

With Our Shareholders and Investors

We constantly strive to enhance our communication with stockholders and investors through the reinforcement of corporate governance and timely and appropriate information disclosure.

Communication with Stockholders and Investors

We recognize that the general shareholder's meeting is a forum for constructive dialogue to exchange opinions directly with our shareholders and we strive to develop an appropriate environment for the exercise of their rights at a shareholders' meeting. Also in order to share the Group's operating results and management policies/business strategies with institutional investors and securities analysts and enhance their understanding, we hold briefings on financial results twice a year, as well as respond positively to individual interviews and questions in an effort to maintain ongoing communication with them. Furthermore, we make every attempt to make prompt and fair disclosure of information, posting briefing materials on financial results, financial materials such as Fact Book, and other timely disclosure documents on our website (URL: <https://www.kds.info/investors/>). We will continue to make efforts to obtain further understanding of the Group from our shareholders and investors.



Topics Launch of 10-year Long-Term Business Plan - "OCEAN+2 Strategy"

Taking the opportunity on the 60th anniversary of our foundation on November 3, 2019, we have developed our first 10-year long-term business plan "OCEAN+2 Strategy," which was launched in April 2020. With the "OCEAN+2 Strategy," we aim to break free from a red ocean to an "ocean of blue" of a stable high-profit structure, based on thorough activities focused on strategies and development of products with competitive advantages.

7 Basic Strategies under "OCEAN+2 Strategy"

- One** : "Single Supplier" taking advantage of our thin Arkh.3G products;
- Cost** : "Challenge Towards Lower Cost Ranges" based on the world's lowest material cost of the new Arkh Series;
- Element** : "Material Business" by selling wafers, taking advantage of our growing/polishing technology;
- Alliance** : "Co-creation" by open innovation/ collaboration;
- Niche** : "Advantage of Being a Survivor" securing stable profits in niche markets.
- +1** : "New Crystals" by our challenge in the growth of new crystals; and
- +2** : "New Devices" aiming to create value by establishing new underlying technology.

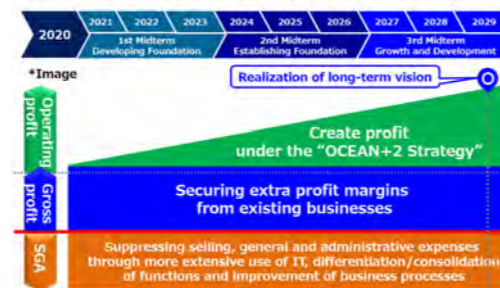
Milestone



Further, the long-term plan is divided into three phases, for each of which milestones are established. While continuing with the business of existing products and Arkh.3G, we will complete various preparations for the "1st Midterm: Developing Foundation." In the "2nd Midterm: Establishing Foundation" phase, we will put the material business on track and launch collaboration initiatives and new crystal businesses. And in the final phase of "3rd Midterm: Growth and Development," we will further these strategies for growth and development.

While suppressing selling, general and administrative expenses through more extensive use of IT as well as differentiation/consolidation of functions and improvement of business processes, and securing extra profit margins from existing businesses, we will create profit under the "OCEAN+2 Strategy," aiming to be a "company needed by society, where all employees work with a look of determination in their eyes, supporting the development of an electronics society" and contribute to a sustainable society.

Profit Generation Image



For the Local Communities

Through our community services and communication, we hope to strengthen our ties of trust with the local communities and remain a corporation that is loved by all.

Support Activity in the Mountainous Area in Thailand



HARMONY ELECTRONICS (THAILAND) CO.,LTD.
Maung Aung

At HARMONY ELECTRONICS (THAILAND) CO., LTD., we have donated food and daily necessities to families in need in the mountainous areas, once a year for several years, in the spirit of "returning profits gained from society to society," aiming to achieve development of both the company and the community.

Families living in the mountainous area face difficulties in obtaining supplies of goods and do not have enough books or stationery for children to acquire knowledge. Thus, we started delivering various supplies from the company and donating them to the mountainous community. On the day of our visit, we cook and deepen communication with the residents and then present the supplies we brought. The time we spend with them is not much, but it feels good when we see their smiles.

We have only limited opportunities to communicate with local people, so we would like to appreciate every moment of such opportunities, recognizing that it serves as a precious time for communication between our company and the local people, and will raise CSR awareness among the employees and, therefore, we will continue to contribute to the local community.



Santa Claus' Visit to Tokushima Prefectural Kamojima School for Special Needs Education

At Tokushima Production Division, we organize a Santa Claus' visit to Tokushima Prefectural Kamojima School for Special Needs Education in early December every year. We have been continuing this activity for the last 18 years and it has been well-received by the community as the company's activity. Students of the school look forward to our visit every year, and we take great satisfaction in continuing this event. We visit the school on the day of their Christmas Party for lower elementary grade students and engage



with the students, by singing and playing together. For higher elementary grade and middle school students, we make a surprise visit to their classrooms during classes, and employees dressed as Santa Claus hand a present to each student. This event has become a tradition not only for the Tokushima Production Division but also for Kamojima School for Special Needs Education. We will continue with this event with a sense of mission and hand down this opportunity to meet with local people to the next generation.



Tokushima Production Div.
Kenji Oda