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## Dear shareholders

### We have formulated our Mid-term Corporate Strategy “elematec Pro+(Plus).”

We would like to express our sincere gratitude to our shareholders for their continued support.

For the current consolidated fiscal year (FY2023), as a result of our focus on the automobile- and game console-related businesses, etc., both sales and profits increased year on year, and profits at each stage reached record highs for the second consecutive year.

In the electronics industry surrounding the Group, the market size is expected to continue to expand over the medium to long term due to rapid technological innovation, and business opportunities for the Group are increasing.

Under these circumstances, the Group has launched its Medium-term Corporate Strategy, “elematec Pro+,” in fiscal year 2024. In the electronics industry, which is expected to continue to grow in the future, the Group aims to be a company that flexibly responds to changes and provide added value to all stakeholders. By steadily implementing each of the measures in elematec Pro+, we plan to achieve an ordinary income CAGR (compound annual growth rate) of 10% or more over the three years to FY2026, which is our target, and to achieve sustainable growth beyond. (Please refer to pages 28 and 29 for details of the elematec Pro+ Medium-term Corporate Strategy for FY2024 to FY2026.)

We sincerely ask our shareholders for their continued understanding and support.



**Akira Yokode,**  
Chief Executive Officer and Chairman of the Board

## Management Philosophy

### Mission

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To provide new values by expanding our good relationships.

### Management policies

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- To provide a multitude of quality products and services globally.
  - To constantly strive for self-improvement and to seek sustained growth for betterment of social credibility
  - Strive to maximize corporate value while emphasizing corporate governance with due consideration to the environment and safety
  - Contributing to the creating a sustainable society under the Basic Policy on Sustainability
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### Action Guidelines

- Respect customer's needs and be trusted as a manufacturing partner
- Actively exchange views and take on challenges with enthusiasm, speed and teamwork.
- Each employee shall strive for self-improvement and place emphasis on equal opportunities and fair evaluation.
- Pursue happiness and well-being of employees and growth as a group.

(Securities Code: 2715)  
(Date of sending) June 12, 2023  
(Commencement date of Electronic Provision Measures) June 6, 2023

**To Our Shareholders:**

Akira Yokode,  
Chief Executive Officer and Chairman of the Board

**Elematec Corporation**  
3-5-27 Mita, Minato-ku, Tokyo

## **Notice of Convocation of the 77th Ordinary General Meeting of Shareholders**

First, we would like to express our sincere gratitude for your continued support.

You are cordially invited to attend the 77th Ordinary General Meeting of Shareholders of the Company.

In convening this General Meeting of Shareholders, we have taken measures to electronically provide information on the Reference Documents, etc. for the General Meeting of Shareholders (Matters Concerning Electronic Provision Measures), which are posted on each website on the Internet, so please access one of the following websites to confirm the information.

[Our website]

<http://www.elematec.com/ir/meetingdocument.html>



[General Meeting of Shareholders Materials Website]

<https://d.sokai.jp/2715/teiji/>



[Tokyo Stock Exchange Website (Listed Company Search)]

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



(Please access the above website, enter or search the company name “elematec“ or the securities code “2715,” select “Basic information” and then “Documents for public inspection/PR information.” See “Notice of Convocation of General Meeting of Shareholders/Materials for General Meeting of Shareholders“ in the “Documents for Public Inspection“ for your confirmation

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders that appear later and exercise your voting rights by any of the methods described on pages 3 to 5 of this Notice by 5:30 p.m. (at the close of our business hours) on Tuesday, June 27, 2023 (Japan time).

## Details of the General Meeting of Shareholders

1. **Date and Time:** Wednesday, June 28, 2023  
at 10:00 a.m.
2. **Venue:** 26F (Pearl 26), Main Tower, Shinagawa Prince Hotel  
10-30 Takanawa 4-chome, Minato-ku, Tokyo  
(Please note that the floor number and name of the venue differ, although the hotel is the same as last year.)
3. **Agenda:**
  1. **Matters to be reported:**
    1. Business Report and Consolidated Financial Statements for the 77th Fiscal Year (from April 1, 2022 to March 31, 2023), results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
    2. Non-consolidated Financial Statements for the 77th Fiscal Year (from April 1, 2022 to March 31, 2023)

### **Proposals to be resolved:**

<b>Agenda Item</b>	Election of Nine Directors
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- If you are attending the Meeting in person, please submit the Voting Form to the receptionist at the venue.
  - If any revisions are made to the Matters Concerning Electronic Provision Measures, a notice to that effect will be posted on the websites listed on the previous page along with the contents of the revision.
  - For shareholders who have not made a Request for Delivery of Documents, the following items of the Reference Documents for the General Meeting of Shareholders and the Business Report will be sent together.
    1. Major Business Activities
    2. Business Conditions during the Fiscal Year under Review
    3. Status of Assets and Profits and Losses in the Three Most Recent Fiscal Years
    4. Issues to Be Addressed
  - Shareholders who have made a Request for Delivery of Documents will also receive a document stating the Matters Concerning Electronic Provision Measures, but such document will exclude the following items pursuant to the applicable laws and regulations and Article 17 of the Articles of Incorporation. Accordingly, such document forms part of the documents audited by the Audit & Supervisory Board Members or Accounting Auditor for their preparation of the Audit Report.
    1. System for Ensuring Proper Business Operation and Operating Status of Such System
    2. Basic Policy for Control of the Company
    3. Notes to Consolidated Financial Statements
    4. Individual Notes to the Financial Statements
  - **Considering the risk of novel coronavirus (COVID-19) infection, we had stopped distributing coffee shop tickets to shareholders who attended the General Meeting of Shareholders until last year, but will resume the distribution this year.**

## Guidance for Exercising Voting Rights

### Exercising voting rights by attending the General Meeting of Shareholders

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Please submit the enclosed Voting Form to the receptionist at the venue.

**Date & Time**

Wednesday, June 28, 2023  
at 10:00 a.m.

**Venue**

10-30 Takanawa 4-chome, Minato-ku, Tokyo  
26F (Pearl 26), Main Tower, Shinagawa Prince Hotel

### Exercising voting rights in writing (by post)

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Please indicate your vote for or against the proposal on the Voting Form enclosed and return the form to the Company. If no indication of approval or disapproval is made for each proposal item on the Voting Form, it will be treated as “approval.”

**Exercise Deadline**

To arrive by 5:30 p.m. on Tuesday, June 27, 2023

### Exercising voting rights via the Internet, etc.

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Enter your vote for or against the proposal in accordance with the guide on pages 6 to 7.

**Exercise Deadline**

Make entry by 5:30 p.m. on Tuesday, June 27, 2023



## Guide to Exercising Voting Rights via the Internet, etc.

Exercise  
Deadline

Make entry by 5:30 p.m. on Tuesday, June 27, 2023

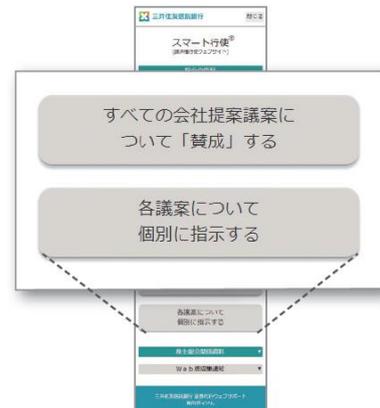
### How to scan QR Code “Smart Vote”

You can login to the website to exercise your voting rights without entering your voting code and password.

1. Scan the QR Code printed on the bottom right of your voting form.  
\* “QR Code is a registered trademark of Denso Wave Incorporated.



2. Follow the instructions on the screen to vote for or against each of the proposals.



\*The Voting form uses simulated image.

### You may exercise your voting rights only once through “Smart Vote.”

If you wish to make corrections after you have exercised your voting rights, access the PC website, login by entering your voting code and password printed on the voting form, and exercise your voting rights again.

\* Rescan the QR Code to access the PC website.

- If you exercise your voting rights both via the Internet, etc. and by returning the Voting Form, the vote received later will be treated as valid. If the votes via the Internet, etc. and the Voting Form are received on the same day, the votes via the Internet, etc. will be treated as valid.
- If you exercise your voting rights more than once via the Internet, etc. the last vote will be treated as valid.

## How to Enter Voting Code and Password

Website for exercising voting rights: <https://www.web54.net>

1. Access the website for exercising voting rights.



Click "Proceed to next."

2. Enter the voting code printed on your voting form.



Enter the voting code.

Click "Login."

3. Enter the password printed on the voting form.



Enter the initial Password.

Please set a new password to actually use.

Click "Register."

4. Follow the instructions on the screen to vote for or against each of the proposals.

\*The operation screen uses simulated image.

The website for exercising voting rights may not be available depending on the internet usage environment of PC, Smart phone and Cell phone.

### **Inquiries about exercising voting rights via the Internet**

Stock Transfer Agency Web Support  
Sumitomo Mitsui Trust Bank, Limited.  
Toll-free (within Japan): 0120-652-031  
(Business hour: 9:00 a.m. to 9:00 p.m.)

### **To institutional investors**

Institutional investors can also vote electronically at this General Meeting through the "ICJ Platform" operated by ICJ Inc.

## Reference Documents for the General Meeting of Shareholders

### Agenda Item : Election of Nine Directors

The term of office of all of the current nine Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we propose the election of nine Directors.

The candidates for Directors are as follows.

No.	Name	Position in the Company	
1	Akira Yokode	Chief Executive Officer and Chairman of the Board	Reappointment
2	Sei Kawafuji	Executive Managing Director, Corporate & Administration	Reappointment
3	Naohito Tsuji	Executive Managing Director, Sales	Reappointment
4	Hiroyuki Rikuna	Senior Managing Director	New appointment
5	Akio Hamada	Member of the Board	Reappointment
6	Yosuke Komatsu	Member of the Board	Reappointment
7	Sosuke Seki	External Member of the Board	Reappointment External Independent officer
8	Tatsumi Maeda	External Member of the Board	Reappointment External Independent officer
9	Yoshiaki Yatsu	External Member of the Board	Reappointment External Independent officer

Reappointment	Reappointed Director candidate
New appointment	Newly appointed Director candidate
External	External Director candidate
Independent officer	Independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc.

	<b>1</b>	<b>Akira Yokode</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: June 18, 1961)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1984    Joined T. CHATANI & Co., Ltd. May 1988    Joined ROHM Co., Ltd. March 2001    Joined Toyota Tsusho Corporation (“Toyota Tsusho”) April 2006    General Manager of Section 1 Electronics Department, Toyota Tsusho June 2006    Managing Director, Assistant to Chief Division Officer of Sales Division, TOMEN DEVICES CORPORATION June 2008    General Manager of Electronics Device Department, Toyota Tsusho April 2011    General Manager of Electronics Department, Toyota Tsusho April 2012    Senior Managing Director, the Company June 2012    Executive Managing Director, the Company April 2018    Executive Managing Director, the Company June 2019    Chief Executive Officer and Chairman of the Board, the Company (to the present)		
	Significant concurrent positions None		
Number of the Corporation’s shares held:                   2,540  Tenure:                           11 years  Status of attendance to Board of Directors meeting:           13/13 (100%)	[Reasons for nomination of the candidate as Director] Akira Yokode has been engaged mainly in electronics businesses since joined Toyota Tsusho Corporation in 2001, and has held positions such as General Manager of Section 1 Electronics Department, and General Manager of Electronics Device Department at Toyota Tsusho. Since the Company entered into a capital and business alliance agreement with Toyota Tsusho in 2012, he has served as Executive Managing Director of the Company. He has currently been Chief Executive Officer and Chairman of the Board (present post) since 2019. The Company has proposed him as a candidate for re-election as Director so that the Company’s management may benefit from his extensive experience of a general trading company and the Group as well as insights into global business operations.		

	<b>2</b>	<b>Sei Kawafuji</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: February 25,1969)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1991	Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)	
	August 2005	Joined the Company	
April 2012	General Manager of Administrative Department, the Company		
April 2014	Chief Division Officer of Administrative Division and General Manager of Personnel Department, the Company		
April 2016	Managing Director, Chief Division Officer of Administrative Division and General Manager of Personnel Department, the Company		
July 2016	Managing Director, Chief Division Officer of Administrative Division, General Manager of Finance & Business Administrative Department and General Manager of Personnel Department, the Company		
April 2017	Managing Director, Chief Division Officer of Corporate Division, the Company		
April 2018	Senior Managing Director in charge of Overall Personnel Affairs, General Affairs, and Legal Affairs, the Company		
June 2018	Executive Managing Director in charge of Overall Personnel Affairs, General Affairs, and Legal Affairs, the Company		
June 2020	Executive Managing Director, Corporate & Administration, the Company (to the present)		
Significant concurrent positions			None
[Reasons for nomination of the candidate as Director]			Sei Kawafuji has work experience at a major financial institution. He has been engaged in administration divisions in general since he joined the Company in 2005, and has held positions such as General Manager of Finance & Business Administrative Department, General Manager of Personnel Department, Chief Division Officer of Administrative Division, and Chief Division Officer of Corporate Division. Since 2018, he has served as Executive Managing Director (present post) using his extensive experience of the Group's operations and insights into administrative and management operations. Accordingly, the Company has proposed him as a candidate for re-election as Director.
Number of the Corporation's shares held:	16,800		
Tenure:	5 years		
Status of attendance to Board of Directors meeting:	13/13 (100%)		



  Number of the Corporation's shares held: 10,500	<b>4</b>	<b>Hiroyuki Rikuna</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div>
	(Date of birth: May 6, 1972)		
	[Career summary, position and areas of responsibility in the Corporation]		
	<p>April 1996    Joined the Company</p> <p>April 2019    Sales Division Director, General Manager of Marketing &amp; Development Department and Marketing &amp; Development Group I, the Company</p> <p>April 2020    Sales Division Director, and General Manager of Marketing &amp; Development Department, the Company</p> <p>April 2021    Managing Director, Sales Division Director, and General Manager of Marketing &amp; Development Department, the Company</p> <p>April 2023    Senior Managing Director, Sales Division Director, and General Manager of Marketing &amp; Development Department, the Company (to the present)</p>		
Significant concurrent positions			
None			
[Reasons for nomination of the candidate as Director]			
Mr. Hiroyuki Rikuna has been engaged in the sales, development and marketing business since he joined the Company in 1996, has served as an Executive Officer since 2021, has served as Senior Managing Director (present post), Sales Division Director, and General Manager of the Marketing & Development Department since 2023, and has accumulated extensive business experience and knowledge of the Group. The Company has newly proposed making him a candidate for election as Director because we believe that he will be able to utilize such experience and insight in the management of the Company and appropriately perform his duties as Director.			

	<b>5</b>	<b>Akio Hamada</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: June 30, 1966)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1989    Joined Toyota Tsusho Corporation (“Toyota Tsusho”)		
	April 2013    Department Manager, HEV Business Department, Toyota Tsusho April 2014    Department Manager, HEV & ITS Business Department, Toyota Tsusho April 2015    Senior Managing Director, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation) April 2016    President of Toyota Tsusho (Shanghai) Co., Ltd.; and Director, Toyota Tsusho (China) Co., Ltd. April 2018    Executive Officer, Toyota Tsusho President of Toyota Tsusho (Shanghai) Co., Ltd.; and Head of Next Mobility East Asia, Toyota Tsusho April 2021    Senior Executive Officer, CEO for Chemicals & Electronics Division, Toyota Tsusho (to the present) Representative Director, NEXTY Electronics Corporation (to the present) June 2021    Member of the Board, the Company (to the present)		
Significant concurrent positions Senior Executive Officer, CEO for Chemicals & Electronics Division, Toyota Tsusho Representative Director, NEXTY Electronics Corporation			
[Reasons for nomination of the candidate as Director]			
Number of the Corporation’s shares held:	-		
Tenure:	2 years		
Status of attendance to Board of Directors meeting:	11/13 (84.6%)	Akio Hamada has extensive experience and broad knowledge cultivated over many years at Toyota Tsusho Corporation and its Group. He has served as Member of the Board (present post) of the Company since 2021, providing effective advice and recommendations to ensure the adequacy and appropriateness of the Company’s management decision-making. Accordingly, the Company has proposed him as a candidate for re-election as Director.	

	<b>6</b>	<b>Yosuke Komatsu</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: October 3, 1974)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1998    Joined Toyota Tsusho Corporation (“Toyota Tsusho”)		
	April 2012    General Manager of Sales Division I, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)		
April 2013    Assistant General Manager, Sales Department, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)			
April 2014    Divisional Director of Semiconductor Sales Department, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)			
April 2017    Executive Officer, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)			
April 2018    General Manager of Electronic Department, Chemical & Electronics Division, Toyota Tsusho (to the present)			
June 2021    Member of the Board, the Company (to the present)			
Significant concurrent positions			
General Manager of Electronic Department, Chemical & Electronics Division, Toyota Tsusho			
[Reasons for nomination of the candidate as Director]			
Yosuke Komatsu has extensive experience and broad knowledge cultivated over many years at Toyota Tsusho Corporation and its Group. He has served as Member of the Board (present post) of the Company since 2021, providing effective advice and recommendations to ensure the adequacy and appropriateness of the Company’s management decision-making. Accordingly, the Company has proposed him as a candidate for re-election as Director.			
Number of the Corporation’s shares held:	-		
Tenure:	2 years		
Status of attendance to Board of Directors meeting:	13/13 (100%)		

	7	<b>Sosuke Seki</b>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Reappointment</td> <td style="padding: 2px;">External</td> </tr> <tr> <td colspan="2" style="padding: 2px; text-align: center;">Independent officer</td> </tr> </table>	Reappointment	External	Independent officer	
	Reappointment	External					
	Independent officer						
	(Date of birth: June 29, 1966)						
	[Career summary, position and areas of responsibility in the Corporation]						
<p>April 1993 Registered as attorney-at-law (member of Tokyo Bar Association) (to the present)</p> <p>January 2004 Opened Ginza Prime Law Office (to the present)</p> <p>June 2007 External Audit &amp; Supervisory Board Member, the Company</p> <p>June 2015 External Member of the Board, the Company (to the present)</p> <p>June 2016 External Director, Shobunsha Publications, Inc. (to the present)</p>							
<p>Significant concurrent positions</p> <p>External Director, Shobunsha Publications, Inc.</p>							
<p>Number of the Corporation's shares held: -</p> <p>Tenure: 8 years</p> <p>Status of attendance to Board of Directors meeting: 13/13 (100%)</p>	<p>[Reasons for nominating the candidate as External Director and an overview of expected roles]</p> <p>Sosuke Seki has extensive insights and experience as a lawyer and has given advice and recommendations to ensure the adequacy and appropriateness of management decision-making and execution of duties of Directors from an independent standpoint, although he has not been directly involved in the management of the Company. Accordingly, the Company proposes him as a candidate for re-election as External Director. The Company expects the candidate to continue to strengthen governance from the perspective of compliance with laws and regulations, to fulfill responsibilities from the viewpoint of all shareholders, including minority shareholders, and to serve as the chairperson of the voluntary Nomination and Compensation Committee and Special Committee.</p>						

	8	Tatsumi Maeda	Reappointment	External	
				Independent officer	
			(Date of birth: January 1, 1953)		
		[Career summary, position and areas of responsibility in the Corporation]			
		<p>March 1975    Joined Kyoto Ceramic Co., Ltd. (currently KYOCERA Corporation) (“KYOCERA”)</p> <p>June 2001    Director, KYOCERA</p> <p>June 2003    Managing Executive Officer, KYOCERA</p> <p>April 2007    Senior Managing Executive Officer, KYOCERA</p> <p>June 2008    Director and Senior Managing Executive Officer, KYOCERA</p> <p>April 2009    Vice President and Representative Director, and Vice President and Executive Officer, KYOCERA</p> <p>April 2013    Vice Chairman and Representative Director, KYOCERA</p> <p>June 2017    Advisor, KYOCERA</p> <p>March 2018    Retired from Advisor, KYOCERA</p> <p>June 2019    External Member of the Board, the Company (to the present)</p> <p>June 2021    External Director, TOMEN DEVICES CORPORATION (to the present)</p>			
	Significant concurrent positions				
	External Director, TOMEN DEVICES CORPORATION				
	[Reasons for nominating the candidate as External Director and an overview of expected roles]				
Number of the Corporation’s shares held:	-	Tatsumi Maeda has abundant experience gained through long years of service at KYOCERA Corporation and extensive insight into overall management of the Company, and has given advice and recommendations to ensure the adequacy and appropriateness of management decision-making and execution of duties of Directors from an independent standpoint. Accordingly, the Company proposes him as a candidate for re-election as External Director. He is expected to continue to fulfill his responsibilities for the general business operations of the Company based on this management experience from the perspective of all shareholders, including minority shareholders, and to serve as a member of the voluntary Nomination and Compensation Committee and Special Committee.			
Tenure:	4 years				
Status of attendance to Board of Directors meeting:	13/13 (100%)				

	<b>9</b>	<b>Yoshiaki Yatsu</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 10px;">External</div>
	(Date of birth: March 13, 1964)		
	[Career summary, position and areas of responsibility in the Corporation]		
	October 1990	Joined Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)	
	June 2005	Partner, Tohmatsu & Co.	
October 2018	Retired from Deloitte Touche Tohmatsu LLC		
November 2018	Established Yatsu Certified Public Accountant Office (to the present)		
March 2019	Outside Auditor, SHIZUOKA GAS Co., Ltd. (to the present)		
June 2020	External Member of the Board, the Company (to the present)		
Significant concurrent positions			
Outside Auditor, SHIZUOKA GAS Co., Ltd.			
[Reasons for nominating the candidate as External Director and an overview of expected roles]			
Number of the Corporation's shares held:	-		
Tenure:	3 years		
Status of attendance to Board of Directors meeting:	13/13 (100%)		
Yoshiaki Yatsu has extensive insights and experience as a certified public accountant and has given advice and recommendations to ensure the adequacy and appropriateness of management decision-making and execution of duties of Directors from an independent standpoint, although he has not been directly involved in the management of the Company. Accordingly, the Company proposes him as a candidate for re-election as External Director. He is expected to strengthen governance from the viewpoints of finance and accounting, to fulfill his responsibilities from the perspective of all shareholders, including minority shareholders, and to serve as a member of the voluntary Nomination and Compensation Committee and Special Committee.			

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu are candidates for External Directors.
3. Present or the past ten years positions and titles of three Director candidates, Naohito Tsuji, Akio Hamada and Yosuke Komatsu, as executive officers at Toyota Tsusho Corporation and its subsidiaries are described in the above “Career summary, position and areas of responsibility in the Corporation” and “significant concurrent positions.”
4. The term of office of Sosuke Seki as Audit & Supervisory Board Member will be eight years and term of office as External Member of the Board will be eight years at the conclusion of this General Meeting of Shareholders.  
The term of office of Tatsumi Maeda as External Member of the Board will be four years at the conclusion of this General Meeting of Shareholders.  
The term of office of Yoshiaki Yatsu as External Member of the Board will be three years at the conclusion of this General Meeting of Shareholders.
5. The Company has, pursuant to Article 427 (1) of the Companies Act, concluded agreements with Akio Hamada, Yosuke Komatsu, Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu to limit their respective liabilities for damages under Article 423 (1) of the same Act to the minimum amount provided by Article 425 (1) of the same Act. The Company plans to extend the aforementioned limited liability agreements if reappointment of these candidates is approved.
6. The Company has concluded an officer liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. An overview of the contents of the relevant insurance contract is provided in “2 Current status of the Company (3) Executive Officers 3) Overview of the contents of the liability insurance contract for officers, etc.” of the business report. If the appointment of the candidate for Director is approved, they will be insured based on the relevant insurance contract. The relevant insurance contract is scheduled to be renewed at the next renewal with the same contract contents in accordance with a resolution of the Board of Directors.
7. The Company has designated Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu as independent officers pursuant to the regulations of Tokyo Stock Exchange, Inc. and filed a notice of that with the Exchange. If their re-election is approved, the Company will continue to designate and register them as independent officers.

## Reference on corporate governance

### The basic concept of corporate governance

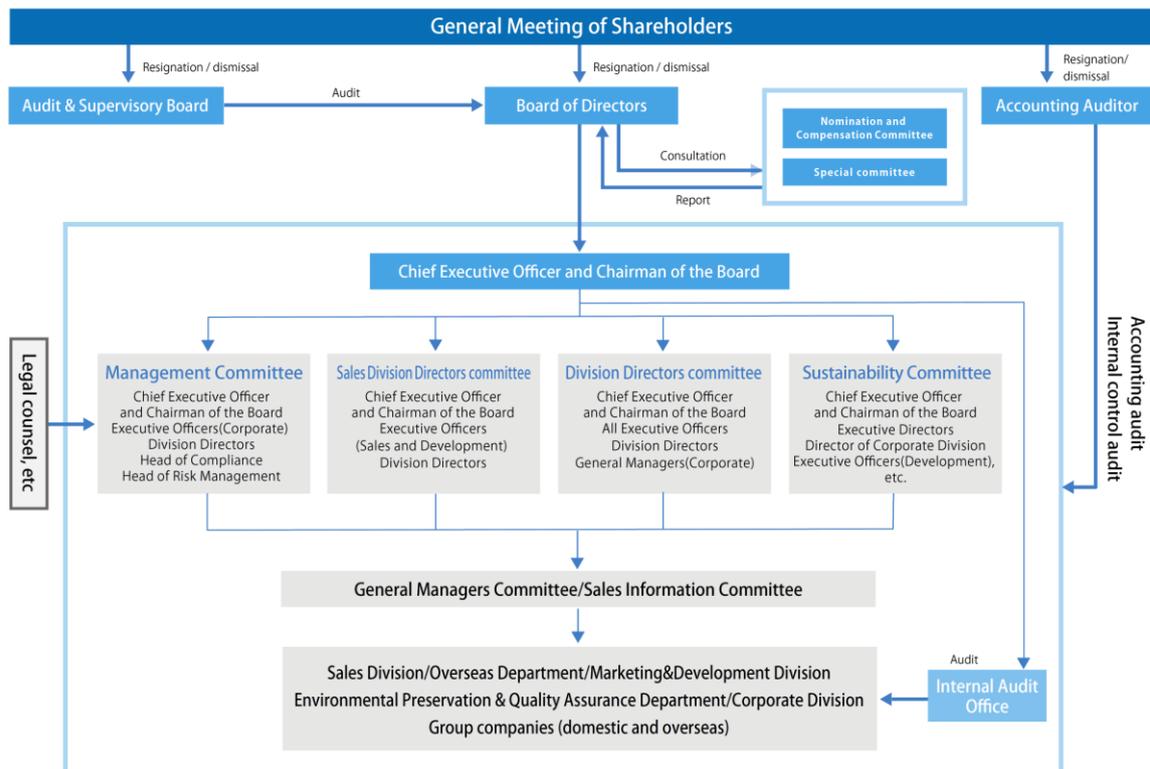
As a prerequisite for the Company's corporate activities, the Company will build smooth relationships with its stakeholders, including "shareholders," "customers and other business partners," "employees" and "community." The Company will also ensure soundness, transparency and efficiency in building such relationships.

Based on these activities, the Company aims to increase profits and continuously increase corporate value, and to fulfill its responsibilities to stakeholders, including ensuring the rights of shareholders, as well as its accountability to them.

To this end, the Company will continuously improve and maintain the internal control framework governing corporate activities, such as the management structure, management organization and management system that support transparent, fair, prompt and decisive decision-making and execution of business.

Taking into account the size of the company, we have set up the Board of Directors and the Audit & Supervisory Board. In addition, The Company has adopted an executive officer system to separate the roles of management oversight and business execution functions. A part of officers including those in charge of domestic subsidiaries and major overseas subsidiaries also concurrently serve as Executive Officers of the Company or senior employees of the Company.

(Management structure image)



## **Policies and procedures for nominating candidates for Directors and Audit & Supervisory Board Members**

Candidates for senior management, Directors and Audit & Supervisory Board Members shall be taken into account the balance of knowledge, experience and capabilities as management team and Directors as a whole, shall be based on the ability to make appropriate and prompt decisions with the certain level of knowledge and insight about corporate management, corporate administration or specific areas of expertise, as well as possessing excellent personality as an individual with insight into compliance with laws, regulations and corporate ethics. Chief Executive Officer and Chairman of the Board shall formulate the drafts of the candidates, deliberate the draft at the Board of Directors to comprehensively appoint and nominate the Directors. For management executives, Directors and Audit & Supervisory Board Members, the Company has defined six skill areas that are considered important for the Group in light of corporate management, and they are listed in the reference materials for the Notice of Convocation as the Skill Matrix.

To further ensure fairness and transparency in the selection and nomination process, upon consultation and reporting procedures at the “Nomination and Compensation Committee,” candidates are selected and nominated after final deliberation by the Board of Directors.

## Reference on skill matrix

As an organization that performs a more appropriate and high-level supervisory function for management and business execution in the Group and strives to continuously improve corporate value, Directors and Audit & Supervisory Board Members with extensive experience, as well as high levels of insight and expertise are appointed as members of the Board of Directors and members of the Audit & Supervisory Board, and each member of the Board of Directors and the Audit & Supervisory Board effectively fulfills their roles and responsibilities.

The Company has set up six items in the areas of knowledge and experience, which are regarded as important for the Group, for deliberation and decision-making at meetings of the Board of Directors, from the perspective of corporate management to achieve a well-balanced structure as a whole.

As candidates for Directors and Audit & Supervisory Board Members, we select talented persons who have diverse perspectives, diverse insights, and diverse and advanced skills, regardless of attributes such as gender, nationality, and age, and regard diversity in terms of tasks as important.

Attribute	Name	Skill area					
		Corporate management	Experience in sales and marketing in the business operations of the Company and in the industry	Global	Sustainability (Environment, society, governance)	Finance /accounting	Legal affairs/risk management
Executive Directors	Akira Yokode	●	●	●	●		
	Sei Kawafuji	●			●	●	●
	Naohito Tsuji	●	●	●			
	Hiroyuki Rikuna		●		●		
Non-executive Directors	Akio Hamada	●	●	●			
	Yosuke Komatsu		●	●			
	Sosuke Seki *				●		●
	Tatsumi Maeda *	●	●		●		
	Yoshiaki Yatsu *				●	●	
Audit & Supervisory Board Member	Yoshihito Noguchi				●		●
	Hiroshi Mizukami *				●		●
	Hiroshi Ito			●	●	●	●
	Toshio Oshima *	●	●	●	●		

(Notes)

- \* indicates an External Member of the Board or an External Audit & Supervisory Board Member.
- The above description is based on the composition of the Board of Directors after the close of this Ordinary General Meeting of Shareholders.

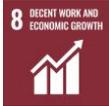
## Reference Commitment to Sustainability

Our Group considers sustainability initiatives to be an important management issue. We have formulated the “Basic Policy on Sustainability” to ensure that we properly address the sustainability issues, and have stated in our Management Principles that we will contribute to the realization of a sustainable society. In April 2022, we established the Sustainability Committee, chaired by Chief Executive Officer and Chairman of the Board, to identify materiality issues that should be prioritized in our business activities to address the challenges facing society and the Group. Working groups centered on materiality were established directly under the Sustainability Committee to promote company-wide initiatives.

### Basic Policy on Sustainability

The Elematec Group aims to enhance corporate value by contributing to creating a sustainable society through business activities under its mission to provide new value by expanding our good relationships as a global manufacturing partner. As with addressing risks, we consider efforts to expand business and tackle social issues with environmental considerations important business opportunities.

### Elematec Group materiality

Materiality	Relevant SDGs	Our Initiatives
Realization of a safe and secure society		<ul style="list-style-type: none"> <li>• Realization of a society without traffic accidents</li> <li>• Improvement of proper medical environment</li> </ul>
Reduction of environmental burdens and realization of a recycling-oriented society	     	<ul style="list-style-type: none"> <li>• Distribution of eco-friendly electronic and other materials</li> <li>• Operation of quality and environmental management systems</li> <li>• Promotion of rework and recycling business</li> <li>• Distribution of electronic and other materials related to clean energy</li> </ul>
Construction of organizations that respect diversity and grow together	  	<ul style="list-style-type: none"> <li>• Respect for human rights</li> <li>• Expansion of training systems</li> <li>• Promotion of D&amp;I (diversity &amp; inclusion)</li> <li>• Workstyle reform</li> </ul>
Construction of governance structures trusted by all stakeholders		<ul style="list-style-type: none"> <li>• Establishment and strengthening of governance structures and compliance systems</li> </ul>

## Examples of Our Initiatives

In the Medium-term Corporate Strategy for fiscal 2024 to fiscal 2026, “elematec Pro+,”\* the Group has set “Sustainability and Human Capital Initiatives” as one of its basic strategies. We will contribute to solving social issues through our business activities as an electronics general trading company, and we are also implementing initiatives to maximize the value of our human capital, which is the source of the Group’s growth. We will continue to expand our efforts to realize a sustainable society.

\*For details of the elematec Pro+ Medium-term Corporate Strategy for fiscal 2024 to fiscal 2026, please refer to pages 28 and 29.

### Initiatives through Business Activities

Realization of a society without traffic accidents	<ul style="list-style-type: none"> <li>• Distribution of automatic-driving and driver-assistance products such as millimeter-wave radar components</li> <li>• Distribution of products for reducing accident factors such as dashboard cameras (finished products) and Head-Up Display (HUD) components</li> <li>• Distribution of medical equipment products such as CT and MRI components</li> </ul>
Improvement of proper medical environment	
Distribution of eco-friendly electronic and other materials	<ul style="list-style-type: none"> <li>• Distribution of plant-derived packaging materials and other products that are environmentally friendly</li> <li>• Distribution of carrying cases for game console controllers made from PET bottles and other waste materials</li> <li>• Distribution of components for repair of used smartphones</li> </ul>
Promotion of rework and recycling business	

### Human Capital Initiatives

Expansion of training systems	<ul style="list-style-type: none"> <li>• Implementation of D&amp;I training and coaching training for managers</li> <li>• Further improvement of e-Learning contents</li> <li>• Introduction of System of Engagement and implementation of surveys on a regular basis</li> <li>• Promotion of internal DX</li> </ul>
Work-style reform	

### Governance Structure Initiatives

Establishment and strengthening of governance structures and compliance systems	<ul style="list-style-type: none"> <li>• Establishment of Sustainability Committee</li> <li>• Establishment of Nomination and Compensation Committee and Special Committee</li> </ul>
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# Business Report (From April 1, 2022 to March 31, 2023)

## Main business activities of the Group (as of March 31, 2023)

The main business activities of the Group are to sell, process, and assemble electronic materials, electronic parts, equipment, etc. in Japan and overseas, as well as to design and manufacture them on assignment.

In recent years, we have also focused on the ODM business, which handles everything from designing to manufacturing other companies' brand products. (We outsource manufacturing.) We can create added value utilizing extensive knowledge of electronic materials, which has been cultivated over a long period.

## Elematec is active in familiar areas

### Digital Electronics

#### < Smart phone/Tablet >

- Glass
- High-functional films
- Tape

#### < Game console >

- Heat dissipation parts
- Environmentally friendly packaging materials
- parts for VR
- Harness

### Automotive

In the automotive-related business, upon which we have been focusing for some time, we see improving the electrical equipment ratio associated with the shift to connected, autonomous, sharing, and electric (CASE) in automobiles as an opportunity, and we are focusing upon expanding sales of products for electric vehicles and autonomous driving systems.

#### < Automobiles >

- Headlamp parts
- Heater
- Front plate of car navigation system
- Fireproof sheet assemblies for batteries
- Sensor
- Cockpit module

### Broad Market

#### < Medical equipment >

- Parts for ultrasonic diagnostic equipment
- Parts for CT and MRI

#### < IoT home electric appliance (ODM) >

#### < Dashboard camera (ODM\*) >

We have set up a dedicated team focusing upon selling communication-based dashboard cameras.

The Marketing & Development Division and Design Department work together to provide support from the specifications stage.

\*Designing and manufacturing other companies' brand products. (We outsource manufacturing.)

### Digital Electronics, Automotive, Broad Market

#### < Robot >

- Robot main body
- Related systems

#### < Products made from environmentally friendly materials >

We were quick to focus on a global concern of environmental issues caused by plastic waste, and provide environmentally friendly packaging materials that contribute to the prevention of marine pollution.

- Packaging materials
- Molded products made of different materials
- Biodegradable resin

# **1 The current situation of the Group**

## **(1) Business conditions during the fiscal year under review**

### 1) Trend and results of the business

In the electronics industry during the consolidated fiscal year under review, the production of electronic components slowed down somewhat in the second half of the year due to an imbalance between supply and demand in some sectors. Nevertheless, the market size continued to expand, supported by the progress of electrification in automobiles and demand from various fields, including data centers and industrial equipment.

Under these circumstances, the Group has been taking measures to further increase added value by promoting modularization of products for sale, expanding the ODM business that handles everything from designing to manufacturing of other companies' brand products (we outsource manufacturing), new customer acquisition centered on overseas leading customer, and expansion of products, etc. In the automobile-related business, which we have been focusing on for some time, we strived to expand sales of dashboard cameras and finished in-vehicle units, and worked to boost sales of battery-related products, etc. for electric vehicles, for which demand is expected to grow in the future, and as a result, the business remained strong. We also focused on expanding sales of products for game consoles, such as environmentally friendly packaging materials.

As a result, net sales for the fiscal year under review increased 19.5% from the previous fiscal year to 239,774 million yen. Operating income increased 44.4% from the previous year to 12,052 million yen. This was the result of improved gross profit in line with higher net sales. Ordinary income increased 41.5% from the previous fiscal year to 11,130 million yen, due to an increase in operating income. Net income increased 43.2% from the previous fiscal year to 7,696 million yen.

In addition to the increase in revenue due to the impact of the yen's depreciation, the improvement in profit margins resulted in record-high profits at each stage for the second consecutive fiscal year.

### Net sales by market\*

Based on production items of our customers, we manage net sales by dividing them into three categories: “Automotive,” “Broad Market,” and “Digital Electronics.”

(Unit: million yen)

	FY2020	FY2021	FY2022	FY2023
Automotive	27,187	24,484	28,103	36,653
Broad Market	68,778	75,249	86,581	100,124
Digital Electronics	79,688	80,484	85,961	102,996
Total	175,654	180,218	200,646	239,774

### 2) Status of assets and profits and losses in the three most recent fiscal years

	FY2020	FY2021	FY2022	FY2023
Net Sales* (million yen)	175,654	180,218	200,646	239,774
Ordinary income (million yen)	4,499	5,179	7,867	11,130
Net income attributable to owners of parent (million yen)	3,263	3,666	5,374	7,696
Net income per share (Yen)	79.70	89.55	131.25	187.96
Total assets (million yen)	91,781	101,317	115,332	113,913
Net assets (million yen)	50,896	54,413	59,645	65,577
Shareholders' equity ratio (%)	55.5	53.7	51.7	57.6
ROE (%)	6.5	7.0	9.4	12.3

\* “Accounting Standard for Revenue Recognition” (Corporate Accounting Standard No.29, March 31, 2020) has been applied from the beginning of FY2022.

3) FY 2023 segment summary

<Japan>

Net sales increased by 22.2% from the previous fiscal year to 133,354 million yen thanks to an increase in various automotive-related materials sales. Operating income increased by 20.7% from the previous fiscal year to 4,900 million yen.

<China>

Net sales increased 7.6% from the previous fiscal year to 54,058 million yen, due to an increase in sales of game console-related materials. Operating income increased 90.3% from the previous fiscal year to 3,871 million yen.

<Other Asian countries>

Net sales increased 7.9% from the previous fiscal year to 34,672 million yen, due to an increase in sales of electronic parts-related materials. Operating income increased 6.2% from the previous fiscal year to 1,628 million yen.

\*Other Asia: South Korea, India, Southeast Asia, etc.

<Europe and America>

Net sales increased 93.5% from the previous fiscal year to 17,689 million yen, due to an increase in sales of automotive-related materials. Operating income increased 298.5% from the previous fiscal year to 558 million yen due to an increase in distribution cost, etc.

\*Europe and America: United States, Mexico, Czech Republic

	FY2022		FY2023		Year on Year Change	
	Net Sales (million yen)	Operating Income (million yen)	Net Sales (million yen)	Operating Income (million yen)	Net Sales (%)	Operating Income (%)
Japan	109,115	4,060	133,354	4,900	22.2	20.7
China	50,253	2,034	54,058	3,871	7.6	90.3
Other Asia	32,136	1,534	34,672	1,628	7.9	6.2
Europe and America	9,141	140	17,689	558	93.5	298.5
Adjustment	-	576	-	1,092	-	-
Total	200,646	8,346	239,774	12,052	19.5	44.4

## (4) Corporate Strategy and Issues to be Addressed

### Business Environment

Geopolitical risks and domestic and overseas market volatility

Further advancement and diversification of customer needs

Growing interest in sustainability issues

Changing in work styles and increasing diversity

The electronics industry surrounding the Group is changing rapidly on a daily basis. It is becoming more important for the Group to respond agilely to changes in demand and deliver added value given fluctuations in growth areas and the growing sophistication and diversification of customer needs associated with improved product performance. This is in addition to the growing need to diversify risks triggered by the COVID-19 pandemic and the conflict in Ukraine. Furthermore, companies are required to conduct sustainability management that aims to enhance corporate value through business development that takes into consideration environmental and social issues, such as addressing environmental problems that are becoming more serious worldwide, reforming work styles, and promoting D&I.

### Medium-term Corporate Strategy (FY2024-FY2026)



### Issues to be Addressed (Fundamental Strategy)

#### Strengthen high value-added businesses

- Expand module business and ODM business by leveraging or original planning and development/design function
- Strengthen development of competitive offerings

#### Cultivate leading domestic and overseas customers

- Full-scale business with major U.S. and Chinese customers
- Win business from customers with a global presence

#### Focus on the automotive field

- Win business from overseas Tier 1 majors
- Expand offerings in line with automotive electrification

#### Expand customer base and business domains through M&A and alliances

- Identify companies that have sales channels to target customers or have affinity with the electronics industry
- Identify companies with technology and talent that can contribute to value-added improvement of existing businesses

## Basic Policy

We aim to achieve sustainable growth and maximize the corporate value of the Group by strategically integrating our long-cultivated on-site capabilities and five functions (planning and development/design, procurement agency services, manufacturing services, quality and environmental management, and overseas networking and logistics) and addressing the issues listed below (Fundamental Strategy).

### Cultivate Potential Areas on a Full Scale Basis

- Reinforce spec-in activities and expand network of bases in Europe and the U.S.
- Strengthen development of customers and suppliers/partners in ASEAN

### Strengthen the functions of the Marketing & Development Division

- Establish a specialized team to strengthen cooperation with the Toyota Tsusho Group, in addition to planning and promoting company-wide strategies, creating new businesses, and identifying and executing investment and financing projects.

### Sustainability and human capital initiatives

- Activate working groups around materiality
- Promote human capital management, including talent development and implementation of measures to improve engagement

## Vision

**Pioneer a prosperous future**  
with the power of electronics

## Target

FY2023 → FY2026  
Ordinary income CAGR\* **10% or higher**

\*Compound average annual growth rate

**e|ematec Pro** 

The sentiment behind the name

Pro+ includes the term “pro” in many meanings. For example, Proficient, Productive, Proactive, and Professional...These words represent Elematec’s value chain and include our desire to provide high value-added services.

The prefix “pro” comes from Latin, with the meaning “before, forward,” and represents how we, as a company, “move forward” toward achieving our goals.

## FY2024 Forecast

In the electronics industry, the market size will continue to expand in the medium to long term due to rapid technological innovation (e.g., 5G services, the spread of the IoT, and the progress of electrification in automobiles). However, in the short term, there are concerns that market growth will stagnate due to the impact of shrinking demand for PCs and smartphones caused by the economic downturn.

Under these circumstances, in order to further strengthen our business in areas where demand is expected to grow and enhance added value in the increasingly competitive electronics industry, the Group will promote modularization of sales products and further focus on sales activities of various automotive-related materials, strengthening the finished products (ODM) business, and developing businesses that consider the global environment.

	FY2023	FY2024 (Forecast)	Year on Year Change (%)
Net Sales (million yen)	239,774	233,500	(2.6)
Automotive (Automotive-related business)	36,653	45,316	23.6
Broad Market (Medical, Industry-related business, etc.)	100,124	95,934	(4.2)
Digital Electronics (Smart phone, game console-related business, etc.)	102,996	92,249	(10.4)
Ordinary income (million yen)	11,130	10,300	(7.5)
Net income attributable to owners of parent (million yen)	7,696	7,250	(5.8)
Net income per share (Yen)	187.96	177.06	-
ROE (%)	12.3	10.8	-

## 5) Status of capital investment

During the fiscal year under review, we made capital investments totaling 924 million yen. Regarding major items, we invested 693 million yen on tools, equipment, and fixtures and 53 million yen on software for the parent company.

## 6) Funding status

There are no applicable items.

## 7) Status of important corporate restructurings, etc.

There are no applicable items.

## (2) Status of parent company and important subsidiaries

### 1) Status of parent company

Company name	Capital	Voting right ratio	Relationship with the Company
Toyota Tsusho Corporation	64,936 million yen	58.6%	Mutual supply of some products sold by the Group

(Notes)

1. Our parent company is Toyota Tsusho Corporation. Our company and the said company concluded a “capital and business alliance contract” on August 1, 2011. Under the contract, in terms of capital, we have agreed that the said company will implement a tender offer for shares of our company and, in terms of business, we will mutually promote alliances in each area of business as business partners. We have been striving to expand and improve services for customers as well as to increase corporate value as a participant in the electronics area, which is positioned as one of important strategic businesses by the group, and have been creating synergies in various areas since the contract was concluded.
2. The Company has no material transactions with the parent company. In conducting transactions, the Company applies the same terms and conditions as those of general business partners, considering market prices and other factors. Regarding transactions and acts that may cause conflicts of interest between the parent company and minority shareholders, in order to protect minority shareholders, the Company has established a “Special Committee” (consisting solely of three or more external officers selected basically from Independent External Directors by resolution of the Board of Directors) as an advisory body to the Board of Directors by reporting thereto, to confirm the appropriateness and validity of such transactions.

### 2) Status of important subsidiaries

Company name	Capital	Voting right ratio held by the Company	Major business content
Elematec (Shanghai) Trading Co., Ltd.	5,794,000 RMB	100%	Sales of electronic materials, etc.
Elematec Hong Kong Limited	12,000 USD	100%	Same as the above

(Notes)

1. There are 22 consolidated companies including the above-mentioned important subsidiaries.
2. There are no specified wholly-owned subsidiaries as stipulated in Article 118, Item 4 of the Ordinance for Enforcement of the Companies Act.

### (3) Major sales offices, etc. (as of March 31, 2023)

Head Office	3-5-27 Mita, Minato-ku, Tokyo		
Branch	Sendai (Wakabayashi-ku, Sendai-shi)	Nasu (Otawara-shi, Tochigi)	Omiya (Omiya-ku, Saitama-shi)
	Kumagaya (Kumagaya-shi, Saitama)	Chiba (Mobara-shi, Chiba)	Hachioji (Hachioji-shi, Tokyo)
	Yokohama (Kohoku-ku, Yokohama-shi)	Nagaoka (Nagaoka-shi, Niigata)	Kanazawa (Kanazawa-shi, Ishikawa)
	Ueda (Ueda-shi, Nagano)	Mishima (Mishima-shi, Shizuoka)	Nagoya (Minami-ku, Nagoya-shi)
	Kariya (Kariya-shi, Aichi)	Kyoto Main (Minami-ku, Kyoto-shi)	Osaka (Suita-shi, Osaka)
	Kakogawa (Kakogawa-shi, Hyogo)	Hiroshima (Higashihiroshima-shi, Hiroshima)	Fukuoka (Onojo-shi, Fukuoka)
Sales Office	Morioka (Morioka-shi, Iwate)	Mito (Mito-shi, Ibaraki)	
	Hamamatsu (Naka-ku, Hamamatsu-shi)	Yokkaichi (Yokkaichi-shi, Mie)	Kumamoto (Chuo-ku, Kumamoto-shi)

(Note) The Kakogawa Branch was relocated and renamed the Kobe Branch on May 1, 2023.

Domestic Subsidiaries	Elematec Logi Serve Corporation (Yokohama Kohoku-ku)
Overseas Subsidiaries	Elematec (Shanghai) Trading Co., Ltd. (Shanghai)
	Elematec Hong Kong Limited (Hong Kong)

(Note) The Company has 18 overseas consolidated subsidiaries in China and Asia, one in Europe, and two in North and Central America, including the above.

### (4) Status of employees (as of March 31, 2023)

#### 1) Status of Group employees

Segment name	Number of employees	Change from the end of the previous fiscal year
Japan	497	Up 3
China	427	Down 3
Other Asia	204	Up 11
Europe and Americas	56	Up 8
Total	1,184	Up 19

(Note) The number of employees represents the number of persons at work, excludes one loan employee from the Group to a company outside the Group, and includes one loan employee from companies outside the Group to the Group. Besides, 106 part-timers and contracted employees are not included.

#### 2) Status of the Company employees

Number of employees	Change from the end of the previous fiscal year	Average age (years)	Average length of service
483	Up 4	41.2	12.2 years

(Note) The number of employees represents the number of persons at work. 48 loan employees from the Group to outside companies and 25 part-timers and contracted employees are not included.

### (5) Status of major lenders (as of March 31, 2023)

Description is omitted as the amount of the loan is not significant.

**(6) Other important matters**

There are no applicable items.

## 2 Current status of the Company

### (1) Shares (As of March 31, 2023)

1) Total Number of Shares Authorized to Be Issued: 168,000,000

2) Total Number of Shares Outstanding: 42,304,946

3) Number of Shareholders: 6,403

4) Major Shareholders (Top 10):

Name of shareholder	Number of shares owned (thousand Shares)	Ratio of shareholding (%)
Toyota Tsusho Corporation	24,005	58.6%
The Master Trust Bank of Japan ,Ltd. (Trust Account)	2,378	5.8
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	2,111	5.2
Elematec Employee Shareholding Association	1,089	2.7
Custody Bank of Japan, Ltd. (Trust Account)	780	1.9
Osaka Small and Medium Business Investment & Consultation Co., Ltd.	583	1.4
BBH FOR FIDELITY GROUP TRUST BENEFIT (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	306	0.7
BNYM AS AGT/CLTS 10 PERCENT	282	0.7
STATE STREET BANK AND TRUST COMPANY 505223	244	0.6
THE BANK OF NEW YORK MELLON 140042	236	0.6

(Notes)

1. Regarding the number of shares held, fractions of less than one thousand shares are rounded off.
2. The Company holds 1,358,737 treasury shares, but this holding is excluded from the major shareholders above.
3. The shareholding ratio is calculated by rounding to the first decimal place after deducting treasury stock.

### (2) Share Warrants and Others

There are no applicable items.

### (3) Executive Officers

#### 1) Members of the Board and Corporate Audit & Supervisory Board Member (As of March 31, 2023)

Position	Name	Responsibility and significant concurrent positions
Chief Executive Officer and Chairman of the Board	Akira Yokode	
Executive Managing Director, Sales	Masanori Kitahira	Executive Managing Director
Executive Managing Director, Corporate & Administration	Sei Kawafuji	Executive Managing Director in charge of Corporate Planning, Overall Personnel Affairs, General Affairs, and Legal Affairs
Executive Managing Director, Sales	Naohito Tsuji	Executive Managing Director
Member of the Board	Akio Hamada	Senior Executive Officer, CEO for Chemicals & Electronics Division, Toyota Tsusho Representative Director, NEXTY Electronics Corporation
Member of the Board	Yosuke Komatsu	General Manager of Electronics Department, Chemicals & Electronics Division, Toyota Tsusho
External Member of the Board	Sosuke Seki	Attorney at Law External Director, Shobunsha Publications, Inc.
External Member of the Board	Tatsumi Maeda	External Director, TOMEN DEVICES CORPORATION
External Member of the Board	Yoshiaki Yatsu	Certified public accountant Outside Auditor, SHIZUOKA GAS Co., Ltd.
Audit & Supervisory Board Member (Full-Time)	Yoshihito Noguchi	
External Audit & Supervisory Board Member	Hiroshi Mizukami	Attorney at Law Outside Director, Sanyei Corporation External Director, GMO GlobalSign Holdings K.K. External Director, NAKANO REFRIGERATORS CO., LTD
Audit & Supervisory Board Member	Hiroshi Ito	Auditor, NEXTY Electronics Corporation
External Audit & Supervisory Board Member	Toshio Oshima	

(Notes)

- At the conclusion of the 76th Ordinary General Meeting of Shareholders held on June 21, 2022, Yasuhiro Kakahara, Member of the Board retired due to expiration of his term of office, and Naohito Tsuji was newly appointed and assumed office as Member of the Board. In addition, Atsuo Isogami, Audit & Supervisory Board Member retired due to expiration of his term of office, Atsushi Shimizu, Audit & Supervisory Board Member and Seishi Tanoue, Audit & Supervisory Board Member resigned, and Yoshihito Noguchi, Hiroshi Ito, and Toshio Oshima were newly appointed and assumed office as Audit & Supervisory Board Member.
- Hiroshi Ito, Audit & Supervisory Board Member, has served as Financial Planning Department Manager and EMR Department Manager at Toyota Tsusho Corporation, and have considerable knowledge of finance and accounting.
- The Company has designated Members of the Board Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu and Audit & Supervisory Board Members Hiroshi Mizukami and Toshio Oshima as independent officers pursuant to the regulations of Tokyo Stock Exchange, Inc. and filed a notice of that with the Exchange.

## 2) Overview of contents of Contracts for Limitation of Liability

The Company has concluded a contract for limitation of liability to limit liability for damages to the minimum total liability as set forth in Article 425 (1) of the Companies Act for liability for damages under Article 423 (1) of the law based on the provisions of Article 427 (1) of the law with Akio Hamada, Yosuke Komatsu, Yoshihito Noguchi, and Hiroshi Ito, as well as all external officers.

## 3) Overview of the contents of the liability insurance contract for officers, etc.

The Company has concluded a liability insurance contract for officers, etc. with an insurance company as stipulated in Article 430-3 (1) for Directors, Audit & Supervisory Board Members, and employees of the Company and subsidiaries of the Company as the insured, and the Company pays all the insurance premiums.

The relevant insurance contract covers damages including compensation for damages and costs of legal action for disputes, which the insured is to bear, if a claim for damages is filed against the insured in a shareholders' representative action. However, there are certain exclusions such as damages caused by acts carried out while being aware that they are in violation of laws and regulations, which are not covered.

## 4) Remuneration, etc. of Directors and Audit & Supervisory Board Members

### a. Total amount of remuneration, etc. for the fiscal year under review

Category	Total amount of remuneration (million yen)	Total amount of remuneration by Type (million yen)			The number of eligible persons
		Monthly fixed remuneration	Performance-linked remuneration (Bonus)	Retirement bonuses	
Directors (External)	149 (20)	110 (20)	39 (-)	- (-)	7 (3)
Audit & Supervisory Board Members (External)	27 (12)	27 (12)	- (-)	- (-)	5 (3)
Total (External Officers)	177 (32)	138 (32)	39 (-)	- (-)	12 (6)

(Notes)

1. The reason why the number of Directors in the table above is different from the number of Directors as of the end of the fiscal year under review is that two unremunerated Directors are excluded.
2. The reason why the number of Audit & Supervisory Board Members in the table above is different from the number of Audit & Supervisory Board Members as of the end of the fiscal year under review is that two Audit & Supervisory Board Members, who retired at the conclusion of the 76th Ordinary Meeting of Shareholders held on June 21, 2022, are included and one unremunerated Audit & Supervisory Board Member is excluded.

### b. Retirement bonuses for Directors, which were paid in the fiscal year under review

There are no applicable items.

c. Matters related to performance-linked remuneration

Since the main responsibility of Executive Directors is to secure and improve earnings in each fiscal year and for the medium to long term and to increase corporate value, consolidated net income is used as an indicator for calculating the performance-linked portion of the remuneration (bonus) of Executive Directors. The actual consolidated net income for the term under review is 7,696 million yen.

d. Contents of non-monetary remuneration, etc.

There are no applicable items.

e. Matters related to resolutions of shareholders meeting regarding remuneration, etc. of Directors and Audit & Supervisory Board Members

At the 63rd Ordinary General Meeting of Shareholders held on June 19, 2009, the remuneration of Directors was resolved to be no more than 800 million yen per year. The number of Directors at the conclusion of the General Meeting of Shareholders was seven.

At the 54th Ordinary General Meeting of Shareholders held on June 30, 2000, the remuneration of Audit & Supervisory Board Members was resolved to be no more than 100 million yen per year.

The number of Audit & Supervisory Board Members at the conclusion of the General Meeting of Shareholders was two.

f. Policies for determining the contents of remuneration of officers, etc.

At the Board of Directors meeting held on June 21, 2022, the Company resolved the following policies for determining the contents of remuneration, etc. for each individual Director;

a) The method of determining policies for deciding remuneration, etc. for each individual Director

Compensation for Directors shall be determined by the Board of Directors after deliberation annually within the scope of the total annual amount of compensation for officers approved by resolution at a General Meeting of Shareholders. The level of compensation shall be set for each position using objective benchmarks, such as by referring to survey data from outside expert organizations, in order to contribute to securing and promoting excellent human resources and raising awareness of contribution to raising corporate value.

The compensation system shall take into account the following points, as well as incentives for execution of the Company's management policy and improvement of business performance.

- Compensation structure that raises awareness of contribution to medium- to long-term business performance and improvement of corporate value.
- The calculation of performance-linked compensation shall use indicators that ensure transparency, objectivity and continuity.

The compensation system shall be reviewed as necessary to provide an incentive to enhance corporate value over the medium- to long-term.

b) Overview of contents of relevant policies

Compensation items shall be determined according to the attributes of officers, and the breakdown and calculation method shall be determined as follows;

- Executive Director

Monthly compensation shall be fixed based on “Basic compensation for directors” and “Additional compensation by position.”

Bonuses are performance-linked based on the consolidated profits, with a standard bonus amount set for each position and the full amount quantitatively evaluated.

The policy for determining the amount of payment is that the percentage of monthly fixed compensation decreases gradually with a higher position, while the percentage of bonuses linked to performance increases gradually.

<Model percentage>

Compensation structure	Monthly fixed compensation	Performance-linked compensation (Bonus)			Total
Structure items	Basic compensation for directors + additional compensation by position	Consolidated net income			
		70% of bonus (short-term performance-link)	30% of bonus (medium-term performance-link)	Subtotal	
Percentage of the amount based on the standard bonus amount	74 - 78%	16 - 18%	6 - 8%	22 - 26%	100%
Increase/decrease in percentage by position	Gradual decrease	Gradual increase			-

As for bonuses, which are performance-linked compensation, 70% of the bonus amount is linked to short-term performance and is calculated as the percentage of year-on-year change in consolidated profits, while 30% of the bonus amount is linked to medium-term performance and is calculated as the three-year average change in consolidated profits multiplied by the actual bonus amount in the previous year.

• Independent External Directors

From the viewpoint of properly demonstrating the supervisory role from an independent standpoint and not executing business, Independent External Directors shall be paid only the fixed basic compensation for Directors, which shall be within the range of the model basic compensation for Directors.

<Model Percentage>

Compensation structure	Monthly fixed compensation	Performance-linked compensation (Bonus)			Total
Structure items	Basic compensation for directors + additional compensation by position	Consolidated net income			
		70% of Bonus (short-term performance-link)	30% of bonus (medium-term performance-link)	Subtotal	
Percentage of the amount	100%	-	-	-	100%

• Independent External Audit & Supervisory Board Member and Audit & Supervisory Board Member

Compensation for Audit & Supervisory Board Members shall be limited to fixed compensation that is not dependent on changes in business performance and shall be determined through discussions between Audit & Supervisory Board Members within the scope of the total annual amount of compensation for officers approved by resolution at the 54th Ordinary General Meeting of Shareholders held on June 30, 2000.

• Non-executive officers dispatched from the parent company

Non-executing executive officers dispatched from the parent company shall be unpaid.

c) Reason why the Board of Directors has judged that the contents of remuneration, etc. of each individual Director for the fiscal year under review is in line with the relevant policies  
It has been judged to be appropriate because the remuneration for officers is appropriate within the range of the annual total amount resolved at the General Meeting of

Shareholders in the light of the contents of the policies in b) above, and authority and discretion stated in g. below.

g. Matters related to delegation for determining the remuneration, etc. of each individual Director

The Board of Directors has authority to make decisions on policies concerning the determination of the amount of compensation for Directors or the calculation method thereof. The details and the scope of the authority of the Chief Executive Officer and Chairman of the Board (Akira Yokode) shall be as follows;

- Draft and submit to the Board of Directors a proposed policy for determining the method of calculating Directors' remuneration .
- Every fiscal year, the amount of individual compensation for each Director shall be calculated in accordance with the details of the policy, within the scope of the annual total amount resolved by the General Meeting of Shareholders as mentioned in e. above.
- After going through the prescribed procedures based on the capital and business alliance agreement concluded with the parent company Toyota Tsusho Corporation, it is presented to the Board of Directors as the agenda.

Board of Directors decides the compensation for Directors by deliberating on the content.

In order to ensure fairness, transparency, and objectivity of the procedures for nomination and remuneration of senior management and Directors, and to strengthen corporate governance, the Company established the Nomination and Compensation Committee in April 2022, with a majority of its members consisting of Independent External Directors, as an advisory body to the Board of Directors. An outline of the procedures is as follows.

- President and Representative Director (Akira Yokode) shall review the proposed policy regarding the determination of the method of calculating Directors' remuneration, and each fiscal year, in accordance with the policy, shall formulate and propose to the Board of Directors a draft proposal for individual remuneration of each Director within the annual total amount approved at the General Meeting of Shareholders.
- The Board of Directors shall receive an explanation of the draft and agree to consult with the Committee.
- The Committee shall make recommendation to the Board of Directors after deliberating on the matters consulted by the Board of Directors.
- The President and Representative Director shall perform the prescribed procedures pursuant to the Capital and Business Alliance Agreement with Toyota Tsusho Corporation.
- Upon completion of such procedures, the President and Representative Director shall make a final report to the Committee, and then propose matters as the agenda of the Board of Directors of the Company.

Following the above procedures, the Board of Directors will make final deliberations and determine the remuneration of the senior management and Directors.

h. The total amount of officers' remuneration, etc. received by external officers from the parent company, etc. or subsidiaries, etc. of the parent company, etc. (excluding our company)

The total amount of remuneration, etc. received by outside officers from the parent company, etc. or subsidiaries, etc. of the parent company, etc. (excluding the Company) as officers during the period under review was 5 million yen.

## 5) External Executive Officers

- a. The situation of important part-time jobs at another corporation, etc. and relation between the Company and the relevant corporation, etc.
- Member of the Board Sosuke Seki serves as External Director of Shobunsha Publications, Inc. There is no special relation between the Company and the said company.
  - Member of the Board Tatsumi Maeda concurrently serves as an Outside Director of Tomen Devices Corporation. There is no special relationship between the Company and the said company other than personnel exchange in which one person is seconded from the company.
  - Member of the Board Yoshiaki Yatsu serves as External Director of SHIZUOKA GAS Co., Ltd. There is no special relation between the Company and the said company.
  - Audit & Supervisory Board Member Hiroshi Mizukami also serves as External Director of GMO GlobalSign Holdings, K.K., External Director of Sanyei Corporation, and External Director of Nakano Refrigerators Co., Ltd. There is no special relation between the Company and the respective companies.
- b. Status of major activities during the fiscal year under review
- Status of attendance at meetings of the Board of Directors and meetings of the Audit & Supervisory Board

	Status of attendance to Board of Directors meeting	Status of attendance to Audit & Supervisory Board meeting	Status of remarks and overview of discharged duties for the expected roles of External Director
Director Sosuke Seki	13/13 (100%)	-	Mainly based on his extensive experience and high level of insights as a lawyer, he makes observations to ensure the adequacy and appropriateness of decision-making and the execution of duties of the management, such as by asking questions and making recommendations from the perspective of governance and compliance in the deliberation of agendas, to fulfill his duties.
Director Tatsumi Maeda	13/13 (100%)	-	Mainly based on his extensive experience and broad knowledge of management in general, which he has cultivated over many years as an executive, he makes observations to ensure the adequacy and appropriateness of decision-making and the execution of duties of the management, such as by asking questions and making recommendations from various perspectives including sales and management in the deliberation of agendas, to fulfill his duties.
Director Yoshiaki Yatsu	13/13 (100%)	-	Mainly based on his extensive experience and high level of insights as a certified public accountant, he makes observations to ensure the adequacy and appropriateness of decision-making and execution of duties of the management, such as by asking questions and making recommendations from the perspective of finance and accounting in general in the deliberation of agendas, to fulfill his duties.
Audit & Supervisory Board Member Hiroshi Mizukami	13/13 (100%)	13/13 (100%)	He makes necessary observations as appropriate mainly from objective and broad-ranging perspectives as a lawyer, and demonstrates his auditing function, such as by giving advice and recommendations to ensure the adequacy and appropriateness of decision-making and the execution of duties of the Directors.
Audit & Supervisory Board Member Toshio Oshima	11/11 (100%)	11/11 (100%)	He makes necessary observations as appropriate from objective and broad-ranging perspectives mainly based on his extensive experience, which he has cultivated over many years as an executive, and insights into the preparation and improvement of audits and internal controls, and demonstrates his auditing function, such as by giving advice and recommendations to ensure the

			adequacy and appropriateness of decision-making and execution of duties of the Directors.
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(Note) Toshio Oshima, Audit & Supervisory Board Member, was elected at the 76th Ordinary General Meeting of Shareholders held on June 21, 2022 and has assumed office.

## 6) Evaluation of effectiveness of the Board of Directors

The Board of Directors of the Company conducted a questionnaire about the structure, administration, agendas, and support system, etc. of the Board of Directors with all Directors and all Audit & Supervisory Board Members as per every year in order to analyze and evaluate the effectiveness of the Board of Directors in general.

In addition, answers to the questionnaire submitted by each person were collated and the results of an evaluation of the effectiveness of the Board of Directors were reported to the Board of Directors.

As a result of the analysis and assessment, although there were some comments that ensuring diversity of the Board of Directors members and efforts related to succession planning are issues, the Board of Directors is generally assessed as being operated appropriately, with constructive discussions from diverse perspectives to fulfill its supervisory function.

We also confirmed that the Nomination and Compensation Committee and the Special Committee, which were established under the umbrella of the Board of Directors as of April 1, 2022, have contributed to strengthening corporate governance by sharing information on their activities with the Board of Directors in line with their operations, thereby ensuring objectivity and transparency.

Going forward, we will strive to further enhance the effectiveness of our Board of Directors by invigorating discussions at the Board meetings and making further efforts to meet the requirements of recent corporate governance reforms.

#### **(4) Accounting Auditor**

**1) Name of Accounting Auditor PricewaterhouseCoopers Aarata LLC**

#### **2) Compensations and Other Amounts to the Accounting Auditor for the Current Fiscal Year**

	Compensations and other amounts
Compensations and other amounts to the Accounting Auditor for the current fiscal year	47 million yen
Total amount of cash and other property benefits paid to the Accounting Auditor by the Company and its subsidiaries	47 million yen

(Notes)

1. In the audit contract between the Company and the Accounting Auditor, the amount the fees for audits based on the Companies Act and for audits based on the Financial Instruments and Exchange Act are not separated, and they cannot be separated in practice. Therefore, their total amount is stated in the amount of remuneration, etc. of the Accounting Auditor for the fiscal year under review.
2. The Board of Auditors has agreed to the amount of remuneration for the Accounting Auditor after carrying out the necessary verifications based on the contents of the audit plans of the Accounting Auditor, by comparing the plans with the audit results of the previous fiscal year, based on the status of the performance of the Accounting Auditor and by comparing the amount of remuneration with that of other companies belonging to similar industries.
3. Elematec (Shanghai) Trading Co., Ltd and Elematec Hong Kong Limited, which are important subsidiaries, are audited by audit firms other than our Accounting Auditor.

#### **3) Policy for Determining the Dismissal or Non-reappointment of the Accounting Auditor**

In addition to dismissal of the Accounting Auditor by the board of Audit & Supervisory Board Members, which is stipulated in Article 340 of the Companies Act, the Company proposes an agenda regarding the dismissal or non-reappointment of the Accounting Auditor following a decision of the Audit & Supervisory Board if it is judged that it is necessary to change the Accounting Auditor considering the status of the execution of duties of the Accounting Auditor and the framework of the Company.

#### **4) Outline of Liability Limitation Agreement**

There are no applicable items.

## (5) Policy on decision on dividends of surplus, etc.

As we position the redistribution of profits to our shareholders as an important management issue, our basic principle is to set a dividend payout ratio of 40% or more (consolidated), taking into account the status of cash flow based on the medium-term performance outlook and investment plan. Based on this policy, the year-end dividend for the fiscal year under review (FY 2023) is 49 yen per share, and the annual dividend is 76 yen.

From the following consolidated fiscal year (FY2024) onward, in order to further strengthen the return of profits to shareholders, in addition to raising the dividend payout ratio to 50% from 40%, we will adopt DOE (dividend on equity) as a shareholder return indicator, which is less susceptible to the effects of single-year operating results, in order to ensure stable dividends, and pay dividends based on the higher of either a dividend payout ratio of 50% (consolidated) or DOE of 3%. Based on this Policy, we forecast an annual dividend of 89 yen per share for the next consolidated fiscal year (FY2024).

The Company stipulates in the Articles of Incorporation that a resolution of the Board of Directors shall be used instead of a resolution of the General Meeting of Shareholders for dividends of surplus, etc. stipulated in each item of Article 459, Paragraph 1 of the Companies Act unless otherwise stipulated by laws and regulations.

We would like to effectively invest internal reserves in order to respond to changes in the business environment expected in the future. Besides, in order to improve the capital efficiency and implement flexible capital policies according to the business environment, we would like to appropriately acquire treasury stock taking into consideration the financial situation and stock price trends.

### Dividend per share ・ Changes in the dividend payout ratio

	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
Interim dividend (Yen)	17	13	17	27	40
Year-end dividend (Yen)	15	23	36	49	49
Annual dividend (Yen)	32	36	53	76	89
Dividend payout ratio (%)	40.1	40.2	40.4	40.4	50.3

# Consolidated Balance Sheet

(As of March 31, 2023)

(Unit: Million yen)

Item	FY 2023	(Reference) FY 2022	Item	FY 2023	(Reference) FY 2022
<b>(ASSETS)</b>			<b>(LIABILITIES)</b>		
<b>[Current Assets]</b>	<b>107,306</b>	<b>108,996</b>	<b>[Current Liabilities]</b>	<b>46,530</b>	<b>54,109</b>
Cash and deposits	32,966	30,753	Notes and accounts payable - trade	40,311	47,910
Notes and accounts receivable - trade	57,906	61,224	Short-term borrowings	1,093	403
Inventories	15,354	15,767	Income taxes payable	1,503	1,366
Other	1,080	1,267	Provision for bonuses	415	406
Allowance for doubtful accounts	(1)	(16)	Other	3,206	4,022
<b>[Non-current Assets]</b>	<b>6,606</b>	<b>6,336</b>	<b>[Non-current Liabilities]</b>	<b>1,804</b>	<b>1,578</b>
<b>(Property, Plant and Equipment)</b>	<b>3,431</b>	<b>3,276</b>	Retirement benefit liability	128	120
Buildings and structures	600	620	Deferred tax liabilities	1,486	1,210
Land	1,066	1,110	Other	189	248
Other	1,764	1,545	<b>Total Liabilities</b>	<b>48,335</b>	<b>55,687</b>
<b>(Intangible Assets)</b>	<b>287</b>	<b>323</b>	<b>(NET ASSETS)</b>		
Software	287	320	<b>[Shareholders' Equity]</b>	<b>62,196</b>	<b>57,079</b>
Selling rights	-	2	Share capital	2,142	2,142
Other	0	0	Capital surplus	3,335	3,335
<b>(Investments and Other Assets)</b>	<b>2,887</b>	<b>2,736</b>	Retained earnings	57,412	52,296
Investment securities	547	555	Treasury shares	(694)	(694)
Deferred tax assets	1,186	1,061	<b>[Accumulated Other Comprehensive Income]</b>	<b>3,381</b>	<b>2,565</b>
Investment property	302	312	Valuation difference on available-for-sale securities	171	189
Distressed receivables	3,645	3,341	Foreign currency translation adjustment	2,999	2,174
Retirement benefit asset	366	322	Remeasurements of defined benefit plans	211	200
Other	501	501	<b>Total Net Assets</b>	<b>65,577</b>	<b>59,645</b>
Allowance for doubtful accounts	(3,664)	(3,359)	<b>Total Liabilities and Net Assets</b>	<b>113,913</b>	<b>115,332</b>
<b>Total Assets</b>	<b>113,913</b>	<b>115,332</b>			

(Note) The listed figures do not show amounts less than one million yen.

## Consolidated Statements of Income

[ From April 1, 2022  
to March 31, 2023 ]

(Unit: Million yen)

Item	FY 2023	(Reference) FY 2022
<b>Net sales</b>	<b>239,774</b>	<b>200,646</b>
<b>Cost of sales</b>	<b>212,390</b>	<b>179,085</b>
<b>Gross profit</b>	<b>27,384</b>	<b>21,560</b>
<b>Selling, general and administrative expenses</b>	<b>15,331</b>	<b>13,214</b>
<b>Operating income</b>	<b>12,052</b>	<b>8,346</b>
<b>Non-operating income</b>	<b>190</b>	<b>201</b>
Interest income	50	25
Dividend income	14	9
Lease revenue	84	91
Investment association investment profit	-	12
Gain on sales of Property, Plant and Equipment	0	29
Other	40	32
<b>Non-operating expenses</b>	<b>1,112</b>	<b>680</b>
Interest expenses	73	24
Rental expenses	26	36
Foreign exchange losses	993	558
Other	19	60
<b>Ordinary income</b>	<b>11,130</b>	<b>7,867</b>
<b>Extraordinary losses</b>	<b>43</b>	<b>207</b>
Impairment losses	43	207
<b>Income before income taxes</b>	<b>11,086</b>	<b>7,660</b>
Income taxes - current	3,231	2,238
Income taxes - deferred	158	48
<b>Profit</b>	<b>7,696</b>	<b>5,374</b>
<b>Profit attributable to owners of parent</b>	<b>7,696</b>	<b>5,374</b>

(Note) The listed figures do not show amounts less than one million yen.

## Consolidated Statements of Changes in Equity

[ From April 1, 2022  
to March 31, 2023 ]

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2022	2,142	3,335	52,296	(694)	57,079
Changes of items during the fiscal year					
Dividends of surplus			(2,579)		(2,579)
Profit attributable to owners of parent			7,696		7,696
Purchase of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	-	5,116	-	5,116
Balance as of March 31, 2023	2,142	3,335	57,412	(694)	62,196

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2022	189	2,174	200	2,565	59,645
Changes of items during the fiscal year					
Dividends of surplus					(2,579)
Profit attributable to owners of parent					7,696
Purchase of treasury shares					-
Net changes of items other than shareholders' equity	(18)	824	10	816	816
Total changes of items during the fiscal year	(18)	824	10	816	5,932
Balance as of March 31, 2023	171	2,999	211	3,381	65,577

(Note) The listed figures do not show amounts less than one million yen.

## Non-consolidated Balance Sheet

(As of March 31, 2023)

(Unit: Million yen)

Item	FY 2023	(Reference) FY 2022	Item	FY 2023	(Reference) FY 2022
<b>(ASSETS)</b>			<b>(LIABILITIES)</b>		
<b>[Current Assets]</b>	<b>81,433</b>	<b>87,292</b>	<b>[Current Liabilities]</b>	<b>38,450</b>	<b>46,835</b>
Cash and deposits	23,734	20,452	Notes payable - trade	373	448
Notes and accounts receivable - trade	188	272	Electronically recorded obligations - operating	8,315	10,087
Electronically recorded monetary claims - operating	7,554	8,820	Accounts payable - trade	26,513	32,621
Accounts receivable - trade	42,143	50,051	Income taxes payable	1,071	1,011
Merchandise	6,974	6,894	Provision for bonuses	284	278
Consumption taxes receivable	220	283	Other	1,891	2,389
Other	617	532	<b>[Non-current Liabilities]</b>	<b>3</b>	<b>19</b>
Allowance for doubtful accounts	-	(15)	<b>Total Liabilities</b>	<b>38,454</b>	<b>46,854</b>
<b>[Non-current Assets]</b>	<b>6,199</b>	<b>5,999</b>	<b>(NET ASSETS)</b>		
<b>(Property, Plant and Equipment)</b>	<b>2,694</b>	<b>2,606</b>	<b>[Shareholders' Equity]</b>	<b>49,006</b>	<b>46,247</b>
Buildings	539	611	<b>Share capital</b>	<b>2,142</b>	<b>2,142</b>
Land	1,066	1,110	<b>Capital surplus</b>	<b>3,335</b>	<b>3,335</b>
Other	1,088	885	Legal capital surplus	2,017	2,017
<b>(Intangible Assets)</b>	<b>276</b>	<b>317</b>	Other capital surplus	1,317	1,317
Software	276	315	<b>Retained earnings</b>	<b>44,223</b>	<b>41,463</b>
Selling rights	-	2	Legal retained earnings	91	91
Other	0	0	Other retained earnings	44,132	41,372
<b>(Investments and Other Assets)</b>	<b>3,228</b>	<b>3,075</b>	General reserve	38,749	38,119
Investment securities	547	555	Reserve for tax purpose reduction entry	37	39
Shares of subsidiaries and associates	628	628	Retained earnings brought forward	5,345	3,214
Investments in capital of subsidiaries and associates	749	749	<b>Treasury shares</b>	<b>(694)</b>	<b>(694)</b>
Deferred tax assets	593	449	<b>[Valuation and translation adjustments]</b>	<b>171</b>	<b>189</b>
Investment property	302	312	Valuation difference on available-for-sale securities	171	189
Other	704	398	<b>Total Net Assets</b>	<b>49,177</b>	<b>46,436</b>
Allowance for doubtful accounts	(298)	(19)			
<b>Total Assets</b>	<b>87,632</b>	<b>93,291</b>	<b>Total Liabilities and Net Assets</b>	<b>87,632</b>	<b>93,291</b>

(Note) The listed figures do not show amounts less than one million yen.

## Non-consolidated Statements of Income

[ From April 1, 2022  
to March 31, 2023 ]

(Unit: Million yen)

Item	FY 2023	(Reference) FY 2022
<b>Net sales</b>	<b>172,851</b>	<b>154,185</b>
<b>Cost of sales</b>	<b>157,747</b>	<b>141,229</b>
<b>Gross profit</b>	<b>15,103</b>	<b>12,956</b>
<b>Selling, general and administrative expenses</b>	<b>10,230</b>	<b>8,909</b>
<b>Operating income</b>	<b>4,873</b>	<b>4,047</b>
<b>Non-operating income</b>	<b>2,411</b>	<b>1,220</b>
<b>Non-operating expenses</b>	<b>248</b>	<b>194</b>
<b>Ordinary income</b>	<b>7,036</b>	<b>5,073</b>
<b>Extraordinary losses</b>	<b>43</b>	<b>569</b>
Impairment losses	43	-
Loss on valuation of shares of subsidiaries and associates	-	16
Loss on valuation of investments in capital of subsidiaries and associates	-	552
<b>Income before income taxes</b>	<b>6,992</b>	<b>4,504</b>
Income taxes - current	1,788	1,478
Income taxes - deferred	(135)	(186)
<b>Profit</b>	<b>5,339</b>	<b>3,212</b>

(Note) The listed figures do not show amounts less than one million yen.

## Non-consolidated Statements of Changes in Equity

From April 1, 2022  
to March 31, 2023

(Unit: Million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
					General reserve	Reserve for tax purpose reduction entry	Retained earnings brought forward		
Balance as of April 1, 2022	2,142	2,017	1,317	3,335	91	38,119	39	3,214	41,463
Changes of items during the current fiscal year									
Provision of general reserve						630		(630)	-
Reversal of reserve for tax purpose reduction entry							(1)	1	-
Dividends of surplus								(2,579)	(2,579)
Profit								5,339	5,339
Purchase of treasury shares									
Net changes in items other than shareholders' equity									
Total changes of items during the current fiscal year	-	-	-	-	-	630	(1)	2,131	2,759
Balance as of March 31, 2023	2,142	2,017	1,317	3,335	91	38,749	37	5,345	44,223

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2022	(694)	46,247	189	189	46,436
Changes of items during the current fiscal year					
Provision of general reserve		-			-
Reversal of reserve for tax purpose reduction entry		-			-
Dividends of surplus		(2,579)			(2,579)
Profit		5,339			5,339
Purchase of treasury shares		-			-
Net changes in items other than shareholders' equity			(18)	(18)	(18)
Total changes of items during the current fiscal year	-	2,759	(18)	(18)	2,741
Balance as of March 31, 2023	(694)	49,006	171	171	49,177

(Note) The listed figures do not show amounts less than one million yen.

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