



« FY2023 »

**Briefing Material on Financial Results
2023/5/10**

Elematec Corporation

Tokyo Stock Exchange, Prime Market CODE : 2715

URL : <http://www.elematec.com>

Contact : Corporate Planning & Human Resources Development Dept.

E-mail : IR-info@elematec.com

TEL : 03-3454-3526

Financial Report

The fiscal year ended March 2023

elem

Consolidated Statements of Income for FY2023

Financial Highlights

Net sales and profits recorded **all-time highs**

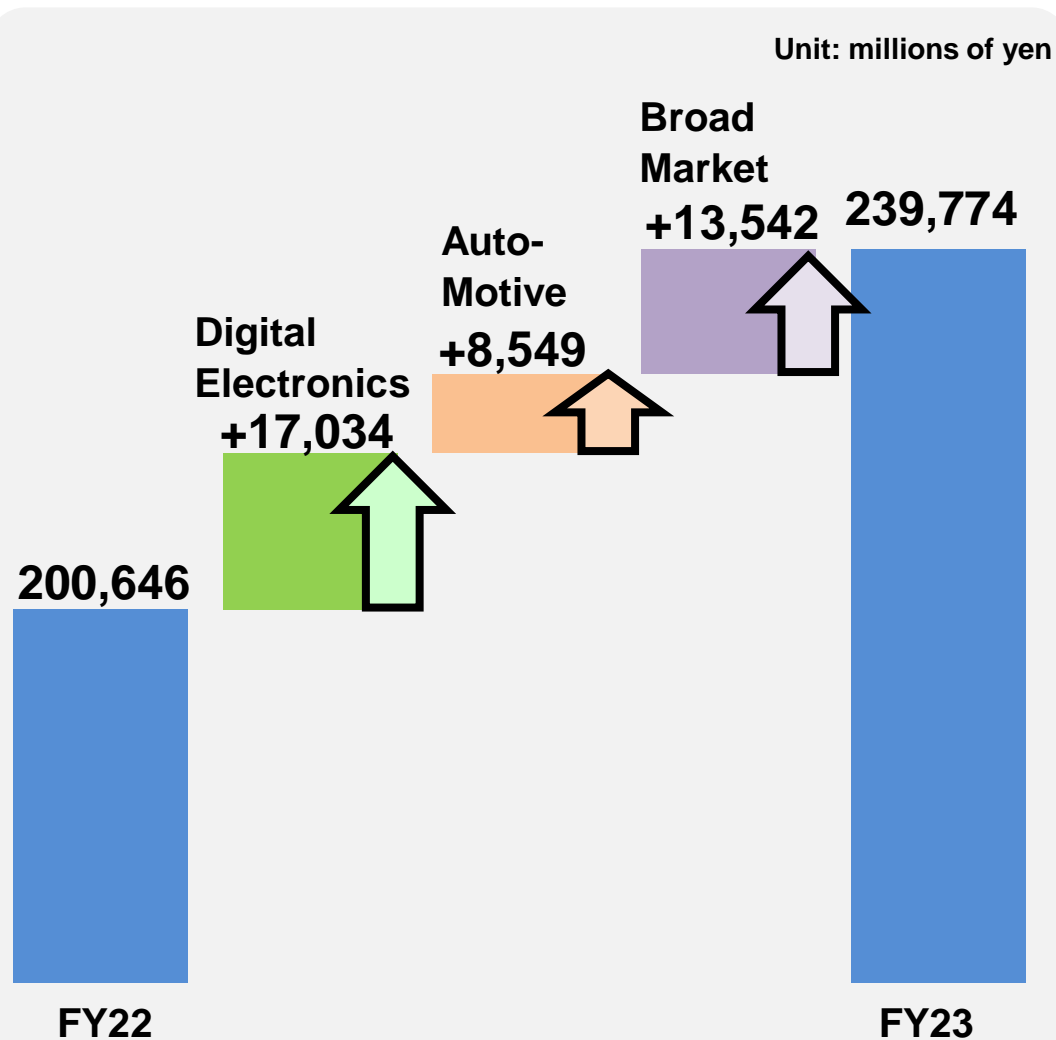
Unit: millions of yen	FY22 (USD = 112.39 yen)	FY23 (USD = 135.50 yen)	Year-on-year	Increase/Decrease Factors
Net sales	200,646	239,774	+19.5%	Increase due to higher sales of automotive- and game console-related materials
Gross profit	21,560	27,384	+27.0%	Increase due to higher sales
Gross profit margin	10.7%	11.4%	+0.7pt	
SG&A expenses	13,214	15,331	+16.0%	Increase in personnel expenses and freightage & packing expenses
Operating income	8,346	12,052	+44.4%	
Ordinary income	7,867	11,130	+41.5%	
Net income	5,374	7,696	+43.2%	
ROE	9.4%	12.3%	—	
EPS	131.25 yen	187.96 yen	—	
Dividends	53 yen	76 yen	—	

*The impact of foreign exchange from the fiscal year under review: Net sales: +23.9 billion yen, ordinary income: +1.6 billion yen

Factors for Change in Sales by Market

- Point**
- **Digital Electronics:** Sales of game console- and LCD-related materials, etc. increased
 - **Automotive:** Sales of automotive-related materials such as cockpit modules increased
 - **Broad Market:** Sales of after-market products including dashboard cameras, etc. increased

Breakdown of Net Sales Increase/Decrease from the Previous Year



Digital Electronics

[YoY]+17,034 M yen (+19.8%)

(85,961 M yen ⇒ 102,996 M yen)

Toys, Hobby	+8,387 M yen
-------------	--------------

LCD, Touch panels, Backlights	+6,078 M yen
-------------------------------	--------------

Electrical parts, Semiconductors	+1,557 M yen
----------------------------------	--------------

Automotive

[YoY] +8,549 M yen (+30.4%)

(28,103 M yen ⇒ 36,653 M yen)

Broad Market

[YoY] +13,542 M yen (+15.6%)

(86,581 M yen ⇒ 100,124 M yen)

Aftermarket	+8,040 M yen
-------------	--------------

Home appliances (white goods)	+2,343 M yen
-------------------------------	--------------

Industrial machinery	+2,126 M yen
----------------------	--------------

Selling, General and Administrative Expenses

Unit: millions of yen	FY22	FY23	Year-on-Year	Increase/Decrease Factors
Personnel Expenses	7,220	8,060	+839	<ul style="list-style-type: none"> • Increase in performance-linked bonuses • Increase due to pay raises, promotions, etc.
Freightage & Packing Expenses	2,462	2,599	+137	Increase due to higher sales
Others	3,531	4,672	+1,140	<ul style="list-style-type: none"> • Increase in allowance for doubtful accounts • Increase in travel and transportation expenses from relaxation of activity restrictions
SG&A Expenses	13,214	15,331	+2,117	SG&A to net sales ratio 6.6% ⇒ 6.4%

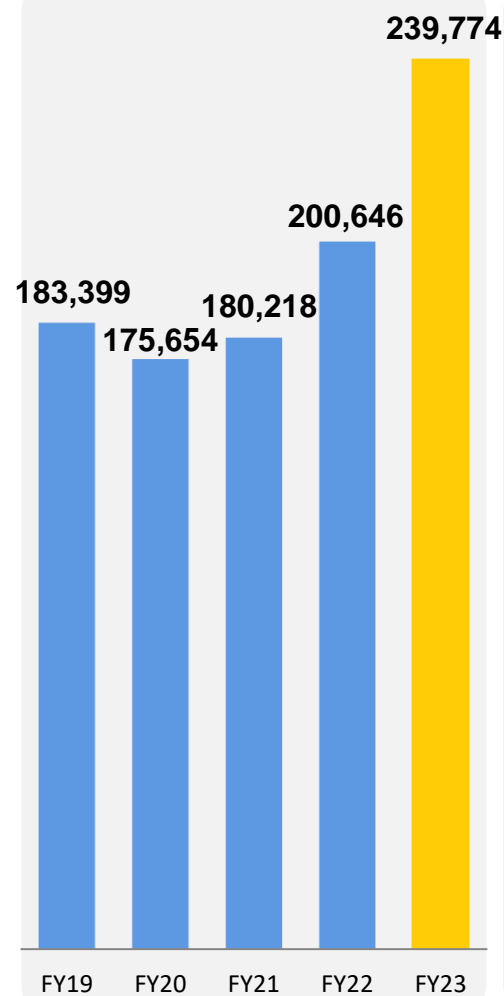
Business Results

Both sales and profits increased year-on-year due to higher sales of automotive- and game console-related materials

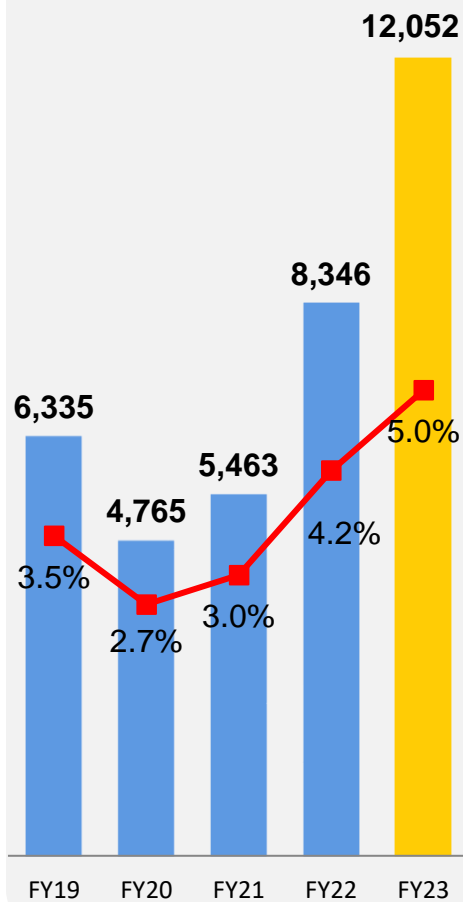
Incomes in each stage recorded an all-time high for the second consecutive year

Unit: millions of yen

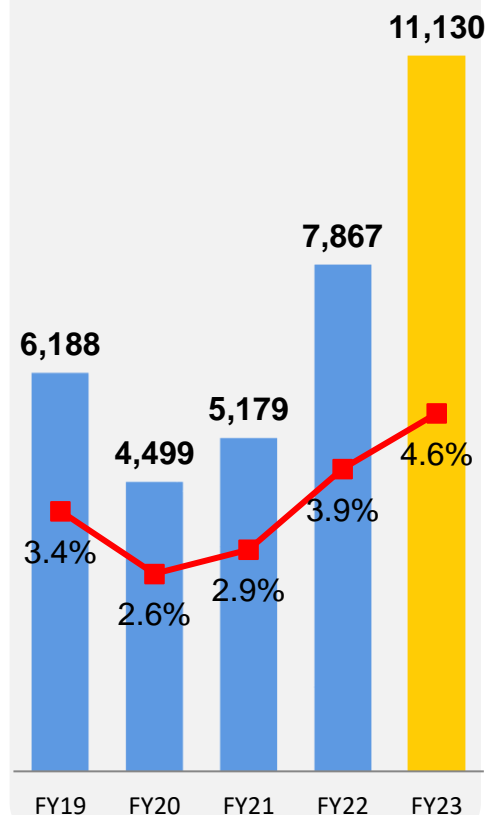
Net sales



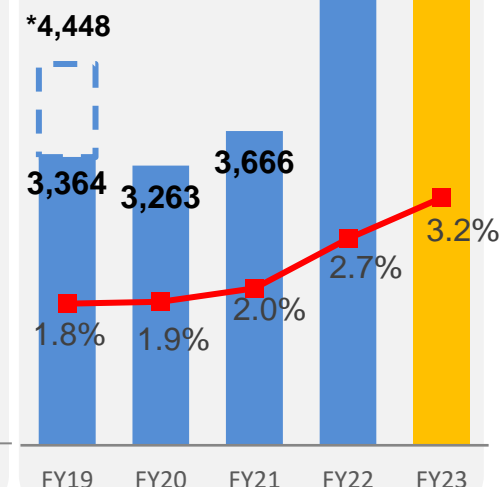
Operating income



Ordinary income



Net income

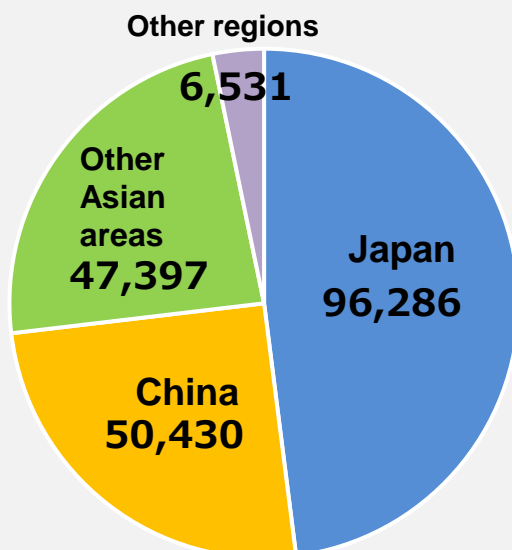


*Net income excluding impact from a special factor (deferred tax liabilities)

Point Sales increased in all regions due to higher sales of automotive- and game console-related materials

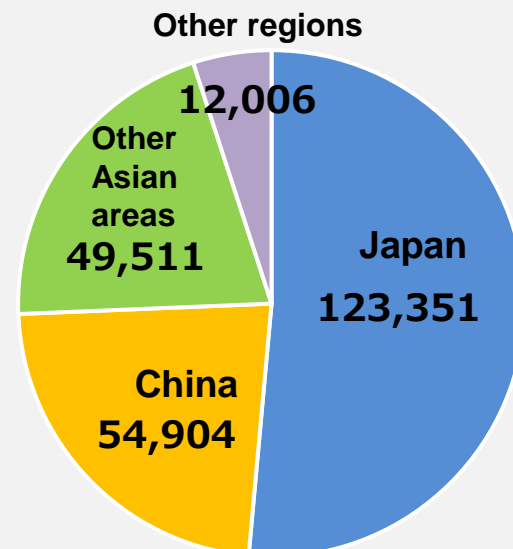
Unit: millions of yen

FY2022



FY2022	Sales composition
Japan	48.0%
Overseas	52.0%
China	25.1%
Other Asian areas	23.6%
Other regions	3.3%

FY2023



FY2023	Sales composition
Japan	51.4%
Overseas	48.6%
China	22.9%
Other Asian areas	20.6%
Other regions	5.0%

Balance Sheet

PointShareholder's equity ratio remained at over 50%

Balance Sheet

Unit: millions of yen

Total assets **115,332**

Equity ratio **51.7%**

Current assets	Current liabilities
108,996	54,109
	Non-current liabilities
	1,578
Non-current assets	Net assets
6,336	59,645

FY2022

Total assets **113,913**

Equity ratio **57.6%**

Current assets	Current liabilities
107,306	46,530
	Non-current liabilities
	1,804
Non-current assets	Net assets
6,606	65,577

FY2023

Main factors for change

Current assets ▲1,689

- Notes and accounts receivable—trade ▲3,313
- Inventories ▲413
- Cash and deposits +2,213

Non-current assets +270

- Property, plant and equipment +155

Liabilities ▲7,352

- Notes and accounts payable—trade ▲7,598
- Income taxes payable +137
- Short-term loans payable +689

Net assets +5,932

- Retained earnings +5,116
- Foreign currency translation adjustment +824

Consolidated Statements of Cash Flows

Cash flow

Main factors for change

Unit: millions of yen	FY22	FY23
Operating C/F	4,236	4,910
Investing C/F	▲599	▲872
Financing C/F	▲1,710	▲2,299
Effect of exchange rate change on cash and cash equivalents	948	475
Net increase/decrease in cash and cash equivalents	2,875	2,213
Cash and cash equivalents at the end of the period	30,753	32,966

Operating CF

- Income before income taxes +11,086
- Decrease in notes and accounts receivable +4,498
- Decrease in inventories +1,052
- Decrease in notes and accounts payable—trade ▲9,075
- Corporate income taxes and others paid ▲3,140

Investing CF

- Acquisition of tangible fixed assets ▲860

Financing CF

- Dividends paid ▲2,580
- Repayments of lease liabilities ▲371

Financial Forecast for the Fiscal Year Ending March 31, 2024

elem

Consolidated Financial Forecast

Expect lower sales and profits due to the impact of the yen's appreciation in foreign exchange, stagnant market growth due to the recession, and shrinking demand

Unit: millions of yen	FY2023 (USD = 135.50 yen)	FY2024 (USD = 130.00 yen)	Increase/Decrease (FY2023 vs. FY2024)
Net sales	239,774	233,500	▲ 2.6%
Operating income	12,052	10,600	▲ 12.1%
Ordinary income	11,130	10,300	▲ 7.5%
Net income	7,696	7,250	▲ 5.8%
EPS	187.96 yen	177.06 yen	—
ROE	12.3%	10.8%	—

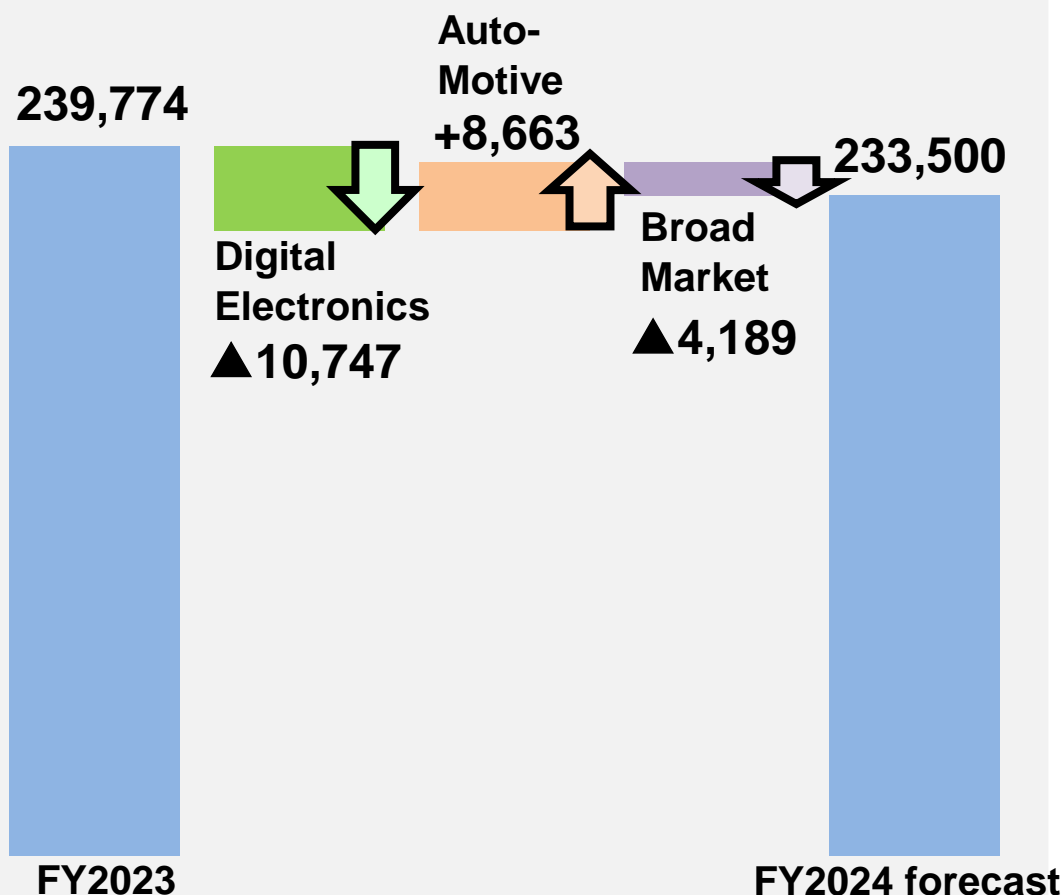
Consolidated Financial Forecast: Factors for Sales Increase/Decrease by Market

Point

- Digital Electronics: Decrease in sales of LCD-related business, etc.
- Automotive: Increase due to electrification of automotive and recovery of production volume, etc.
- Broad Market: Decrease in sales of after-market products including dashboard cameras, etc.

Breakdown of Net Sales Increase/Decrease (YoY)

Unit: millions of yen



Digital Electronics

[YoY] ▲10,747 M yen (▲10.4%)
(102,996 M yen ⇒ 92,249 M yen)

LCD, Touch panels, Backlights	▲9,041 M yen
Mobile devices	▲2,176 M yen
Toys, Hobby	+2,447 M yen

Automotive

[YoY] +8,663 M yen (+23.6%)
(36,653 M yen ⇒ 45,316 M yen)

Broad Market

[YoY] ▲4,189 M yen (▲4.2%)
(100,124 M yen ⇒ 95,934 M yen)

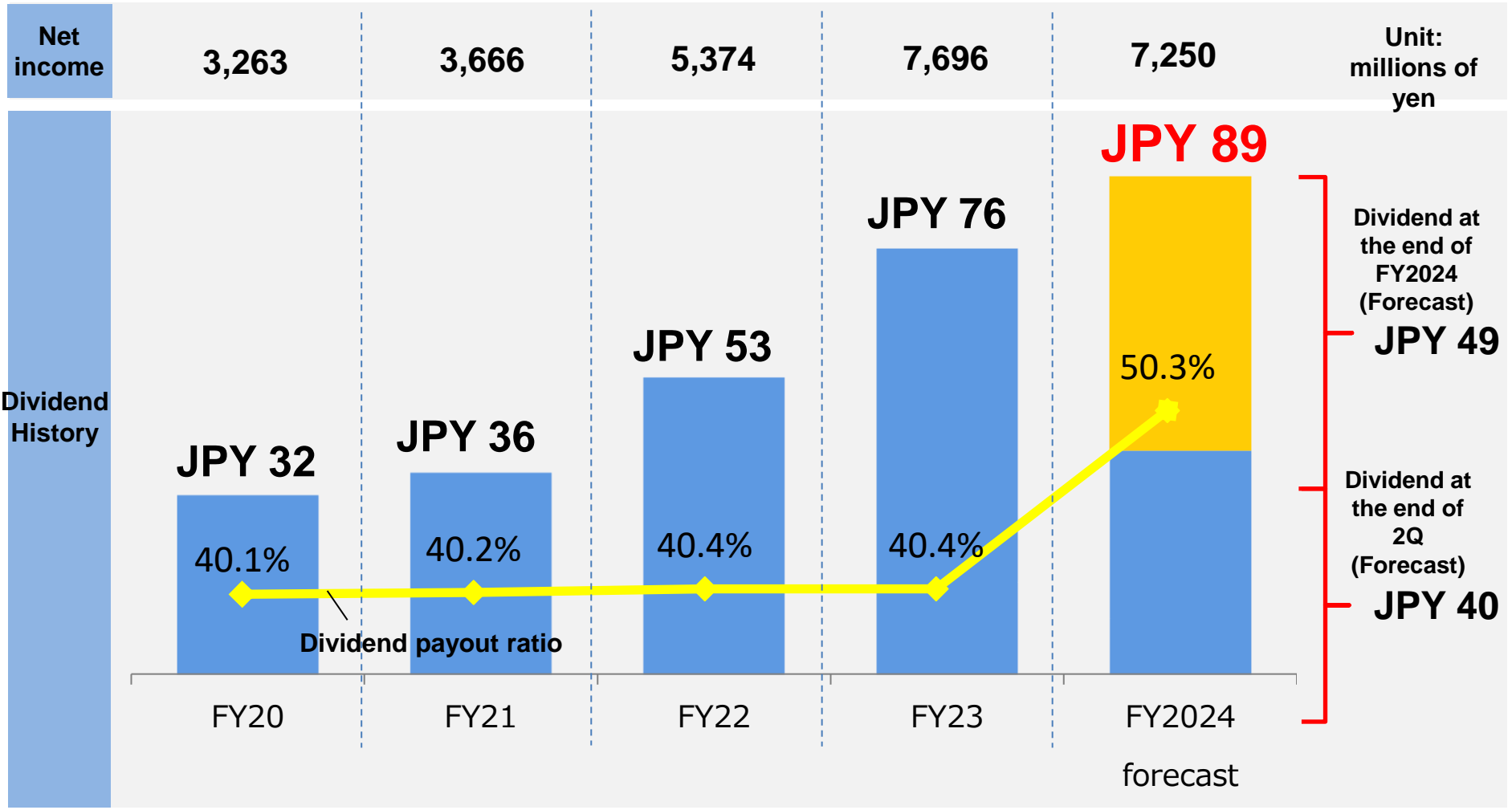
Aftermarket	▲9,981 M yen
Medical equipment	+1,521 M yen
Housing equipment	+1,382 M yen


Dividend Policy and Forecast

Dividend
policy

Before change : Dividend payout ratio (consolidated): 40% or more

After change : **The higher of the two standards** of a dividend payout ratio (consolidated) of **50%**
or DOE (dividend on equity ratio) of **3%**





Medium-term e|ematec Corporate Strategy



REVIEW OF ELEMATEC NEXT

Previous Medium-Term Plan: Medium-term Strategy of elematec NEXT

External environment

Acceleration of commoditization of technology/products

Rise of Chinese manufacturers

Expansion of U.S.-based IT platform companies

Medium-term Strategy of elematec NEXT

Strengthen high-value-added businesses

Cultivate leading domestic and overseas customers

Focus on the automotive field

Upheaval in the external environment

COVID-19

U.S.-China rivalry

Ukraine

Lifestyle transformation

Supply chain disruption

Currency upheaval

Elematec's efforts

- Promotion of remote sales activities
- Responding nimbly to changing demand
(Sales expansion of game console-related commercial materials, procurement of items widely available in open markets, etc.)

Medium-term Strategy Progress: Achievements and Challenges

Medium-term strategy	Achievements	Challenges
Strengthen high-value-added businesses	<ul style="list-style-type: none"> Sold highly functional commercial materials for game consoles Established Shin-Yokohama Lab Built a structure for the finished product business 	<ul style="list-style-type: none"> Develop and provide competitive commercial materials Provide added-value services
Cultivate leading domestic and overseas customers	<ul style="list-style-type: none"> Acquired accounts from U.S.- and China-based major companies Began mass production of orders for U.S.-based IT platform companies 	<ul style="list-style-type: none"> Full-scale development of leading overseas customers (Europe, U.S. and China) Develop leading customers
Focus on the automotive field	<ul style="list-style-type: none"> Received orders for mass production in cockpit module business Acquired accounts from major European Tier 1 Expanded EV-related materials (Heaters, fireproof sheet ASSY, etc.) 	<ul style="list-style-type: none"> Develop new customers Capture overseas Tier 1 Strengthen our own factories including functions
Strategic investment	<ul style="list-style-type: none"> Considered multiple investment and loan projects 	<ul style="list-style-type: none"> Acquire new material/business areas through alliances/M&As, and recruit top talent

BASIC POLICIES OF THE NEW MEDIUM-TERM MANAGEMENT STRATEGY

(FY2024 THROUGH FY2026)



エレマテック・プロプラス

Pro+ includes the term “pro” in many meanings.

For example: Proficient, productive, proactive, professional... etc.

These words represent Elematec’s value chain, and include our desire to “provide high-value-added services.”

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

External Environment and Challenges

External environment

Geopolitical risks and fluctuations in domestic and foreign markets

Advancement/diversification of customer needs

Growing interest in sustainability challenges

Changing ways of working and increasing diversity

Challenges in light of the external environment

Expand operations outside Japan and China from the perspective of growth and risk diversification

- ✓ Invest resources in North America and Europe
- ✓ Move away from procurement agency in ASEAN

Strengthen the functions of the Marketing & Development Division, strengthen cooperation with each department, and acquire external resources

- ✓ Strengthen efforts based on business partners and products
- ✓ Continue to follow medium- to long-term trends and expand investments and loans

Strengthen efforts to protect the global environment and resolve social issues

- ✓ Contribute to solving sustainability issues through our core business
- ✓ Support for suppliers based on customer's emphasis on environmental considerations

Establish a system in which each individual can be fulfilled and self-actualized

- ✓ Promote diversity and inclusion
- ✓ Create a structure for education, training and assignment to enhance employee engagement

Basic Policy

We will continue to evolve the previous measures, and in the new medium-term plan, we will expand and strengthen our management base while tackling challenges in potential areas.

Key measures in the previous medium-term plan

Strengthen high-value-added businesses

Cultivate leading domestic and overseas customers

Focus on the automotive field



Key measures in the new medium-term plan

Cultivate and deepen potential fields

1

Cultivate potential areas on a full-scale basis

2

Strengthen the functions of the Marketing & Development Division

Expand and strengthen management base

3

Expand customer base and business domains through M&A and Alliance

4

Sustainability and human capital efforts

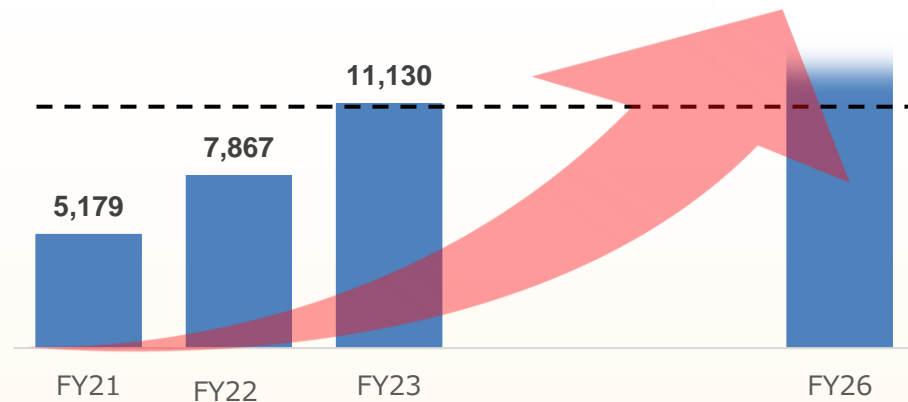
Ordinary income CAGR/Focused Markets

Ordinary income CAGR

FY2023 → FY2026

10% or more

Ordinary income (millions of yen)



Focused markets



Automotive



Aftermarket



Medical equipment

SPECIFIC MEASURES AND VISION

Cultivate Potential Areas on a Full-scale Basis

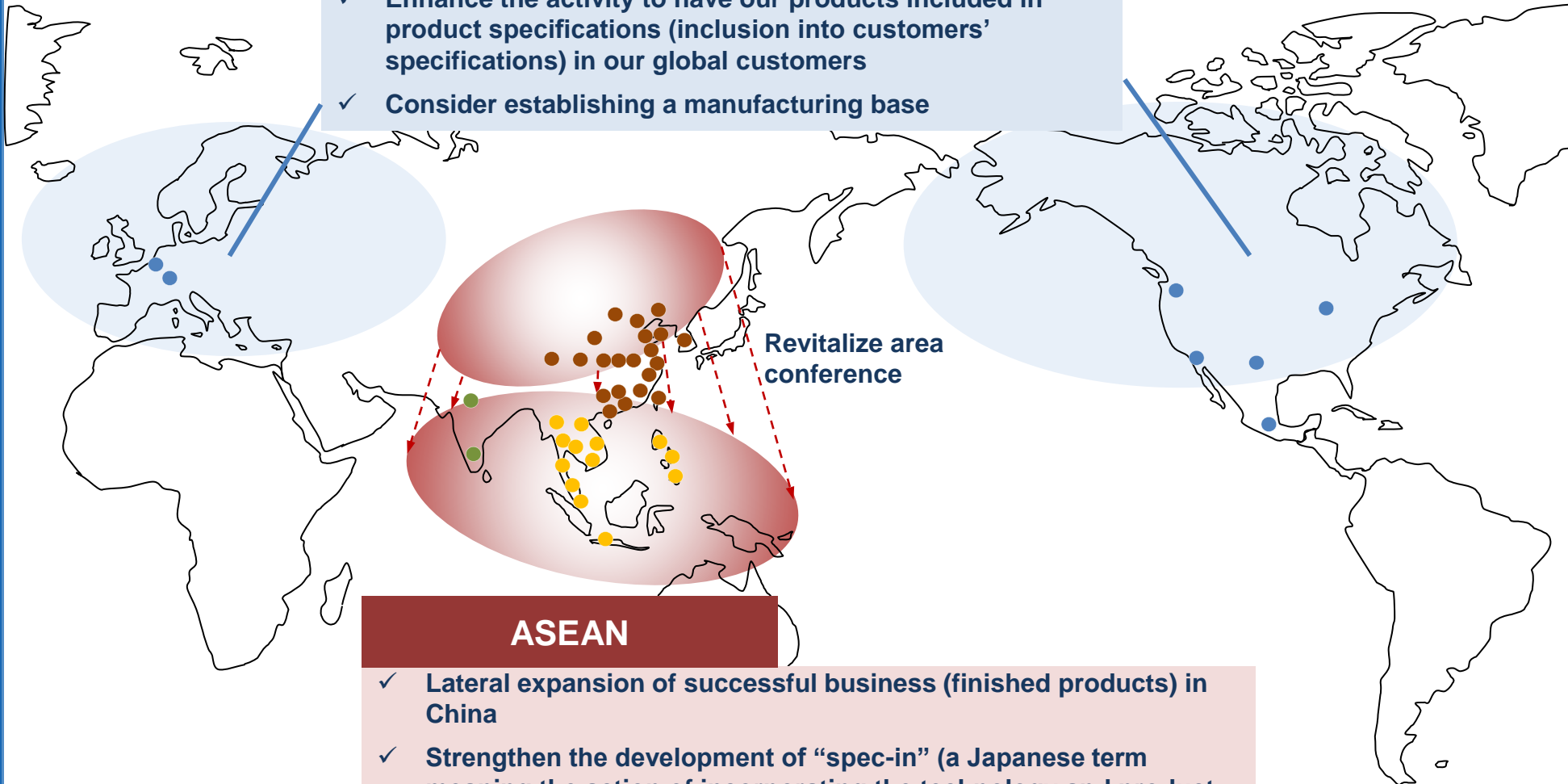
Europe and the U.S.

- ✓ Enhance the activity to have our products included in product specifications (inclusion into customers' specifications) in our global customers
- ✓ Consider establishing a manufacturing base

Revitalize area conference

ASEAN

- ✓ Lateral expansion of successful business (finished products) in China
 - ✓ Strengthen the development of "spec-in" (a Japanese term meaning the action of incorporating the technology and product services that a company is good at) and suppliers in the ASEAN region
- Respond to customers' shift to ASEAN



Strengthen the Functions of the Marketing & Development Division

Review the functions of the Marketing & Development Division from the perspective of business creation, and strengthen cooperation with strategic regions/locations and the Toyota-Tsusho Group

Marketing & Development Div.

Strengthen strategic and business creation functions

Promote company-wide strategy

Create new large-scale businesses

Explore and execute investment and loan projects



Market promotion function

Activity to have our products included in product specifications (inclusion into customers' specifications) with market axis

Increase sales of items required for company-wide expansion

Important business contact



Strategic regions/locations

Toyota-Tsusho Group

Establish a unit that moves freely across markets, while maintaining the traditional market promotion function

Accelerate promotion of company-wide strategy through collaboration with strategic regions/locations and the Toyota-Tsusho Group

Automotive

Capture growing environmental response/electrification area and untapped overseas OEM and Tier 1

Market environment

■ Environmental response/electrification

EV sales soar in China

Larger and more than one in-vehicle display also changes the car from a mode of transportation to a mode of “transportation + information tools + entertainment”

■ Tier 1 expansion (exterior, electrical)

Promotion of connected, autonomous, sharing, and electric (CASE) and new entrants from other industries have expanded into areas where conventional Tier 1 has not been undertaken (exterior, electrical, etc.), increasing demand for integrated proposals for electronic boards, design and mounting

Sales expansion of EV-related components

- Sales expansion of eAxle components and sensors, heaters, etc.

Capture overseas Tier 1

- Strengthen proposals for high-performance Japanese commercial materials for HMI
- Integrated proposals for electronic boards, design, and mounting utilizing Design Dept. capable of electrical/mechanical design
- Expand offices in Europe and the U.S.
(Open Poland Branch in May (planned), expand as needed)

Aftermarket

Expand earnings in the domestic market and enter overseas markets

Market environment

■ Growth of the private label (private brand, or PB) market

As overseas and domestic electronics retailers promote the development and sales of PB products, the sales share of PB products is rapidly expanding, and further expansion is expected in the future

For major domestic mass retailers

Strengthen finished goods (original design manufacturer, or ODM) business

- Strengthening supplier development in the ASEAN region
(Lateral deployment of success stories in China)
- Expand the range of products handled (finished products)

Lateral expansion of domestic track record for PB of ASEAN local companies

- Leverage the knowledge accumulated through the track record for major domestic mass retailers
- Using the ASEAN market as a springboard to develop markets in Europe and the U.S.

Medical Equipment

Respond to the medical equipment connectivity market

Market environment

■ Increasing demand for medical care

A global aging of the population, especially in developed countries, and an increase in demand for medical care due to population growth, economic development, and rising national incomes in emerging countries are expected

■ Electronics of medical equipment

Medical equipment is expected to become increasingly sophisticated and electronic in the future

Strengthen business to meet diversifying medical needs

- Expansion of business for home health care (blood pressure monitors, body composition monitors, etc.)

- Strengthen finished goods (original equipment manufacturer or OEM) business

- Strengthen efforts in the field of dental equipment

Expand Customer Base and Business Domains through M&A and Alliance

Basic policy on investments and loans

Focus on alignment with our market strategy and affinity with the electronics industry

Companies with our target company as their sales channel

Companies with technology / human resources to help increase the added value of existing businesses

Leverage M&A as a means of acquisition

Sustainability and human capital efforts

Important sustainability issues



Realization of a safe and secure society

Realization of a society without traffic accidents

Improvement of proper medical environment



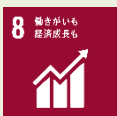
Reduction of environmental burdens and realization of a recycling-oriented society

Distribution of eco-friendly electronic and other materials

Operation of quality and environmental management systems

Promotion of recycling activities

Distribution of electronic and other materials related to clean energy



Construction of organizations that respect diversity and grow together

- Respect for human rights
- Expansion of training systems
- Promotion of D&I (diversity & inclusion)
- Workstyle reform

Construction of governance structures trusted by all stakeholders

- Establishment and strengthening of governance structures and compliance systems



Sustainability and human capital efforts



Realization of a safe and secure society

Reduction of environmental burdens and realization of a recycling-oriented society

Realization of a safe and secure society

- Contributing to the evolution of autonomous driving and driver-assistance products, etc.
- Contributing to the evolution of sensing and other technologies in infrastructure

Net sales of commercial materials leading to a society without traffic accidents

FY22		FY26
31.0 billion yen	▶	32.5 billion yen

- Contributing to the evolution of medical diagnostics and medical device testing equipment and improving people's QOL, including preventive and home health care

Net sales of medical device-related commercial materials

FY22		FY26
8.4 billion yen	▶	12.2 billion yen

Reduction of environmental burdens and realization of a recycling-oriented society

- Contributing to the realization of a decarbonized society
- Promotion of efforts to spread clean energy

Net sales of clean energy-related commercial materials

FY22		FY26
3.7 billion yen	▶	8.8 billion yen

- Development of rework and recycling businesses
- Increase distribution of eco-friendly electronics and other materials (packaging materials, new refrigerants, etc.)

Net sales of eco-friendly commercial materials

FY22		FY26
2.7 billion yen	▶	5.0 billion yen

Sustainability and human capital efforts

Human capital efforts

■ Enhancing employee training

Expanding and enhancing training content

(in addition to strengthening training for each level, provide individual training on investment and loans, business strategy planning, etc.)

■ Promoting diversity

Implementation of measures to improve the ratio of women in career-track positions and the ratio of men taking parental leave

(promotion of work style reforms such as flexible system design)

■ Improvement of employee engagement

Implement effective engagement improvement measures using surveys

(in addition to the above measures, conduct town hall meetings (a place for dialogue between management and employees) and provide health support for employees)

Vision that Elematec Pursues

Pioneer a prosperous future with the power of electronics

For business partners	Partners with comprehensive capabilities to meet changing needs
For employees	A company in which individuals can realize their potential in a rewarding way
For the society, earth and world	A company that contributes to the realization of a sustainable society and enriches people's lives

Thank you very much for your time and attention.

e|ematec
エレマテック株式会社
Elematec Corporation



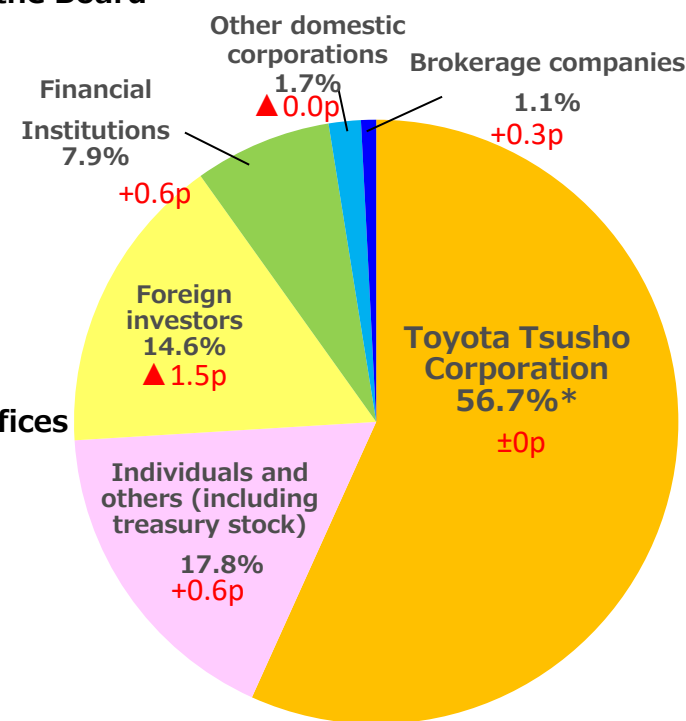
Supplementary material

e|em

Corporate Profile

Trade name	Elematec Corporation
Established	April 1947 (Founded: November 1945)
Stock exchange listing	The Prime Market of TSE (The first section of TSE: March 2005 / The second section of TSE: December 2003 / JASDAQ: June 2002)
Operating base	Sumitomo Fudosan Mita Twin Bldg. West Wing 19 th Floor, 3-5-27 Mita, Minato-ku, Tokyo
Representative corporate executive officer	Akira Yokode, Chief Executive Officer and Chairman of the Board
Description of business	Trading company specializing in electronics
Number of employees	[Consolidated] 1,184 [Non-consolidated] 483
Locations	[Domestic sales offices: 24 locations] Head office, Main Branch, 19 Branches, 5 Sales Offices [Overseas sales offices: 47 locations] China -22 locations, Other Asia – 18 locations North & Central America – 5 locations, Europe – 2 locations
Capital stock	2,142 million yen
Number of shares issued	42,304,000
Number of shareholders	6,403

Breakdown of Shareholders
(as of Mar. 31, 2023)



*Ratio of voting rights excluding treasury stock - 58.6%

Figures in red are changes from the end of March 2022.