

February 21, 2020

Kuroda Electric Co., Ltd.

Koichi Hosokawa, President and Executive Officer

**Notice of Transition to a Holding Company Structure
and its Management Structure**

Kuroda Electric Co., Ltd. announced today that its new group structure and management structure effective from April 1, 2020 as follows.

Kuroda Electric Co., Ltd. and its subsidiaries have been operating trading and manufacturing business in Japan and overseas, with Kuroda Electric at the top. However, effective from April 1, 2020, our group will shift to a group structure with the holding company, Kuroda Group Co., Ltd. (currently KM Holdings Co., Ltd., the corporate name to be changed on April 1, 2020) at the top.

In addition, Kuroda Electric Co., Ltd. will focus on the trading business as a business unit of the Domestic Trading Division, and it plans to transfer the shares of its domestic and overseas subsidiaries to Kuroda Group Co., Ltd. by the end of June 2020. Furthermore, the administrative and support functions that Kuroda Electric Co., Ltd. has been providing to itself and its subsidiaries will be transferred to a new company, Kuroda Management Service Co., Ltd., which is scheduled to be established on April 1, 2020.

1. Holding Company Structure after April 1, 2020

(1) Overview of the New Group Structure

Kuroda Group Co., Ltd. (Holding Company, Headquarter in Tokyo)	
Domestic Trading Division	Overseas Trading Division
Domestic Manufacturing Division	Data Storage Division
Overseas Manufacturing Division	Administrative and Support Division

(2) Objectives of the New Group Structure

Kuroda Electric Co., Ltd. began its business as a specialized trading company mainly focusing on electrical materials and electronic components in 1945. Shortly, it started its manufacturing and processing business, becoming the base of current Kuroda's group structure. While Kuroda group will continue its unique business model as "a trading company with manufacturing capability", in order to further strengthen both of our trading and manufacturing business, it will shift from an group structure with Kuroda Electric Co., Ltd. (trading business) at the top, to a new group structure with the holding company at the top that enables us to deploy trading and manufacturing business in parallel. With this new group structure, Kuroda group will "rebuild and build" corporate governance, deal with management issues promptly, optimize management resource allocation, and utilize human resources proactively, aiming to fully leverage each business's competitive advantages.

(3) Roles of the Holding Company "Kuroda Group Co., Ltd."

Kuroda Group Co., Ltd. will have four functions: Business Supervision, Technology Supervision, Legal and General Affairs Supervision, and Management Supervision, and will operate six business divisions: Domestic Trading Division, Overseas Trading Division, Domestic Manufacturing Division, Data Storage Division, Overseas Manufacturing Division, and Administrative and Support Division, at the top of the group governance system.

The execution of business operation at Kuroda Group Co., Ltd. will be outsourced to Kuroda Management Service Co., Ltd. in Administrative and Support Division.

(4) Roles of "Kuroda Electric Co., Ltd." in Domestic Trading Division

Currently, Kuroda Electric Co., Ltd. has been providing administrative and support functions to itself and its subsidiaries, in addition to its domestic trading business. From April 1, 2020, Kuroda Electric Co., Ltd. will transfer these administrative and support functions to Kuroda Management Service Co., Ltd. and focus on trading business.

Through the collaboration with its suppliers and customers from various industries, which have been cultivated over the past 75 years since its foundation, Kuroda Electric Co., Ltd. will continue to play an indispensable role in value creation by consolidating "valuable information" from excessive information and applying it in other business divisions.

(5) Roles of "Kuroda Management Service Co., Ltd." in Administrative and Support Division

Kuroda Management Service Co., Ltd., which is scheduled to be established on April 1, 2020, will provide administrative and support functions to all Kuroda group as an "executive unit of group management", and will aim to exploit full potential of each Kuroda group's company.

Specifically, Kuroda Management Service Co., Ltd. will establish departments for Corporate

Planning, Finance and Accounting, Human Resources, Legal and General Affairs, Information Management, and Business Development. We will aim to become a “value-creating” Administrative and Support Division, by managing and supporting other five business divisions, and focusing on “rebuilding and building corporate governance”, “strengthening finance”, “solving management issues”, and “contributing to the achievement of goals of each business division and company”.

2. Executive Structure in FY2020 (from April 1, 2020)

(1) Kuroda Group Co., Ltd.

Directors / Auditor

Representative Director	Koichi Hosokawa
Director	Kenichiro Kagasa
Director	Tetsuya Kaneko
Auditor	Hisashi Chisaka

(2) Kuroda Electric Co., Ltd.

Directors / Auditor

Representative Director	Koichi Hosokawa
Representative Director	Yasunobu Mori
Director	Katsuhiko Sasano
Auditor	Masayuki Nagashima

Executive Officers

President and Executive Officer	Koichi Hosokawa	Department Director Automotive Business Department
Vice President and Executive Officer	Yasunobu Mori	
Executive Officer	Kozo Nakayama	Department Director Western Japan Business Department
Executive Officer	Maki Ishii	Department Director Administrative Department
Executive Officer	Hiroyuki Machii	Deputy Department Director Administrative Department