

The following is an unofficial translation of the Japanese-language original version, and is provided for your convenience only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original version of the notice is the sole official version. If there are any discrepancies between the Japanese original version and the English translation, the Japanese original version prevails and the company disclaims all responsibility for and results of the discrepancies.

Dear shareholders

We will respond rapidly to changes in demand and develop high value-added businesses in growth areas.

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

During the fiscal year under review (FY 2021), although novel coronavirus (COVID-19) infections spread worldwide, which had significant impacts on the business activities of the Group, performance gradually recovered after bottoming out in May, and sales and profits increased year-on-year, mainly due to strong performance in the ODM and game console-related businesses.

Uncertainties are expected to remain due to the effects of COVID-19 infections, but it is also an opportunity to further expand our businesses in areas where new demand is emerging. In FY 2022, the second year of the medium-term corporate strategy, “Elematec NEXT,” we will continue to work to strengthen high value-added businesses, while paying close attention to demand trends. (Please refer to pages 29-30 for details of “Corporate Strategies and Issues to Be Addressed.”)

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



Akira Yokode,
Chief Executive Officer and Chairman of the Board

Management Philosophy

Mission

To provide new values by expanding our good relationships.

Management policies

- 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

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.

Elematec in numbers (as of March 31, 2021)

In the electronics industry, where new innovations are constantly occurring, in addition to on-site capabilities cultivated over many years by responding to all customer needs, by organically integrating unique functions such as planning, development, design, and manufacturing services, Elematec will continue to evolve as an integrated service company that provides added value.

Since our founding, we have accumulated more than 70 years of history and achievements. We have grown into a company with 64 establishments in Japan and overseas, and have played a role in connecting a wide range of suppliers and customers. With a global network and an extensive sales infrastructure, Elematec can provide the best-matched products and services for all of our customers' needs.

Founded in

1947

Number of establishments

23 domestic offices/

41 overseas offices

Suppliers

approximately **7,100** companies

Customers

approximately **6,300** companies

We aim to improve return on equity (ROE) as a management indicator that measures returns that exceed the cost of capital. We also position the ordinary income rate, which indicates the productivity of all business activities, as an effective management indicator.

Our basic dividend policy is to set the consolidated dividend payout rate at 40% or more. Based on this policy, the year-end dividend for the fiscal year under review is 23 yen per share, and the annual dividend is 36 yen.

ROE

7.0%

Ordinary income rate

2.9%

Dividend payout ratio (consolidated)

40% or more

Annual dividend

36 yen

(Interim dividend: 13 yen,
year-end dividend: 23 yen)

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 75th 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 75th Ordinary General Meeting of Shareholders of the Company.

If we intend to make any significant change to the administration of the General Meeting of Shareholders due to any change in circumstances, we will announce such changes on the Company's website or by any other means.

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 this page through pages 3 to 6 of this Notice by 5:30 p.m. (at the close of our business hours) on Thursday, June 21, 2021 (Japan time).

Guidance for Exercising Voting Rights

Exercising voting rights by attending the General Meeting of Shareholders



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

Date & Time

Tuesday, June 22, 2021
at 2:30 p.m.

Venue

10-30 Takanawa
4-chome, Minato-ku,
Tokyo
19F (Gold 19), Main
Tower, Shinagawa
Prince Hotel

Exercising voting rights in writing (by post)



Please indicate your vote for or against each of the proposals on the Voting Form enclosed and return the form to the Company.

Exercise Deadline

To arrive by 5:30 p.m.
on Monday, June 21,
2021

Exercising voting rights via the Internet, etc.



Enter your vote for or against each proposal in accordance with the guide on pages 5 to 6.

Exercise Deadline

Make entry by 5:30 p.m.
on Monday, June 21,
2021

Details of the General Meeting of Shareholders

1. **Date and Time:** Tuesday, June 22, 2021
at 2:30 p.m.
2. **Venue:** 19F (Gold 19), 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:**

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 75th Fiscal Year (from April 1, 2020 to March 31, 2021), results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 75th Fiscal Year (from April 1, 2020 to March 31, 2021)

Proposals to be resolved:

Agenda Item No. 1: Election of Nine Directors

Agenda Item No. 2: Election of One Audit & Supervisory Board Member

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- If you are attending the Meeting in person, please submit the enclosed Voting Form to the receptionist at the venue.
 - If any amendments are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements, such amendments will be posted on the Company's website.
 - In connection with all documents required to be provided to you along with the notice of the convocation of this General Meeting of Shareholders, the following matters are posted on the Company's website pursuant to the applicable laws and regulations and Article 17 of the Articles of Incorporation; therefore, they are not contained in the documents provided to you along with this notice. Please kindly note that the documents provided to you along with this notice form part of 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 Company
 3. Notes to Consolidated Financial Statements
 4. Individual Notes to the Financial Statements

The Corporation's Website: <http://www.elematec.com/ir/>

- **All shareholders considering attendance at this General Meeting of Shareholders are kindly requested to take good care of their health and physical condition up to the date of the meeting, and not to force themselves to attend the meeting.**
- **This year, we have again decided not to distribute coffee shop tickets, which were previously distributed on the day of the General Meeting of Shareholders, considering the risks of novel coronavirus (COVID-19) infection. We would appreciate your understanding on this.**



Guide to Exercising Voting Rights via the Internet, etc.

Exercise
Deadline

Make entry by 5:30 p.m. on Monday, June 21, 2021

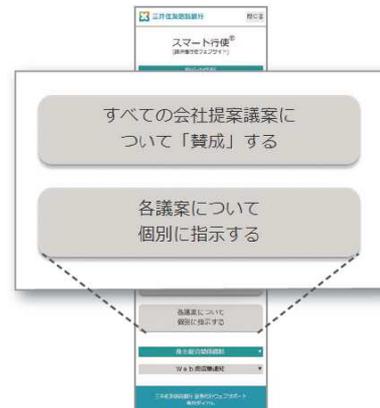
How to scan QR Code “Smart Vote”

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.

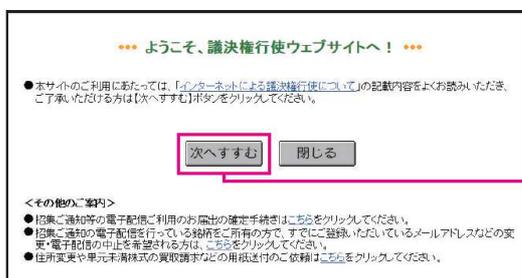
* Rescan the QR Code to access the PC website.

- 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

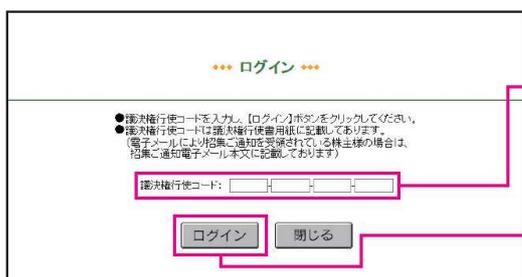
Website for exercising voting rights: <https://www.web54.net>

1. Access the website for exercising voting rights.



Click "Proceed to next."

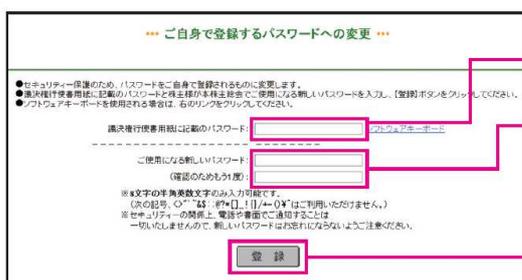
2. Enter the voting code printed on your voting form.



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 No. 1: 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	Masanori Kitahira	Executive Managing Director, Sales	New appointment
3	Sei Kawafuji	Executive Managing Director, Corporate & Administration	Reappointment
4	Akio Hamada	-	New appointment
5	Yasuhiro Kakihara	Member of the Board	Reappointment
6	Yosuke Komatsu	-	New appointment
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.

	2	Masanori Kitahira <div style="float: right; border: 1px solid black; padding: 2px;">New appointment</div> <p style="text-align: right;">(Date of birth: July 26, 1963)</p>
	[Career summary, position and areas of responsibility in the Corporation]	
	<p>April 1986 Joined the Company</p> <p>March 2000 General Manager of Kakogawa Branch, the Company</p> <p>November 2003 General Manager, Elematec Hong Kong Limited and General Manager, Elematec International Trading (Shenzhen) Co., Ltd.</p> <p>April 2009 Managing Director, Director of Sales Div., the Company</p> <p>April 2012 Responsible for China and Director of Sales Div., the Company</p> <p>April 2014 Managing Director, Director of Sales Div. and General Representative for China, the Company</p> <p>April 2018 Senior Managing Director, Director of Sales Div., the Company</p> <p>April 2021 Senior Managing Director and Head of Sales Div., the Company (to the present)</p>	
	Significant concurrent positions	
	None	
[Reasons for nomination of the candidate as Director]		
<p>Masanori Kitahira has been engaged in domestic and overseas sales-related business activities since he joined the company in 1986. He previously served as General Manager of the Sales Division, as Managing Director since 2014, and as Executive Managing Director since 2018. He has been responsible for the entire Sales Department of the Company as Senior Managing Director/General Manager of the Sales Division (current position) since 2021. He has extensive business experience within the Group and has knowledge of business administration. Accordingly, the Company has newly proposed making him a candidate for election as a Director because it has been judged that such experience can be utilized in the management of the Group and that he can appropriately fulfill his duties as a Director.</p>		
Number of the Corporation's shares held:	39,200	

	3	Sei Kawafuji	<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 August 2005 April 2012 April 2014 April 2016 July 2016 April 2017 April 2018 June 2018 June 2020	Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) Joined the Company General Manager of Administrative Department, the Company Chief Division Officer of Administrative Division and General Manager of Personnel Department, the Company Managing Director, Chief Division Officer of Administrative Division and General Manager of Personnel Department, the Company Managing Director, Chief Division Officer of Administrative Division, General Manager of Finance & Business Administrative Department and General Manager of Personnel Department, the Company Managing Director, Chief Division Officer of Corporate Division, the Company Senior Managing Director in charge of Overall Personnel Affairs, General Affairs, and Legal Affairs, the Company Executive Managing Director in charge of Overall Personnel Affairs, General Affairs, and Legal Affairs, the Company Executive Managing Director in charge of Corporate Planning, Overall Personnel Affairs, General Affairs, and Legal Affairs, the Company (to the present)	
	Significant concurrent positions None		
Number of the Corporation's shares held: 14,900 Tenure: 3 years Status of attendance to Board of Directors meeting: 13/13 (100%)	[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.		

	5	Yasuhiro Kakihara	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: March 17, 1963)		
[Career summary, position and areas of responsibility in the Corporation]			
<p>April 1985 Joined Toyota Tsusho Corporation (“Toyota Tsusho”)</p> <p>April 2003 Director, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)</p> <p>April 2007 Senior Managing Director, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)</p> <p>April 2010 President, Managing Director, TOYOTA TSUSHO (SINGAPORE) PTE. LTD.</p> <p>April 2012 Executive Vice President, Toyota Tsusho Asia Pacific Pte. Ltd.</p> <p>April 2015 General Manager, HEV & ITS Business Department, Toyota Tsusho</p> <p>April 2016 General Manager, Green Mobility Business Department, Toyota Tsusho</p> <p>April 2017 Executive Officer, Head of Electronics SBU & General Manager of Electronic Business Department, Toyota Tsusho</p> <p>June 2017 Member of the Board, the Company (to the present)</p> <p style="padding-left: 40px;">Director, TOMEN DEVICES CORPORATION (to the present)</p> <p>April 2018 Executive Officer, Division Officer of Chemicals & Electronics Division, Senior General Manager (Electronics & Multimedia SBU), Toyota Tsusho</p> <p>April 2019 Executive Officer, COO for Electronics SBU, Chemical & Electronics Division Assistant to CTO, Toyota Tsusho</p> <p>April 2020 Executive Officer, COO for Electronics & ICT SBU, Chemical & Electronics Division Assistant to CDTO, Toyota Tsusho (to the present)</p>			
Significant concurrent positions Executive Officer, COO for Chemical & Electronics Division, Toyota Tsusho Director, TOMEN DEVICES CORPORATION			
Number of the Corporation’s shares held:	-	[Reasons for nomination of the candidate as Director]	
Tenure:	4 years	Yasuhiro Kakihara has wide experience and broad insights gained over many years at Toyota Tsusho Corporation and its group. He has served as Director (present post) of the Company since 2017, providing 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.	
Status of attendance to Board of Directors meeting:	13/13 (100.0%)		

	6	Yosuke Komatsu	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</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, Toyota Tsusho (to the present)		
Significant concurrent positions			
None			
[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. Accordingly, the Company has newly proposed making him a candidate for election as Director because it has been judged that such experience and knowledge can be utilized in the management of the Company and that he can appropriately fulfill his duties as Director.			
Number of the Corporation’s shares held:	-		

	7	Sosuke Seki	<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]											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">April 1993</td> <td>Registered as attorney-at-law (member of Tokyo Bar Association) (to the present)</td> </tr> <tr> <td style="vertical-align: top;">January 2004</td> <td>Opened Ginza Prime Law Office (to the present)</td> </tr> <tr> <td style="vertical-align: top;">June 2007</td> <td>External Audit & Supervisory Board Member, the Company</td> </tr> <tr> <td style="vertical-align: top;">June 2015</td> <td>External Member of the Board, the Company (to the present)</td> </tr> <tr> <td style="vertical-align: top;">June 2016</td> <td>External Director, Shobunsha Publications, Inc. (to the present)</td> </tr> </table>			April 1993	Registered as attorney-at-law (member of Tokyo Bar Association) (to the present)	January 2004	Opened Ginza Prime Law Office (to the present)	June 2007	External Audit & Supervisory Board Member, the Company	June 2015	External Member of the Board, the Company (to the present)	June 2016	External Director, Shobunsha Publications, Inc. (to the present)
April 1993	Registered as attorney-at-law (member of Tokyo Bar Association) (to the present)											
January 2004	Opened Ginza Prime Law Office (to the present)											
June 2007	External Audit & Supervisory Board Member, the Company											
June 2015	External Member of the Board, the Company (to the present)											
June 2016	External Director, Shobunsha Publications, Inc. (to the present)											
Significant concurrent positions External Member of the Board, Shobunsha Publications, Inc.												
[Reasons for nominating the candidate as External Director and an overview of expected roles]												
Number of the Corporation's shares held: - Tenure: 6 years Status of attendance to Board of Directors meeting: 13/13 (100%)	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. He is expected to continue to strengthen governance from the viewpoint of compliance, and to fulfill his responsibilities from the perspective of all shareholders, including minority shareholders.											

	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>			
	Significant concurrent positions				
	None				
	[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.			
Tenure:	2 years				
Status of attendance to Board of Directors meeting:	13/13 (100%)				

	9	Yoshiaki Yatsu	<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;">Independent officer</td> </tr> </table>	Reappointment	External	Independent officer								
	Reappointment	External												
	Independent officer													
	(Date of birth: March 13, 1964)													
	[Career summary, position and areas of responsibility in the Corporation]													
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">October 1990</td> <td>Joined Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)</td> </tr> <tr> <td style="vertical-align: top;">June 2005</td> <td>Partner, Tohmatsu & Co.</td> </tr> <tr> <td style="vertical-align: top;">October 2018</td> <td>Retired from Deloitte Touche Tohmatsu LLC</td> </tr> <tr> <td style="vertical-align: top;">November 2018</td> <td>Established Yatsu Certified Public Accountant Office (to the present)</td> </tr> <tr> <td style="vertical-align: top;">March 2019</td> <td>Outside Auditor, SHIZUOKA GAS Co., Ltd. (to the present)</td> </tr> <tr> <td style="vertical-align: top;">June 2020</td> <td>External Member of the Board, the Company (to the present)</td> </tr> </table>			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)
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)													
Number of the Corporation's shares held:	-	Significant concurrent positions												
Tenure:	1 year	Outside Auditor, SHIZUOKA GAS Co., Ltd.												
Status of attendance to Board of Directors meeting: 11/11 (100%) (Status after appointment on June 26, 2020)	[Reasons for nominating the candidate as External Director and an overview of expected roles] 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, and to fulfill his responsibilities from the perspective of all shareholders, including minority shareholders.													

(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, Akio Hamada, Yasuhiro Kakihara and Yosuke Komatsu, as executive officers at Toyota Tsusho Corporation, the company's parent company, 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 Director will be six years at the conclusion of this General Meeting of Shareholders.
The term of office of Tatsumi Maeda as External Director will be two years at the conclusion of this General Meeting of Shareholders.
The term of office of Yoshiaki Yatsu as External Director will be one year at the conclusion of this General Meeting of Shareholders.
5. Tatsumi Maeda is appointed as a candidate for External Director at the 30th ordinary meeting of shareholders of TOMEN DEVICES CORPORATION, which is scheduled to be held on June 23, 2021.
6. The Company has, pursuant to Article 427 (1) of the Companies Act, concluded agreements with Yasuhiro Kakihara, 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 four candidates is approved.
Also, if the elections of Akio Hamada and Yosuke Komatsu are approved, the Company plans, pursuant to Article 427 (1) of the Companies Act, to enter into an agreement with them to limit their liabilities under Article 423 (1) of the same Act to the minimum amount provided by Article 425 (1) of the Companies Act.
7. 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 on page 36 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.
8. 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.

Agenda Item No. 2: Election of One Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Hiroshi Mizukami will expire at the close of this General Meeting of Shareholders. Accordingly, we propose the election of one Audit & Supervisory Board Member.

The Audit & Supervisory Board's consent has been obtained for this Proposal.

The candidate for Audit & Supervisory Board Member is as follows.

		<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px;">External</div> </div>
	<h2 style="margin: 0;">Hiroshi Mizukami</h2>	
	(Date of birth: May 9, 1968)	
	[Career summary, position and areas of responsibility in the Corporation]	
	April 1995 June 2002 June 2015 March 2016 March 2020	Registered as attorney-at-law (member of Daini Tokyo Bar Association) (to the present) External Audit & Supervisory Board Member, the Company (to the present) Outside Director, Sanyei Corporation (to the present) Director, GMO CLOUD K.K. (currently, GMO GlobalSign Holdings K.K.) (to the present) External Director, NAKANO REFRIGERATORS CO., LTD (to the present)
Number of the Corporation's shares held: - Tenure: 19 years	Significant concurrent positions Outside Director, Sanyei Corporation Director, GMO GlobalSign Holdings K.K. External Director, NAKANO REFRIGERATORS CO., LTD	
Status of attendance to Board of Directors meeting: 13/13 (100%) Status of attendance to Audit & Supervisory Board meeting: 13/13 (100%)	[Reasons for nomination of the candidate as External Audit & Supervisory Board Member] Hiroshi Mizukami has extensive experience and excellent knowledge as a lawyer, and has comprehensively fulfilled his responsibilities by utilizing his knowledge, although he has not previously been directly involved in corporate management. Accordingly, the Company proposes him as a candidate for re-election as External Audit & Supervisory Board Member because it has been judged that he can fulfill a wide range of audit business activities from the perspective of whether the overall corporate activities of the Group conform to laws and regulations and the Articles of Incorporation.	

(Notes)

1. There are no special interests between the candidate for Audit & Supervisory Board Member and the Company.
2. Hiroshi Mizukami is a candidate for External Audit & Supervisory Board Member.
3. The term of office of Hiroshi Mizukami as Audit & Supervisory Board Member is nineteen years.
4. The Company has, pursuant to Article 427 (1) of the Companies Act, concluded agreements with Hiroshi Mizukami to limit his 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 him is approved.
5. 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 on page 36 of the business report. If the appointment of Hiroshi Mizukami is approved, he will continue to be insured based on the relevant insurance contract of the Company. 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.
6. The Company has designated Hiroshi Mizukami as independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc. and filed a notice of that with the Exchange. If his re-election is approved, the Company will continue to designate and register him as independent officer.

End of document

Reference on corporate governance

The basic concept of corporate governance

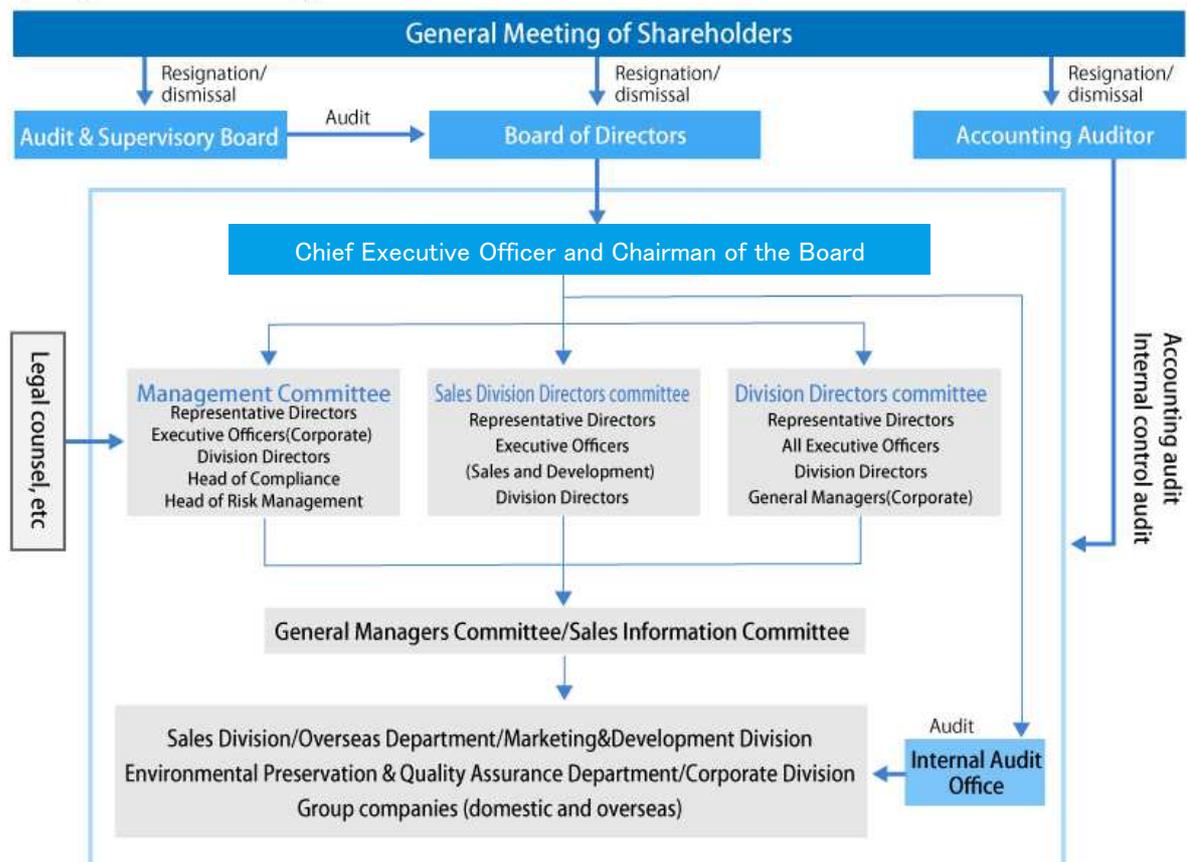
As a prerequisite for the Company's corporate activities, the Company will build smooth relationships with its stakeholders, including "shareholders," "customers and other business partners," "employees" and "community." The Company will also ensure soundness, transparency and efficiency in building 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 which is attended by non-executive Directors (including independent External Directors), independent External Audit & Supervisory Board Members and Audit & Supervisory Board Members to comprehensively appoint and nominate the 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	ESG (Environment, society, governance)	Finance /accounting	Legal affairs/risk management
Executive Directors	Akira Yokode	●	●	●	●		
	Masanori Kitahira	●	●	●			
	Sei Kawafuji	●			●	●	●
Non-executive Directors	Akio Hamada	●	●	●			
	Yasuhiro Kakihara	●	●	●	●		
	Yosuke Komatsu		●	●			
	Sosuke Seki *				●		●
	Tatsumi Maeda *	●	●		●		
	Yoshiaki Yatsu *				●	●	
Audit & Supervisory Board Member	Atsuo Isogami	●			●	●	
	Hiroshi Mizukami *				●		●
	Atsushi Shimizu	●		●		●	
	Seishi Tanoue *			●	●		

(Notes)

- * indicates an External Director 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.

Commitment to SDGs and ESG

The Group has carried out business activities in a wide range of fields including automobiles, medical devices, infrastructures, and energy utilizing our field capabilities cultivated over many years by responding to customer needs, as well as our unique functions, including planning and development, design, and manufacturing services. Such business activities of the Group include cases demonstrating a commitment to Sustainable Development Goals (SDGs) and environment, society, and governance (ESG).

We will continue to strive to increase our corporate value by promoting various initiatives through business activities in order to realize a sustainable society.

The Group's approach to initiatives

The Group's initiatives to realize a sustainable society are generally classified into (1) and (2) below;

(1) Initiatives through sales activities

Products and services, which connect to each goal of SDGs in each market (field) the Group focuses upon, are extracted based on the degree of contribution to society and from the perspective of continuity, etc.

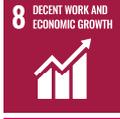
(2) Contributing to society as a corporate citizen

The items that contribute to the purposes of SDGs are identified by listing CSR and governance activities the Group is focusing upon.

Future initiatives

The Group continues to recognize the importance of a commitment to SDGs and ESG, and carries out business activities toward the realization of a sustainable society, regularly reviewing all fields. We also make all employees of the Group thoroughly aware of SDGs, including social contributions, and further promote their awareness as members of society to strengthen education in the practice of SDGs.



	Theme of activity	Individual case	Related SDGs
Environment	Improving automotive energy efficiency	<ul style="list-style-type: none"> • Deliver components for PHEV/EV vehicles 	   
	Efficiently utilizing electricity	<ul style="list-style-type: none"> • Deliver secondary battery components for industrial equipment, etc. 	
	Realizing a low carbon society	<ul style="list-style-type: none"> • Deliver clean energy-related components 	
	Diffusing clean energy		
	Realizing a circular society	<ul style="list-style-type: none"> • Implement quality/environment management systems • Promote recycling activity 	
Mitigating environmental burdens	<ul style="list-style-type: none"> • Provide environmentally friendly components • Deliver packaging materials using plant-derived raw materials 		
Society	Eliminating starvation and poverty	<ul style="list-style-type: none"> • Donate through international NPOs, etc. 	       
	Realizing a society without traffic accidents	<ul style="list-style-type: none"> • Plan and develop drive recorders and expand sales of components 	
	Preparing and maintaining an appropriate medical environment	<ul style="list-style-type: none"> • Deliver components for various medical devices 	
	Improving productivity in manufacturing processes	<ul style="list-style-type: none"> • Deliver main units of industrial automatic robots and related systems 	
	Eliminating labor shortages		
	Promoting human resources development	<ul style="list-style-type: none"> • Foster global human resources by establishing systematic training programs 	
	Establishing stable infrastructures	<ul style="list-style-type: none"> • Deliver secondary battery components for automobiles, buses, trains, etc. • Deliver components for 5G base stations 	
	Respecting human rights	<ul style="list-style-type: none"> • Practice based on our ethical code of conduct 	
	Realizing a circular society	<ul style="list-style-type: none"> • Implement quality/environmental management systems • Promote recycling activities 	
Governance	Respecting human rights	<ul style="list-style-type: none"> • Educate employees based on our ethical code of conduct and infiltrate it into them 	 
	Implementing fair business activities	<ul style="list-style-type: none"> • Establish and strengthen a governance framework and a compliance framework 	

Business Report (From April 1, 2020 to March 31, 2021)

Main business activities of the Group (as of March 31, 2021)

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

<Drone>

- Propeller
- Motor
- Camera

<Smart phone>

- Glass
- Optical film
- Tape

<Game machine>

We provide heat dissipation parts for game consoles and also provide environmentally friendly packaging materials that mitigate marine pollution by promptly addressing environmental pollution from plastic waste, which is a worldwide concern.

- 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
- Back eye camera
- Sensor

Broad Market

<Robot>

- Robot main body
- Related systems

<Medical equipment>

- Sub-ASSY* for ultrasonic diagnostic equipment
- Monitor
- Probe
- *A unit that combines multiple parts

<Hygiene-related product>

- Face shield
- Copper antimicrobial products
- Thermal camera
(Non-contact body temperature detection)
- Mask

<IoT home electric appliance (ODM) >

<Drive recorder(ODM*)>

We have set up a dedicated team focusing upon selling communication-based drive recorders.

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

For commercial vehicles, we have deployed a cloud-based operation management system called "Telema-kun," which can manage routes and driving hours for efficient operation.

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

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, people staying at home created solid demand during the first half of the fiscal year under review. Nevertheless, production of electronic and other components remained sluggish due to stagnant automobile production, etc. In the second half of the fiscal year under review, production of these components started to increase due mainly to a recovery of automobile production, although some businesses were affected by short supplies of semiconductors.

Under these circumstances, the Group has promoted measures to further increase added value by working on the ODM business, which handles everything from designing to manufacturing other companies' brand products (we outsource manufacturing), new customer acquisition, expansion of products, etc.

By field, we started mass production of finished automotive units with design support from the Design Department and the Environment Preservation & Quality Assurance Department in the automotive-related business, which we have been focusing upon for some time. However, it remained sluggish due to the stagnation of production activities in the automotive market from the effects of COVID-19 infections. On the other hand, as part of our efforts to strengthen the ODM business, we worked to expand sales of drive recorders, and the game console-related business was strong due to demand from those staying at home. We also focused upon expanding our products by winning the right to sell copper-containing materials with antiviral and other effects.

As a result, net sales for the fiscal year under review increased 2.6% from the previous fiscal year to 180,218 million yen.

Operating income increased 14.6% from the previous year to 5,463 million yen. This was the result of improved gross profit in line with higher net sales, while selling, general and administrative expenses decreased due to self-restraint exercised over business trips and other factors. Ordinary income increased 15.1% from the previous fiscal year to 5,179 million yen, due to an increase in operating income. Net income increased 12.4% from the previous fiscal year to 3,666 million yen, due to an increase in ordinary income.

Net sales by market^{*1}

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

(Unit: million yen)

	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Digital Electronics	112,123	90,240	79,688	80,484	75,670
Automotive	24,966	26,780	27,187	24,484	29,770
Broad Market	59,148	66,379	68,778	75,249	75,559
Total	196,238	183,399	175,654	180,218	181,000

2) Status of assets and profits and losses

	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Net Sales ^{*1} (million yen)	196,238	183,399	175,654	180,218	181,000
Ordinary income (million yen)	6,085	6,188	4,499	5,179	6,200
Net income attributable to owners of parent (million yen)	4,376	3,364	3,263	3,666	4,400
Net income per share ^{*2} (Yen)	106.88	82.17	79.70	89.55	107.46
Total assets (million yen)	91,835	95,667	91,781	101,317	-
Net assets (million yen)	48,046	50,056	50,896	54,413	-
Shareholders' equity ratio (%)	52.3	52.3	55.5	53.7	-
ROE (%)	9.5	6.9	6.5	7.0	7.9

(Note)

- *1. As the “Accounting Standard for Revenue Recognition” (Corporate Accounting Standard No.29, March 30, 2018) is to be applied from the beginning of FY2022, the consolidated earnings forecast for FY2022 is the amount with the accounting standard applied. Note that the figure calculated on the assumption that the relevant accounting standard is applied in FY2021 is expected to increase 6.4% from the fiscal year under review.
- *2. The company implemented a two-for-one stock split of its common stock with the effective date of June 1, 2019. Accordingly, net income per share stated above is calculated on the assumption that the stock split was implemented at the beginning of FY 2018.

3) FY 2021 segment summary

<Japan>

Although net sales of smartphone-related materials and automotive-related materials decreased, net sales of after-market products, such as drive recorders, increased. As a result, net sales increased 5.5% from the previous fiscal year to 103,634 million yen. Operating income increased 13.9% from the previous fiscal year to 2,470 million yen.

<China>

Although net sales of OA equipment-related materials decreased, net sales of game console-related materials increased. As a result, net sales increased 11.2% from the previous fiscal year to 36,776 million yen. Operating income increased 72.1% from the previous fiscal year to 1,424 million yen.

<Other Asian countries>

Net sales decreased 8.4% from the previous fiscal year to 31,457 million yen, due to a decrease in sales of TV-related materials and medical equipment-related materials. Operating income decreased 21.5% from the previous fiscal year to 854 million yen.

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

<Europe and America>

Net sales decreased 17.0% from the previous fiscal year to 8,350 million yen, due to a decrease in sales of automotive-related materials. Operating income decreased 26.4% from the previous fiscal year to 261 million yen.

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

	FY2020		FY2021		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	98,211	2,169	103,634	2,470	5.5	13.9
China	33,061	827	36,776	1,424	11.2	72.1
Other Asia	34,323	1,087	31,457	854	(8.4)	(21.5)
Europe and America	10,057	355	8,350	261	(17.0)	(26.4)
Adjustment	-	325	-	452	-	-
Total	175,654	4,765	180,218	5,463	2.6	14.6

4) Corporate Strategies and Issues to Be Addressed

Medium-term corporate strategy (FY2021-2023) Elematec NEXT

Business environment

The environment of the electronics industry surrounding the Group is going through dramatic changes. Currently, there is an unprecedented wave of change that threatens business fields where Japanese companies have performed well and maintained superiority in the past against the backdrop of rapid technological innovation (launch of 5G services, spread of IoT, shift to CASE in the automotive market, etc.), the rise of Chinese manufacturers, and the rapid expansion of U.S.-based IT platform companies, in addition to changes in growth fields such as the diffusion of remote and on-line access due to the spread of COVID-19 infections and an increase in demand for working from home. The electronics industry is at the center of these trends.

Basic policies

In addition to on-site capabilities cultivated over many years by responding to customer needs, we will promote business strategies that enhance corporate value by integrating service functions including thinking (planning and development and design), collecting (procurement agency services), manufacturing services, supporting (quality/environmental management), and transporting (overseas networks) as an integrated service company that responds to the increasingly diversifying needs of our customers in the future.

Major activities during the fiscal year under review (FY 2021)

Strengthening high value-added businesses

- Formulation and implementation of the product planning and design review flow by the Design Department
- Sales of heat dissipation liquid metals for game consoles
- Deployment of ODM business targeting major mass retailers, etc.

Acquiring leading domestic and overseas customers

- Acquisition of accounts of U.S.-based IT platform companies and Chinese manufacturers

Strengthening the automobile-related business

- Started mass production of finished automotive units with total coordination from mold design support to decoration and assembly

Execution of growth strategy investments

- Set up a showroom in San Jose for acquiring leading US-based customers
- Acquired the right to sell copper-containing materials with antiviral effects

Strengthening the corporate governance

- Conducted education to strengthen governance of small and medium-sized local subsidiaries

Fostering global human resources

- Dispatch for OJT to overseas local subsidiaries

Issues that should be addressed



5) Status of capital investment

During the fiscal year under review, we made capital investments totaling 458 million yen. Regarding major items, we invested 210 million yen on tools, equipment, and fixtures and 94 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

Our parent company is Toyota Tsusho Corporation. As of March 31, 2021, the said company holds 24,005,000 shares of our company (voting rights ratio: 58.6%). 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.

We have no significant transactions with the said company. Regarding transactions, we apply the same conditions as those with general business partners taking into consideration market prices.

2) Status of important subsidiaries

Company name	Capital	Voting right ratio	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, 2021)

Head Office	3-5-27 Mita, Minato-ku, Tokyo		
Branch	Sendai (Wakabayashi-ku, Sendai-shi)	Nasu (Otagawa-shi, Tochigi)	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)	Omiya (Omiya-ku, Saitama-shi)	Hamamatsu (Naka-ku, Hamamatsu-shi)
	Kumamoto (Chuo-ku, Kumamoto-shi)		

(Notes)

1. The Akita Sales Office was relocated and renamed the Morioka Sales Office on October 1, 2020.
2. The Yokkaichi Sales Office was opened on April 1, 2021.

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, 2021)

1) Status of Group employees

Segment name	Number of employees	Change from the end of the previous fiscal year
Japan	482	Up 2
China	436	Down 20
Other Asia	192	Down 6
Europe and Americas	47	Up 1
Total	1,157	Down 23

(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 two loan employees from companies outside the Group to the Group. Besides, 61 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
467	Up 2	40.8	12.2 years

(Note) The number of employees represents the number of persons at work. Fifty-one loan employees from the Group to outside companies and 15 part-timers and contracted employees are not included.

(5) Status of major lenders (as of March 31, 2021)

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, 2021)

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: 2,968

4) Major Shareholders (Top 10):

Name of shareholder	Number of shares owned (thousand Shares)	Ratio of shareholding (%)
Toyota Tsusho Corporation	24,005	58.6%
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	2,314	5.7
The Master Trust Bank of Japan ,Ltd. (Trust Account)	1,178	2.9
Elematec Employee Shareholding Association	1,121	2.7
BBH FOR FIDELITY PURITAN TR : FIDELITY SR INTRINSIC OPPORTUNITIES FUND	800	2.0
Custody Bank of Japan, Ltd. (Trust Account)	628	1.5
Osaka Small and Medium Business Investment & Consultation Co., Ltd.	583	1.4
Nippon Life Insurance Company	540	1.3
BBH FOR FIDELITY GROUP TRUST BENEFIT (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	371	0.9
SSBTC CLIENT OMNIBUS ACCOUNT	286	0.7

(Notes)

1. Regarding the number of shares held, fractions of less than one thousand shares are rounded off.
2. The Company holds 1,358,653 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) Directors and Corporate Audit & Supervisory Board Member (As of March 31, 2021)

Position	Name	Responsibility and significant concurrent positions
Chairman	Jun Kato	
Chief Executive Officer and Chairman of the Board	Akira Yokode	
Executive Managing Director, Sales	Nobuo Suzuki	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
Member of the Board	Mitsuhiro Tsubakimoto	Senior Executive Officer, CEO for Chemicals & Electronics Division, Toyota Tsusho
Member of the Board	Yasuhiro Kakihara	Executive Officer, COO for Chemical & Electronics Division, Toyota Tsusho Director, TOMEN DEVICES CORPORATION
External Member of the Board	Sosuke Seki	Attorney at Law External Director, Shobunsha Publications, Inc.
External Member of the Board	Tatsumi Maeda	
External Member of the Board	Yoshiaki Yatsu	Certified public accountant Outside Auditor, SHIZUOKA GAS Co., Ltd.
Audit & Supervisory Board Member (Full-Time)	Atsuo Isogami	
External Audit & Supervisory Board Member	Hiroshi Mizukami	Attorney at Law Outside Director, Sanyei Corporation Director, GMO GlobalSign Holdings K.K. External Director, NAKANO REFRIGERATORS CO., LTD
Audit & Supervisory Board Member	Atsushi Shimizu	Auditor, NEXTY Electronics Corporation
External Audit & Supervisory Board Member	Seishi Tanoue	

(Notes)

- Directors Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu are External Directors.
- Audit & Supervisory Board Members Hiroshi Mizukami and Seishi Tanoue are External Audit & Supervisory Board Members.
- At the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 26, 2020, Atsushi Shimizu retired as Director due to expiration of his term of office, and Yoshiaki Yatsu was newly appointed and assumed office as Director. At the same time, Koichi Hiraga and Yoshihiro Shiji, Audit & Supervisory Board Members, resigned, and Atsushi Shimizu and Seishi Tanoue were newly appointed and assumed office.
- Atsuo Isogami, Audit & Supervisory Board Member(full-time), Atsushi Shimizu, Audit & Supervisory Board Member, and Seishi Tanoue, Audit & Supervisory Board Member, have considerable knowledge of finance and accounting as mentioned below;
 - Atsuo Isogami, full-time Audit & Supervisory Board Member, has business experience in finance and accounting within the Company, etc.
 - Atsushi Shimizu, Audit & Supervisory Board Member, has served as General Manager of the related business department and General Manager of the Finance Department at Toyota Tsusho Corporation.
 - Seishi Tanoue, Audit & Supervisory Board Member, has served as full-time Audit & Supervisory Board Member at Toppan Printing Co., Ltd.
- The Company has designated Directors Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu and Audit & Supervisory Board Members Hiroshi Mizukami and Seishi Tanoue 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 Mitsuhiro Tsubakimoto, Yasuhiro Kakihara, Atsuo Isogami, and Atsushi Shimizu, 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 the relevant insurance premiums. However, of these, insurance premiums for the rider portion related to some compensations are collected from the insured.

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
		Fixed remuneration	Performance-linked remuneration	Bonuses	Retirement bonuses	
Directors (exclude External)	151	85	35	31	-	5
Audit & Supervisory Board Members (exclude External)	20	20	-	-	-	1
External Officers	30	30	-	-	-	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 one Director, who retired at the conclusion of the 74th Ordinary Meeting of Shareholders held on June 26, 2020, is included and 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 one unremunerated Audit & Supervisory Board Member is excluded.
3. The reason why the number of external officers is different from the number of external officers as of the end of the fiscal year under review is that one Audit & Supervisory Board Member, who resigned at the conclusion of the 74th Ordinary Meeting of Shareholders held on June 26, 2020, is included.

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, consolidated EPS is used as an indicator for calculating the performance-linked portion (a portion of monthly remuneration as well as bonuses) of the remuneration of Executive Directors. The actual consolidated EPS for the term under review is 89.55.

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 February 19, 2021, 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

Consists of monthly fixed compensation and performance-linked compensation (part of monthly compensation and bonuses). As a policy for determining the payment percentage, the model percentage is determined in accordance with the position, as shown in the following table, and the performance-linked percentage gradually increases as the position becomes higher. Monthly compensation shall be broken down into "basic compensation for Directors," "additional compensation by position" and "consolidated EPS-linked compensation."

<Model percentage>

Compensation structure	Monthly fixed compensation	Performance-linked compensation (part of monthly compensation and bonuses)			Total
Structure items	Basic compensation for directors + additional compensation by position	Consolidated EPS-linked compensation			
		Monthly performance-link (medium-term performance-link)	Bonus (short-term performance-link)	Subtotal	
Percentage of the amount	54 - 61%	16 - 31%	15 - 23%	39 - 46%	100%
Increase/decrease in percentage by position	Gradual decrease	Gradual increase	Gradual decrease	Gradual increase	-

Consolidated EPS-linked compensation for monthly compensation is fixed for 1 year based on the amount of additional compensation by position determined for each position, which is calculated by multiplying the average value for the previous 3 years by the amount stated above by increasing or decreasing 50% of the consolidated EPS change rate (compared to the previous year) at the end of the current period from the base figure of 1.00. Bonuses shall be determined based on the position and degree of contribution, with the bonus being a short-term-linked portion of the current fiscal year. In addition, of the performance-linked compensation, the consolidated EPS-linked compensation of monthly compensation shall be positioned as a medium-term performance-linked compensation, and a model shall be established in which the performance-linked compensation rate gradually increases according to the position.

• 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 50% of the model basic compensation for Directors.

<Model Percentage>

Compensation structure	Monthly fixed compensation	Performance-linked compensation (part of monthly compensation and bonuses)			Total
Structure items	Basic compensation for directors	Consolidated EPS-linked compensation			
		Monthly performance-link (medium-term performance-link)	Bonus (short-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, authority, and discretion of the policies in b) above,

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

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

- The amount of individual compensation for each Director shall be calculated in accordance with the details of the policy in b) above, 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.

The Board of Directors has the authority to determine the compensation for Directors. The Board of Directors decides the compensation for Directors by deliberating on the content presented by the Chief Executive Officer and Chairman of the Board.

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)
There are no applicable items.

5) Outside Executive Officers

- a. The situation of important part-time jobs at another corporation, etc. and relation between the Company and the relevant corporation, etc.
- Director Sosuke Seki serves as External Director of Shobunsha Publications, Inc. There is no special relation between the Company and the said company.
 - Director 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
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.
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.
Director	Yoshiaki Yatsu	11/11 (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.
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	Seishi Tanoue	11/11 (100%)	11/11 (100%)	He makes necessary observations as appropriate mainly from objective and broad-ranging perspectives on 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.

(Note)

As Yoshiaki Yatsu and Seishi Tanoue were appointed and assumed office as Director and Audit & Supervisory Board Member at the 74th Ordinary Shareholders meeting held on June 26, 2020, the status after they assumed office is described.

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.

We value the overall evaluation results, judging that corporate governance has been strengthened because there are open discussions to provide a basis for the Board of Directors to fulfill its supervisory function and because the framework of the Board of Directors has been established and improved by increasing the number of Independent External Directors, etc. among other factors.

We work diligently to more widely share information on medium- to long-term issues and business risks, etc., such as updates given by the Director in charge to External Directors on the progress status of the medium-term management strategy based on opinions in the questionnaire conducted in the previous year.

Besides, in the current year, opinions were expressed on ensuring the diversity of members of the Board of Directors and setting up voluntary committees as ongoing issues for the Company, and opinions were also expressed on ensuring further opportunities for executive training sessions on topical themes.

As a result, we will continue to revitalize discussions by the Board of Directors, make further efforts to meet the requirements for recent transformations in corporate governance, and strengthen the governance system.

(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	42 million yen
Total amount of cash and other property benefits paid to the Accounting Auditor by the Company and its subsidiaries	42 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 2021) is 23 yen per share, and the annual dividend is 36 yen. For the next fiscal year (FY 2022), we forecast an annual dividend of 43 yen per share.

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

	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Interim dividend (Yen)	12.5	15	17	13	17
Year-end dividend (Yen)	20	18	15	23	26
Annual dividend (Yen)	32.5	33	32	36	43
Dividend payout ratio (%)	30.4	40.2	40.1	40.2	40.0

*The company implemented a two-for-one stock split of its common stock with an effective date of June 1, 2019. Accordingly, net assets per share stated above are calculated on the assumption that the stock split was implemented at the beginning of FY 2018.

Consolidated Balance Sheet

(As of March 31, 2021)

(Unit: Million yen)

Item	FY 2021	(Reference) FY 2020	Item	FY 2021	(Reference) FY 2020
(ASSETS)			(LIABILITIES)		
[Current Assets]	95,333	86,276	[Current Liabilities]	45,619	39,748
Cash and deposits	27,877	23,387	Notes and accounts payable - trade	41,637	36,809
Notes and accounts receivable - trade	54,678	50,298	Short-term borrowings	138	-
Inventories	11,676	11,441	Income taxes payable	787	425
Other	1,122	1,183	Provision for bonuses	359	350
Allowance for doubtful accounts	(21)	(33)	Other	2,696	2,163
[Non-current Assets]	5,984	5,504	[Non-current Liabilities]	1,284	1,136
(Property, Plant and Equipment)	3,190	3,185	Retirement benefit liability	128	102
Buildings and structures	649	689	Deferred tax liabilities	946	777
Land	1,208	1,208	Other	208	256
Other	1,333	1,287	Total Liabilities	46,903	40,885
(Intangible Assets)	394	472	(NET ASSETS)		
Software	353	331	[Shareholders' Equity]	53,343	50,823
Selling rights	41	141	Share capital	2,142	2,142
Other	0	0	Capital surplus	3,335	3,335
(Investments and Other Assets)	2,398	1,846	Retained earnings	48,560	46,039
Investment securities	587	359	Treasury shares	(694)	(694)
Deferred tax assets	765	645	[Accumulated Other Comprehensive Income]	1,069	73
Investment property	322	332	Valuation difference on available-for-sale securities	221	72
Distressed receivables	2,927	3,253	Foreign currency translation adjustment	662	(41)
Retirement benefit asset	277	67	Remeasurements of defined benefit plans	185	41
Other	464	459	Total Net Assets	54,413	50,896
Allowance for doubtful accounts	(2,945)	(3,270)	Total Liabilities and Net Assets	101,317	91,781
Total Assets	101,317	91,781			

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

Consolidated Statements of Income

[From April 1, 2020
to March 31, 2021]

(Unit: Million yen)

Item	FY 2021	(Reference) FY 2020
Net sales	180,218	175,654
Cost of sales	162,781	158,501
Gross profit	17,437	17,152
Selling, general and administrative expenses	11,974	12,386
Operating income	5,463	4,765
Non-operating income	158	194
Interest income	27	70
Dividend income	6	8
Lease revenue	94	89
Investment association investment profit	-	1
Other	28	24
Non-operating expenses	442	461
Interest expenses	26	28
Rental expenses	26	25
Foreign exchange losses	380	399
Other	9	7
Ordinary income	5,179	4,499
Extraordinary income	-	5
Gain on sales of investment securities	-	5
Extraordinary losses	-	32
Impairment losses	-	32
Income before income taxes	5,179	4,472
Income taxes - current	1,553	1,492
Income taxes - deferred	(41)	(283)
Profit	3,666	3,263
Profit attributable to owners of parent	3,666	3,263

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

Consolidated Statements of Changes in Equity

[From April 1, 2020
to March 31, 2021]

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	2,142	3,335	46,039	(694)	50,823
Changes of items during the fiscal year					
Dividends of surplus			(1,146)		(1,146)
Profit attributable to owners of parent			3,666		3,666
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	-	2,520	-	2,520
Balance as of March 31, 2021	2,142	3,335	48,560	(694)	53,343

	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, 2020	72	(41)	41	73	50,896
Changes of items during the fiscal year					
Dividends of surplus					(1,146)
Profit attributable to owners of parent					3,666
Purchase of treasury shares					-
Net changes of items other than shareholders' equity	148	704	144	996	996
Total changes of items during the fiscal year	148	704	144	996	3,517
Balance as of March 31, 2021	221	662	185	1,069	54,413

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

Non-consolidated Balance Sheet

(As of March 31, 2021)

(Unit: Million yen)

Item	FY 2021	(Reference) FY 2020	Item	FY 2021	(Reference) FY 2020
(ASSETS)			(LIABILITIES)		
[Current Assets]	78,120	70,573	[Current Liabilities]	39,467	35,455
Cash and deposits	19,770	14,130	Notes payable - trade	238	332
Notes and accounts receivable - trade	293	289	Electronically recorded obligations - operating	8,912	9,076
Electronically recorded monetary claims - operating	6,174	4,209	Accounts payable - trade	27,881	24,138
Accounts receivable - trade	45,906	46,061	Income taxes payable	627	293
Merchandise	5,204	4,956	Provision for bonuses	264	259
Consumption taxes receivable	386	250	Other	1,542	1,354
Other	398	689	[Non-current Liabilities]	37	37
Allowance for doubtful accounts	(13)	(14)	Total Liabilities	39,505	35,492
[Non-current Assets]	6,278	6,256	(NET ASSETS)		
(Property, Plant and Equipment)	2,453	2,461	[Shareholders' Equity]	44,672	41,264
Buildings	629	662	Share capital	2,142	2,142
Land	1,208	1,208	Capital surplus	3,335	3,335
Other	616	590	Legal capital surplus	2,017	2,017
(Intangible Assets)	389	466	Other capital surplus	1,317	1,317
Software	348	325	Retained earnings	39,888	36,481
Selling rights	41	141	Legal retained earnings	91	91
Other	0	0	Other retained earnings	39,797	36,390
(Investments and Other Assets)	3,435	3,329	General reserve	35,079	27,669
Investment securities	587	359	Reserve for tax purpose reduction entry	40	41
Shares of subsidiaries and associates	645	756	Retained earnings brought forward	4,678	8,679
Investments in capital of subsidiaries and associates	1,302	1,302	Treasury shares	(694)	(694)
Deferred tax assets	249	255	[Valuation and translation adjustments]	221	72
Investment property	322	332	Valuation difference on available-for-sale securities	221	72
Other	347	342	Total Net Assets	44,893	41,337
Allowance for doubtful accounts	(19)	(19)			
Total Assets	84,399	76,830	Total Liabilities and Net Assets	84,399	76,830

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

Non-consolidated Statements of Income

[From April 1, 2020
to March 31, 2021]

(Unit: Million yen)

Item	FY 2021	(Reference) FY 2020
Net sales	143,097	138,327
Cost of sales	132,286	127,674
Gross profit	10,811	10,652
Selling, general and administrative expenses	8,329	8,481
Operating income	2,482	2,170
Non-operating income	3,437	7,884
Non-operating expenses	228	383
Ordinary income	5,690	9,671
Extraordinary losses	110	139
Loss on valuation of shares of subsidiaries and associates	110	74
Loss on sale of investment securities	-	32
Impairment losses	-	32
Income before income taxes	5,579	9,531
Income taxes - current	1,085	980
Income taxes - deferred	(59)	2
Profit	4,553	8,549

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

Non-consolidated Statements of Changes in Equity

From April 1, 2020
to March 31, 2021

(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, 2020	2,142	2,017	1,317	3,335	91	27,669	41	8,679	36,481
Changes of items during the current fiscal year									
Provision of general reserve						7,410		(7,410)	-
Reversal of reserve for tax purpose reduction entry							(1)	1	-
Dividends of surplus								(1,146)	(1,146)
Profit								4,553	4,553
Purchase of treasury shares									
Net changes in items other than shareholders' equity									
Total changes of items during the current fiscal year	-	-	-	-	-	7,410	(1)	(4,001)	3,407
Balance as of March 31, 2021	2,142	2,017	1,317	3,335	91	35,079	40	4,678	39,888

	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, 2020	(694)	41,264	72	72	41,337
Changes of items during the current fiscal year					
Provision of general reserve		-			-
Reversal of reserve for tax purpose reduction entry		-			-
Dividends of surplus		(1,146)			(1,146)
Profit		4,553			4,553
Purchase of treasury shares		-			-
Net changes in items other than shareholders' equity			148	148	148
Total changes of items during the current fiscal year	-	3,407	148	148	3,555
Balance as of March 31, 2021	(694)	44,672	221	221	44,893

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

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