from the perspective of determining fairly and properly the compensation bases for directors and executive officers, and defined the policy on the details and amount of individual compensation received by directors and executive officers.

(c) Mr. Yukihiro Moroe

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a corporate business executive.

At the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

At the Compensation Committee meetings, he made necessary and timely remarks in deliberations in order to fairly and properly determine the compensation bases for directors and executive officers.

(d) Mr. Atsushi Kato

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of an accounting expert.

As chairman of the Audit Committee meetings, he made necessary and timely remarks in deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.

At the Risk Management Committee meetings, he made necessary remarks in risk identification and planning of risk-averse measures on a timely basis.

(e) Dr. Michael Mühlbayer

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a corporate business executive.

At the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

At the Compensation Committee meetings, he made necessary and timely remarks in deliberations in order to fairly and properly determine the compensation bases for directors and executive officers.

(f) Dr. Masako Miyatake

At the meetings of the Board of Directors, she made necessary remarks in deliberations from time to time, mainly from the perspective of an attorney.

At the Audit Committee meetings, she made necessary and timely remarks in deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.

At the Risk Management Committee meetings, she made necessary remarks in risk identification and planning of risk-averse measures on a timely basis.

(g) Mr. Tatsuo Umemoto

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a business executive.

At the Audit Committee meetings, he made necessary and timely remarks in deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.

4. Total amount of compensations received from the subsidiaries
There were no relevant issues.

5. Criteria and policy relating to independence

Outside directors of the Company who do not fall under any of the following items are to be judged to have independence.

1. Person who is currently a managing member of the Company, one of its subsidiaries, or affiliates (hereinafter the “Sumida Group”), or who has been a managing member at any point in the ten years prior to appointment as a director.

“Managing Member” refers to the following persons. The same shall apply hereinafter.

- (a) Managing director, executive officer, or officer who executes business of other corporations.

- (b) Member who executes business, person who is to execute duties specified in Article 598, paragraph (1) of the Companies Act, or other person who is in an equivalent position.

- (c) Employee

2. Person whose spouse or relative is within the second degree of kinship is currently a managing member of the Sumida Group, or held a position of managing member at any time during the five years prior to the assumption of office as director.

3. Person who is a major shareholder of the Company or a managing member thereof.

“Major shareholder” refers to a shareholder who holds 10% or more of the voting rights of the Company either directly or indirectly.

4. Major business partner of the Sumida Group or a managing member thereof or a person whose major business partner is the Sumida Group or a managing member thereof.

“Major business partner” refers to a corporation, etc. which received from or made payments to the Sumida Group in the amount of 2% or more of consolidated revenue of the Sumida Group or the corporation, etc. in any one of the past five fiscal years.

5. Person who receives from the Sumida Group a large amount of monetary payment or other property benefits other than officer compensation (such as lawyer, accounting or tax specialist, and consultant). If the receiver of a large amount of monetary payment or other property benefits is an organization, such as a corporation or association, a person belonging to the organization.

“A large amount” refers to the case where the annual amount of monetary payment or other property benefits exceeded 5 million yen in any one of the past three fiscal years. (hereinafter the same)

6. Person who receives from the Sumida Group a large amount of donations in monetary payment or other property benefits, or a person belonging to the organization, such as a corporation or association that receives such donations.
7. Spouse or relative within the second degree of kinship of the person who falls under the preceding four items.
8. Any other person who possesses potential conflicts of interest with ordinary shareholders of the Company and is deemed to be under circumstances that affect the fulfillment of duties as an independent outside director.

(4) Independent auditors

(i) Name: KPMG AZSA LLC

(ii) Amount of compensations:

	Amount to be paid (million yen)
Amount of compensations for the current fiscal year	61
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to independent auditors	183

Note:

Since in the audit agreement concluded between the Company and the independent auditor, compensation for audits is not clearly classified into compensation based on the Companies Act and compensation in accordance with the Financial Instruments and Exchange Act, and since that compensation cannot substantially be divided either, the item “Amount of compensations for the current fiscal year” shows the sum of these amounts.

(iii) Basis of consent to the amount of compensations for independent auditor by the Audit Committee

The Audit Committee of the Company, based upon the Practical Guidelines for Cooperation with Independent Auditors released by the Japan Audit & Supervisory Board Members Association, conducted confirmation of auditing system and auditing plans of the independent auditor, the status of execution of duties by the independent auditor, the status of quality control system of the audit corporation, the grounds for calculation of compensation estimates and other matters, and having investigated these, gave consent to compensation, etc. for the independent auditor in accordance with Article 399, paragraph (1) of the Companies Act, upon judging it to be a rational level for maintaining and improving audit quality.

(iv) Auditing of consolidated subsidiaries

Subsidiaries of the Company, such as Sumida Electric (H.K.) Company Limited and SUMIDA AG, were audited by either a certified public accountant or an auditing firm who is not an independent auditor at the Company.

(v) Policy on determination of dismissal or non-reappointment of the independent auditor

The Audit Committee will annually discuss whether to reappoint the independent auditor in consideration of the quality of the audit performed by the independent auditor and the effectiveness and efficiency of its audit performance. When dismissal or non-reappointment of the independent auditor is deemed appropriate, the Audit Committee will determine the content of an

agenda to be proposed to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the independent auditor based on the rules of the Audit Committee.

When the Audit Committee finds that any of the items in Article 340, paragraph (1) of the Companies Act apply to the independent auditor, after adequate deliberations with respect to the appropriateness of the dismissal, that independent auditor shall be dismissed with the consent of all the committee members. In such case, a member of the Audit Committee designated by the said Committee shall report the dismissal of the independent auditor and the reason for it at the first General Meeting of Shareholders convened after the dismissal.

(5) System to secure properness of operations and operation status of the system

- (i) System to ensure that executive officers, and, directors and employees of the Group comply with the applicable laws, regulations and the Articles of Incorporation with regard to their duties

The Group has established “Sumida Business Principles (hereinafter, the ‘Principles’)” which embodies the Group’s vision, management principles, commitment, code of conduct, corporate governance principles, and environment policy. Representative executive officers shall build up a system to monitor for compliance which enables to ensure that the executive officers, and, directors and employees of the Group perform their duties in accordance with the Principles. Details are as follows:

- (a) All directors, officers and employees shall always be reminded to understand and embody the Principles. The Principles, which is written in four languages, Japanese, English, Chinese and German, is permanently posted on the Group’s intranet, so that all members of the Group can check and confirm the Principles. The Corporate Office* and Internal Audit Office shall be responsible for monitoring and verifying how the Principles have been observed.
- (b) While compliance is recognized as the base of corporate governance, SUMIDA regards it in a more proactive manner rather than simply limiting the issue to the observance of laws and regulations, by defining it as activities to positively fulfill our Corporate Social Responsibility (CSR) based on integrity, discipline and common sense. The Corporate Office and Internal Audit Office shall be primarily responsible for the enhancement of the Group’s overall system and monitoring its activities.
- (c) The Corporate Office and Internal Audit Office shall report the situation of the aforementioned activities to the representative executive officers and the Audit Committee, and a summary of which shall be reported to the Board of Directors.
- (d) Representative executive officers shall verify the effectiveness of internal control, including compliance, and shall send reports to the Board of Directors.

* The Corporate Office is under direct control of representative executive officers and made up of the Risk Management Office and Compliance Office.

- (ii) System regarding the preservation and management of information pertaining to the performance of duties by executive officers

Representative executive officers shall centrally manage important information related to execution of duties with clarifying the level of importance of information as well as the period and place of safekeeping, in accordance with the rules and regulations regarding information and document management. Documents are available to the directors at all times.

- (iii) System regarding the reporting of matters concerning the performance of duties by directors of the Group
Directors of the Group shall report regularly the financial information, matters concerning risk and compliance and other material matters of subsidiaries to the Company in accordance with group company management rules.
- (iv) System and regulations with regard to risk management of the Group
Representative Executive Officer and CEO as the Chief Risk Management Officer who takes the highest responsibility for risk management, has established the Risk Management Committee, which is responsible for overseeing risk management, and set up the Risk Management Office, which is responsible for executing the duties of said Committee, within the Corporate Office. The Risk Management Office has set out the internal risk management rules and thereby identifies and analyzes potential risks and formulates and manages preventive measures from a global business perspective through placement of a risk management monitoring system in major business bases of the Group including overseas sites. In the event that a risk materializes, the Risk Management Office shall discuss countermeasures to minimize losses. Executive officers, and, directors and employees of the Group shall perform their duties in compliance with the rules. The Corporate Office and Internal Audit Office shall monitor and evaluate the implementation of the above, and shall report the situation to the representative executive officers and the Audit Committee, and deliver a summary to the Board of Directors.
- (v) System to ensure the effectiveness and efficiency of the performance of duties by the executive officers, and, directors and employees of the Group
Executive officers shall set up a system based on the Principles to ensure a proper decision-making process of the Group and surveillance of individual activities and thereby enhance the operating efficiency. Details are as follows:
- (a) Each representative executive officer shall set up an Advisory Board as the need arises, with whom they shall consult and engage in sufficient discussion when making important decisions.
 - (b) Representative executive officers shall set out the authority and regulations for decision-making process of the Group and conduct regular reviews of the situation.
 - (c) Representative executive officers shall make regular reviews of the achievement and progress of businesses they are responsible for decision-making of the Group thereof and ensure further propriety and efficiency of management and execution of operation by giving feedback of the results of the review.
 - (d) Representative executive officers shall ensure a proper and quick decision-making process of the Group by smoothly collecting, analyzing, communicating, sharing and archiving the necessary information on SUMIDA's business activities.
- (vi) System to ensure the propriety of business of the Group
SUMIDA CORPORATION is a pure holding company with business activities conducted by its group companies. In light of this, executive officers and directors of the Group shall always perform their duties with the view of group governance. The Corporate Office oversees compliance and risk management operations. The Internal Audit Office performs internal audits and then submits the results to the representative executive officers and the Audit Committee as internal audit reports. The Audit Committee shall carry out its audit in

cooperation with the Internal Audit Office. The Corporate Office and Internal Audit Office shall take charge of internal control of the entire Group.

- (vii) Matters concerning employees who assist the Audit Committee, matters concerning the independence of those employees from executive officers and to ensure effectiveness of instruction of the Audit Committee to those employees

The Corporate Office shall be responsible for the secretariat of the Audit Committee. However, any decisions with regard to changes or transfers of personnel, reorganization, disciplinary action or any other considerations shall require the prior approval of the Audit Committee. Furthermore, when employees who assist the Audit Committee receive the instruction of the Audit Committee, those employees shall exclusively follow its directions and instructions.

- (viii) System whereby executive officers, and, directors and employees of the Group report to the Audit Committee, and to ensure individuals who make the reports are not treated unfavorably

The rules that Representative executive officers, executive officers, and directors and employees of the Group are to report the following matters to the Audit Committee shall be set out and thereby the matters shall be reported to the Audit Committee. Furthermore, the prohibition of disadvantageous treatment of the individuals who make the reports for making those reports, etc. shall be stipulated in the rules and disseminated to all parties involved. A summary of the report shall be reported to the Board of Directors.

- (a) Incidents, which may cause material losses and/or gains to, or material damage and/or benefit to, the Company
 - (b) When there arises any material fact or possibility thereof involving misconduct or malpractice, breach of laws and regulations or Articles of Incorporation in relation to the execution of duties of the directors or executive officers, such fact
 - (c) Monthly accounting statements on a consolidated basis
 - (d) Internal audit report
 - (e) Monthly reports from the main operating divisions
 - (f) Other important matters
- (ix) Procedures for prepayment or reimbursement of costs arising from the execution of duties of the Audit Committee members and other matters concerning policy related to the handling of costs or liabilities arising from the execution of such duties
- When the Company is asked by the Audit Committee members to prepay expenses for the execution of their duties as provided for in Article 404, paragraph (4) of the Companies Act, the Company shall promptly handle the costs or liabilities, except in cases where it can prove the costs or liabilities were unnecessary for the execution of duties by the claiming Audit Committee members.
- (x) System to ensure the effectiveness of audits executed by the Audit Committee members
- (a) The Internal Audit Office shall have prior consultations with the Audit Committee when setting out the annual audit policies and plans. The Internal Audit Office shall also report the progress and results of internal audit to the Audit Committee. The Audit Committee may request the Internal Audit Office for an additional audit if necessary.

- (b) Independent auditors shall explain to the Audit Committee its auditing plan at the outset of the fiscal year and report to the Audit Committee the progress of its interim audit and the end-term audit results, etc. Furthermore, the independent auditors may have consultations and discussions with the Audit Committee if needed.
 - (c) In order to ensure the independence of independent auditors from the executive officers, as well as to guarantee the implementation of the audit activities, decisions on the independent auditors' compensation shall require the Audit Committee's prior consent.
- (xi) Evaluation of the implementation of system to ensure the propriety of business of the Group
The Board of Directors shall make regular reviews of the implementation of system to ensure the propriety of business of the Group.
- (xii) Basic policy toward exclusion of antisocial forces
The Company shall take a firm stance against antisocial forces that threaten the social order or safety of civil society.
- (xiii) Overview of the implementation of system to ensure properness of operations
The Board of Directors held six meetings in the current fiscal year and strove to strengthen and put into practice its supervisory function through such actions as formulating basic management policies, making decisions on prescribed legal matters and conducting regular reviews of the status of operating execution. The Nomination Committee held six meetings, and it formulated the election criteria for director candidates and decided the candidates for director. The Audit Committee held 10 meetings; it carried out audits related to various matters, including the suitability of the process for preparing financial statements related to financial results of regular accounting periods, the internal audit and internal control system, the information disclosure system, the risk management system, and the compliance system; and it reported the results of these audits to the Board of Directors. The Compensation Committee held seven meetings, and it decided the policy for deciding compensation for directors and executive officers as well as the compensations, etc. for each individual. It was confirmed that the Company and the Board of Directors will undertake the following initiatives to further increase the effectiveness of the Board of Directors.
- To further enhance discussions by the Board of Directors concerning strategic matters and other key management issues, efforts will be made to improve the quality of information provided, by such means as increasing the time spent on discussions and devising materials for distribution beforehand.
 - To enable outside directors to gain a deeper understanding of the business of the Company and the Group, more creative approaches will be taken in the provision of information concerning business and the status of the execution of duties.

Consolidated Financial Statements (IFRS) and
Non-consolidated Financial Statements (Japanese GAAP)
for the 66th term
(January 1 to December 31, 2020)

Consolidated Statement of Financial Position
Consolidated Statement of Profit or Loss
Consolidated Statement of Changes in Equity
Non-consolidated Balance Sheet
Non-consolidated Statement of Income
Non-consolidated Statement of Changes in Shareholders' Equity

Shigeyuki Yawata
Director, Representative Executive Officer and CEO
SUMIDA CORPORATION

Consolidated Statement of Financial Position

(Millions of yen)

	66th term As of December 31, 2020	(Reference) 65th term As of December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	5,237	3,286
Trade and other receivables	17,832	18,826
Inventories	16,484	16,877
Other assets	3,920	4,041
Total current assets	43,474	43,032
Non-current assets		
Property, plant and equipment	36,936	35,668
Right-of-use assets	4,298	3,938
Goodwill	4,122	4,176
Intangibles	6,016	6,151
Financial assets	566	1,104
Deferred tax assets	2,197	2,140
Other assets	451	348
Total non-current assets	54,589	53,528
Total assets	98,063	96,561

Note: The amounts of money described above are rounded down to the nearest million yen.

Consolidated Statement of Financial Position

(Millions of yen)

	66th term As of December 31, 2020	(Reference) 65th term As of December 31, 2019
LIABILITIES		
Current liabilities		
Trade and other payables	10,149	10,184
Short-term interest bearing debts	9,286	9,303
Long-term interest bearing debts due within one year	5,538	6,367
Current portion of lease obligations	836	807
Provisions	84	128
Income tax payables	276	393
Accrued expenses	2,442	2,257
Other liabilities	1,359	1,188
Total current liabilities	29,973	30,630
Non-current liabilities		
Long-term interest bearing debts	25,681	23,707
Lease obligations	3,245	3,462
Retirement benefit liabilities	1,587	1,569
Other provisions	18	18
Deferred tax liabilities	1,510	1,259
Other liabilities	1,489	1,318
Total non-current liabilities	33,532	31,337
Total liabilities	63,505	61,967
EQUITY		
Equity attributable to owners of parent		
Capital stock	10,150	10,150
Capital surplus	9,898	9,898
Other equity instruments	4,850	5,000
Retained earnings	12,767	12,322
Share acquisition rights	8	48
Treasury shares	(547)	(616)
Other components of equity	(4,135)	(3,789)
Total equity attributable to owners of parent	32,990	33,013
Non-controlling interests	1,567	1,579
Total equity	34,557	34,593
Total liabilities and equity	98,063	96,561

Note: The amounts of money described above are rounded down to the nearest million yen.

Consolidated Statement of Profit or Loss

(Millions of yen)

	66th term Year ended December 31, 2020	(Reference) 65th term Year ended December 31, 2019
Revenue	84,417	94,283
Cost of sales	(73,319)	(81,414)
Gross profit	11,098	12,868
Selling, general and administrative expenses	(8,798)	(9,330)
Other income	643	85
Other expenses	(105)	(80)
Operating profit	2,838	3,543
Finance income	18	27
Finance expenses	(1,386)	(1,385)
Net profit before taxes	1,470	2,184
Income taxes	(631)	(588)
Net profits for the year	839	1,596
Attributable to:		
Owners of parent	828	1,582
Non-controlling interests	11	13

Note: The amounts of money described above are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity
Year ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Share acquisition rights	Treasury shares
Balance as of Jan. 1, 2020	10,150	9,898	5,000	12,322	48	(616)
Net profits for the year				828		
Other comprehensive income						
Total comprehensive income for the year	-	-	-	828	-	-
Redemption of other equity instruments			(5,000)			
Issuance of other equity instruments			4,850			
Dividends				(162)		
Distribution to owners of other equity instruments				(172)		
Acquisitions of treasury shares						(0)
Disposal of treasury shares		(48)			(20)	68
Transfer of difference on disposal of treasury shares		48		(48)		
Share-based payments					(19)	
Total transactions with owners	-	-	(150)	(383)	(40)	68
Balance as of Dec. 31, 2020	10,150	9,898	4,850	12,767	8	(547)

Note: The amounts of money described above are rounded down to the nearest million yen.

(Millions of yen)

	Equity attributable to owners of parent					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Accumulated other comprehensive income				Total accumulated other comprehensive income/ (loss)			
	Re-measurement of defined benefit plans	Gains or losses on financial assets measured at fair value through other comprehensive income	Cash flow hedges	Translation differences of foreign operation				
Balance as of Jan. 1, 2020	(603)	41	(79)	(3,147)	(3,789)	33,013	1,579	34,593
Net profits for the year					-	828	11	839
Other comprehensive income	(52)	0	(77)	(216)	(346)	(346)	(23)	(370)
Total comprehensive income for the year	(52)	0	(77)	(216)	(346)	481	(12)	468
Redemption of other equity instruments					-	(5,000)		(5,000)
Issuance of other equity instruments					-	4,850		4,850
Dividends					-	(162)		(162)
Distribution to owners of other equity instruments					-	(172)		(172)
Acquisitions of treasury shares					-	(0)		(0)
Disposal of treasury shares					-	0		0
Transfer of difference on disposal of treasury shares					-	-		-
Share-based payments					-	(19)		(19)
Total transactions with owners	-	-	-	-	-	(504)	-	(504)
Balance as of Dec. 31, 2020	(655)	41	(157)	(3,364)	(4,135)	32,990	1,567	34,557

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(Millions of yen)

	66th term As of December 31, 2020	(Reference) 65th term As of December 31, 2019
ASSETS		
Current assets:		
Cash and deposits	179	151
Prepaid expenses	160	122
Short-term loans receivable	11,694	9,507
Advances paid	110	133
Accounts receivable-other	22	18
Other	18	2
Total current assets	12,186	9,936
Non-current assets:		
Property, plant and equipment		
Buildings	829	809
Structures	5	5
Tools, furniture and fixtures	1	1
Vehicles	10	0
Land	503	503
Total property, plant and equipment	1,350	1,320
Intangible assets:		
Telephone subscription right	3	3
Software	6	16
Total intangible assets	9	20
Investments and other assets:		
Shares of subsidiaries and associates	25,516	25,834
Long-term loans receivable	10,829	10,287
Long-term prepaid expenses	291	197
Insurance funds	244	758
Other	20	20
Total investments and other assets	36,901	37,097
Total non-current assets	38,261	38,438
Total assets	50,448	48,374

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(Millions of yen)

	66th term As of December 31, 2020	(Reference) 65th term As of December 31, 2019
LIABILITIES		
Current liabilities:		
Short-term loans payable	1,428	1,412
Current portion of long-term loans payable	2,170	3,708
Accounts payable-other	132	140
Accrued expenses	31	57
Income taxes payable	15	13
Deposits received	782	649
Advances received	1,085	-
Other	47	25
Total current liabilities	5,692	6,007
Non-current liabilities:		
Long-term loans payable	18,305	18,299
Deferred tax liabilities	1,230	992
Other	150	140
Total non-current liabilities	19,687	19,431
Total liabilities	25,379	25,439
NET ASSETS		
Shareholders' equity:		
Capital stock	10,150	10,150
Capital surplus	9,963	9,963
Legal capital surplus	9,963	9,963
Retained earnings	5,407	3,384
Legal retained earnings	264	264
Other retained earnings	5,143	3,119
Retained earnings brought forward	5,143	3,119
Treasury shares	(547)	(616)
Total shareholders' equity	24,973	22,881
Valuation and translation adjustments		
Deferred gains or losses on hedges	86	5
Total valuation and translation adjustments	86	5
Share acquisition rights	8	48
Total net assets	25,068	22,935
Total liabilities and net assets	50,448	48,374

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(Millions of yen)

	66th term Year ended December 31, 2020	(Reference) 65th term Year ended December 31, 2019
Operating revenue	3,442	1,338
Operating expenses	851	647
Operating profit	2,590	690
Non-operating income:		
Interest income	327	350
Foreign exchange gains	32	-
Other	95	28
Total non-operating income	455	378
Non-operating expenses:		
Interest expenses	446	553
Commission fee	68	49
Foreign exchange losses	-	2
Other	3	1
Total non-operating expenses	518	606
Ordinary profit	2,528	462
Extraordinary income:	3	-
Gain on sales of non-current assets	3	-
Profit before income taxes	2,531	462
Income taxes-current	94	111
Income taxes-deferred	202	290
Profit	2,234	61

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Shareholders' Equity
Year ended December 31, 2020

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings	
					Retained earnings brought forward			
Balance as of Jan. 1, 2020	10,150	9,963	-	9,963	264	3,119	3,384	(616)
Changes of items during period								
Profit						2,234	2,234	
Dividends of surplus						(162)	(162)	
Purchase of treasury shares								(0)
Disposal of treasury shares			(48)	(48)				68
Transfer of loss on disposal of treasury shares			48	48		(48)	(48)	
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	2,023	2,023	68
Balance as of Dec. 31, 2020	10,150	9,963	-	9,963	264	5,143	5,407	(547)

Note: The amounts of money described above are rounded down to the nearest million yen.

(Millions of yen)

	Shareholders' equity	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of Jan. 1, 2020	22,881	5	5	48	22,935
Changes of items during period					
Profit	2,234				2,234
Dividends of surplus	(162)				(162)
Purchase of treasury shares	(0)				(0)
Disposal of treasury shares	20			(20)	0
Transfer of loss on disposal of treasury shares	-				-
Net changes of items other than shareholders' equity	-	81	81	(19)	61
Total changes of items during period	2,091	81	81	(40)	2,133
Balance as of Dec. 31, 2020	24,973	86	86	8	25,068

Note: The amounts of money described above are rounded down to the nearest million yen.

(Translation)

Audit Report

The Audit Committee has audited the performance of duties by directors and executive officers for the 66th term from January 1, 2020 to December 31, 2020. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

With respect to the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 416, paragraph (1), item (i), (b) and (e) of the Companies Act and the status of the system based on said resolutions (internal control systems), the Audit Committee received reports from directors, executive officers, employees and others periodically, requested explanations on those reports, when necessary, expressed an opinion concerning the establishment and operation of the system, and conducted audits using the following methods.

(i) The Audit Committee inspected in cooperation with the internal control division the process and content of the decision making at significant meetings, the content of the major authorization documents and other important documents related to business operations, the business performance of the executive officers, and the Company's operation and condition of property in accordance with the auditing policies established by the Audit Committee, the segregation of duties and others. With respect to subsidiaries, the Audit Committee took steps to facilitate communication with the directors and others of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses.

(ii) The Audit Committee also monitored and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Audit Committee also received notification from the independent auditor that it implemented the "system for ensuring the proper execution of its duties" (as enumerated in items of Article 131 of the Regulation on Corporate Accounting) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, the Audit Committee requested explanations on the notification.

Based on the foregoing methods, the Audit Committee also examined the Business Report, the Consolidated Financial Statements (Consolidated Statement of Financial Position prepared with some disclosure items required under IFRS omitted pursuant to the provisions of the latter part of Article 120, paragraph (1) of the Regulation on Corporate Accounting, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity, and notes to Consolidated Financial Statements), and the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Shareholders' Equity, and notes to Non-consolidated Financial Statements) and supporting schedules related to the fiscal year.

2. Results of the audit

(1) Results of audit of Business Report

- (i) In our opinion, the Business Report and supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws and regulations, and the Articles of Incorporation.
- (ii) Neither improper actions in the execution of duties by directors and executive officers, nor material facts in violation of the provisions of applicable laws and regulations or the Articles of Incorporation, were found.
- (iii) In our opinion, the content of the resolution by the Board of Directors regarding internal control systems was appropriate; furthermore, nothing was pointed out regarding the contents of the Business Reports with respect to executing internal control systems and the execution of duties by directors and executive officers.

(2) Results of the audit of Consolidated Financial Statements

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

(3) Results of the audit of Non-consolidated Financial Statements and supporting schedules

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

February 19, 2021

Audit Committee
SUMIDA CORPORATION

Atsushi Kato (Seal)
Member of the Audit Committee

Johji Sato (Seal)
Member of the Audit Committee

Masako Miyatake (Seal)
Member of the Audit Committee

Tatsuo Umemoto (Seal)
Member of the Audit Committee

Note: The four members of the Audit Committee are outside directors as stipulated in Article 2, item (xv) and Article 400, paragraph (3) of the Companies Act.