



«FY2023 2Q»

**Briefing Material on Fiscal Results
2022/11/8**

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 second quarter of the fiscal
year ending March 2023**

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Financial Highlights

Both sales and profits increased significantly due to the continuous favorable performance of the major markets, such as the automotive market, and the impact of the yen's depreciation in the exchange rate.

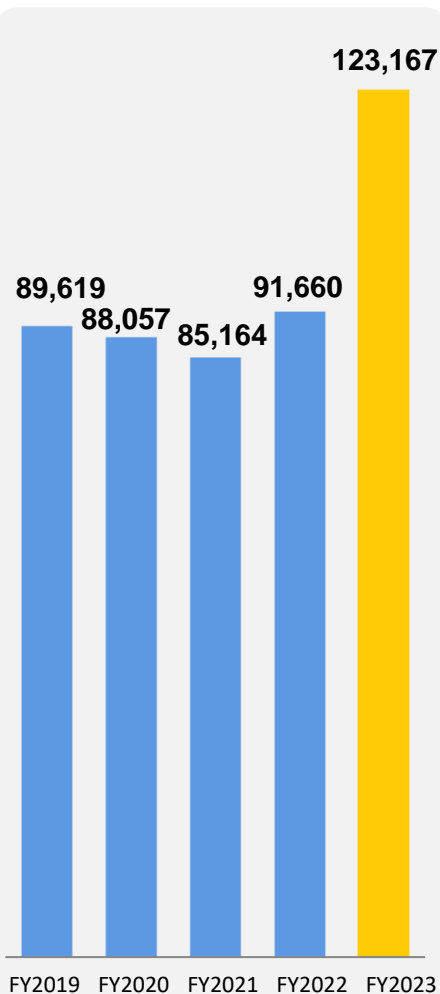
Further, both sales and profits recorded all-time highs in the second quarter

Unit: millions of yen	FY22 2Q (USD=109.81YEN)	FY23 2Q (USD=134.03YEN)	Year-on-year	Increase/Decrease Factors
Net sales	91,660	123,167	+34.4%	Increase mainly due to higher sales of automotive related materials
Gross profit	9,928	13,980	+40.8%	Increase due to higher sales
Gross profit margin	10.8%	11.4%	+0.6pt	
SG&A expenses	6,447	7,351	+14.0%	Increase in personnel expenses
Operating income	3,481	6,628	+90.4%	
Ordinary income	3,408	6,122	+79.6%	
Net income	2,397	4,164	+73.7%	
EPS	58.55 yen	101.71yen	—	
Dividends	17 yen	27 yen	—	

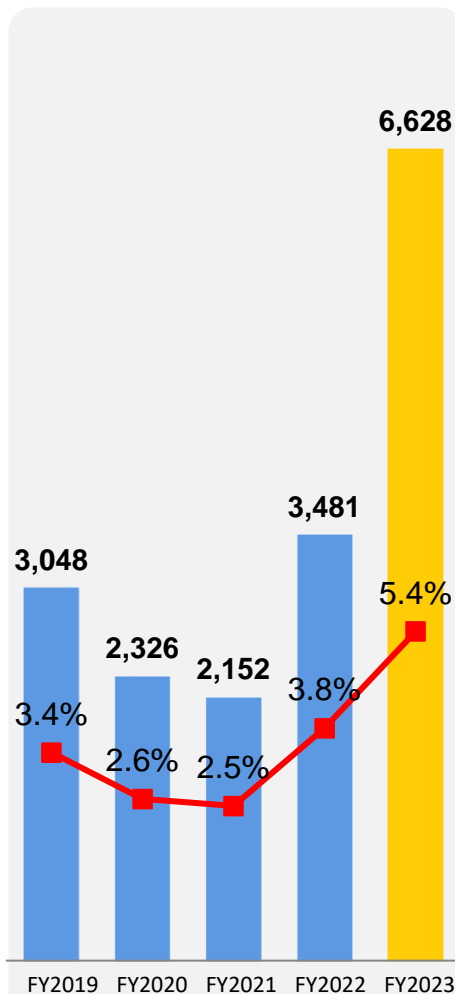
[Consolidated] Business Results History

Point Both sales and profits recorded all-time highs in the second quarter

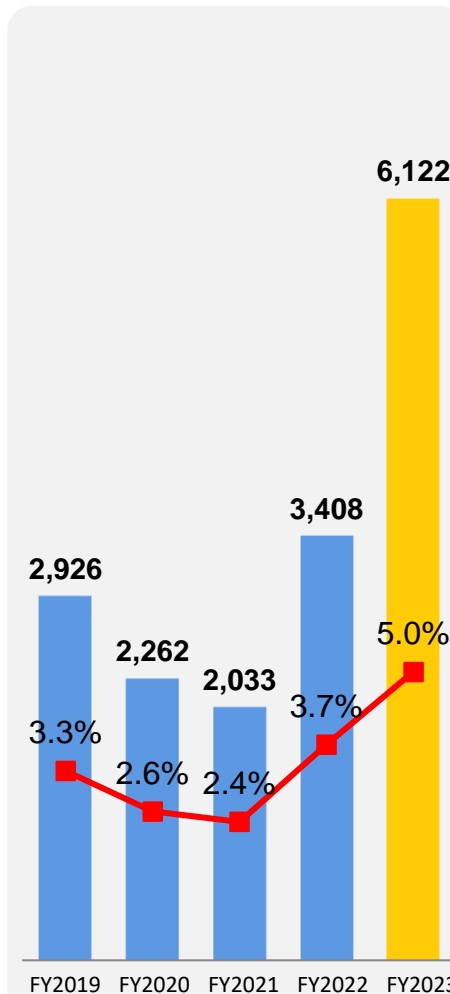
Net sales



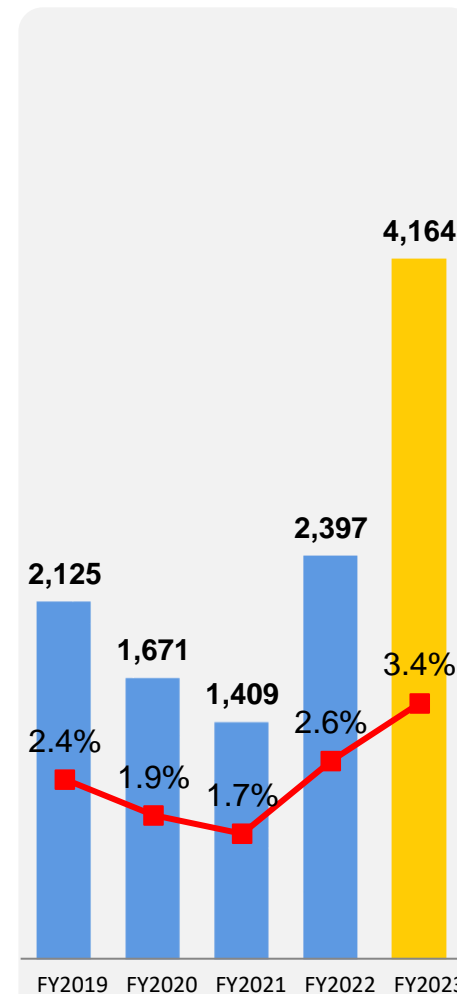
Operating income



Ordinary income



Net income



[Consolidated] Second Quarter Business Results

Point Both net sales and ordinary income increased year-on-year mainly due to higher sales of automotive-related and display-related materials

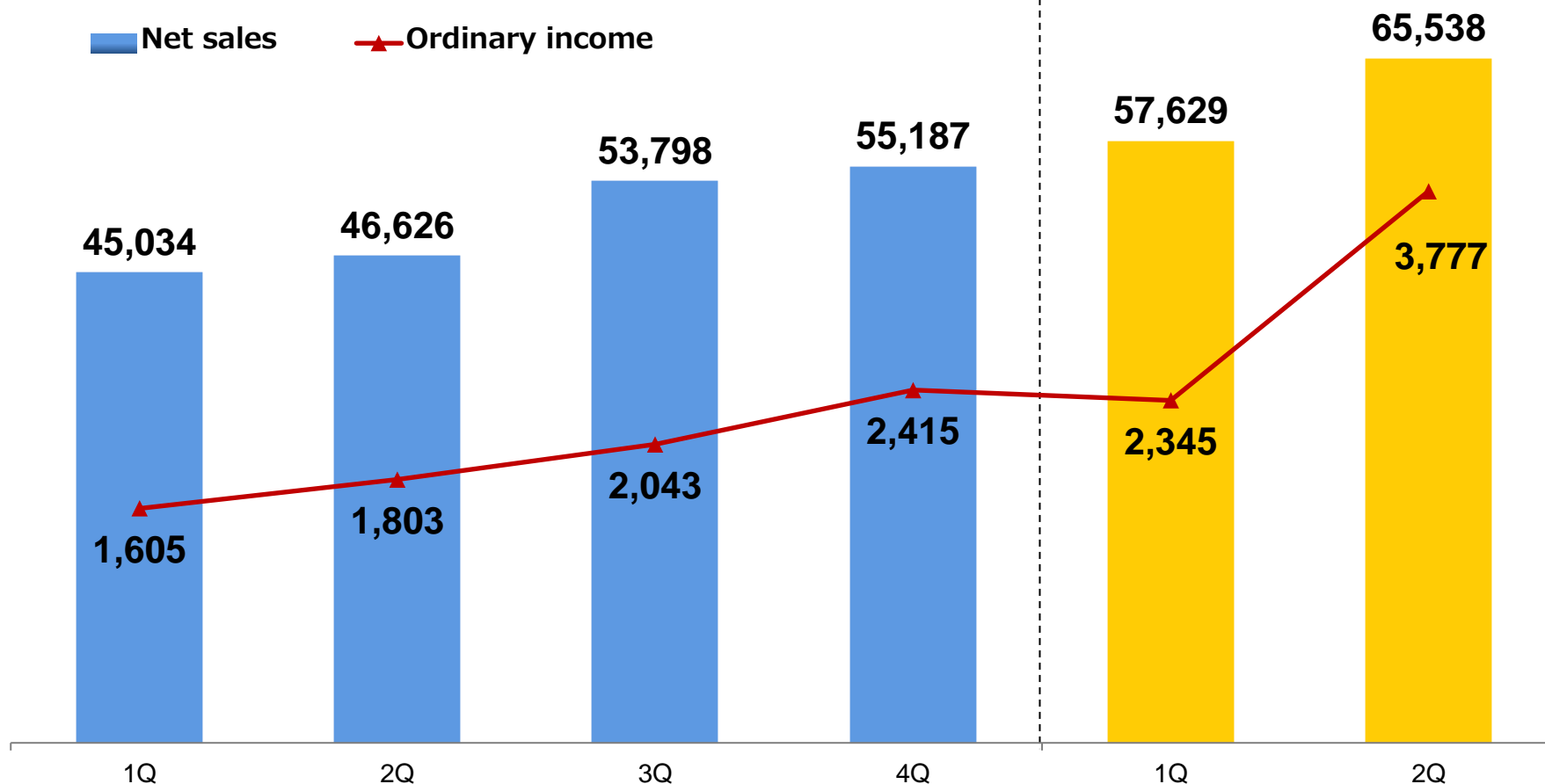
FY2022

FY2023

Unit : millions of yen

Net sales

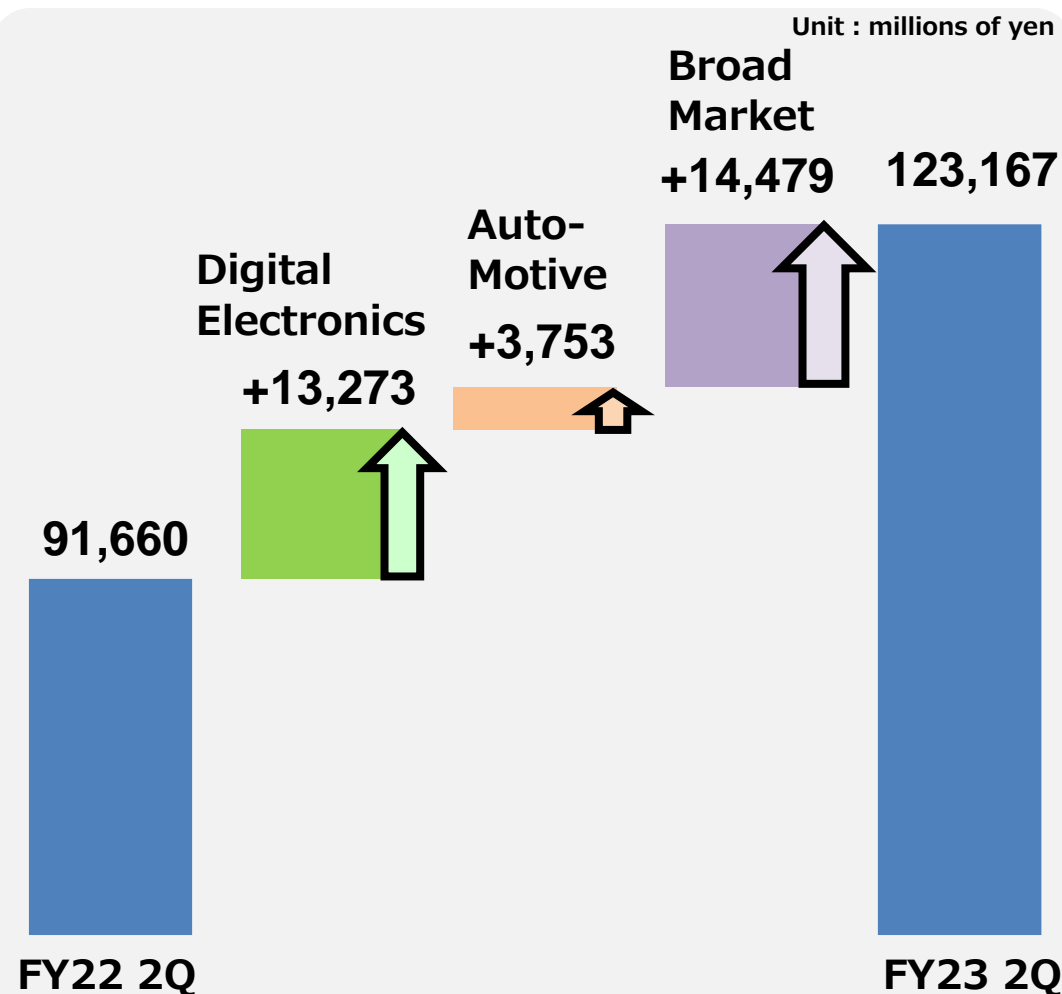
Ordinary income



Sales by Market

- **Digital Electronics: Sales of display-related materials increased**
- Point • **Broad Market: Sales of after-market products including dashboard cameras increased**

Breakdown of Net Sales Increase/Decrease from the Previous Year



Digital Electronics

【YoY】 +13,273M yen(+31.9%)

(41,574M yen⇒54,848M yen)

LCD, Touch panel, Backlight	+7,156M yen
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Electrical parts, Semiconductors	+2,116M yen
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Brown goods	+1,596M yen
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Automotive

【YoY】 +3,753M yen(+28.5%)

(13,159M yen⇒16,912M yen)

Broad Market

【YOY】 +14,479M yen(+39.2%)

(36,926M yen⇒51,406M yen)

Aftermarket	+8,748M yen
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Power system, Train control	+1,561M yen
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Industrial machinery	+1,064M yen
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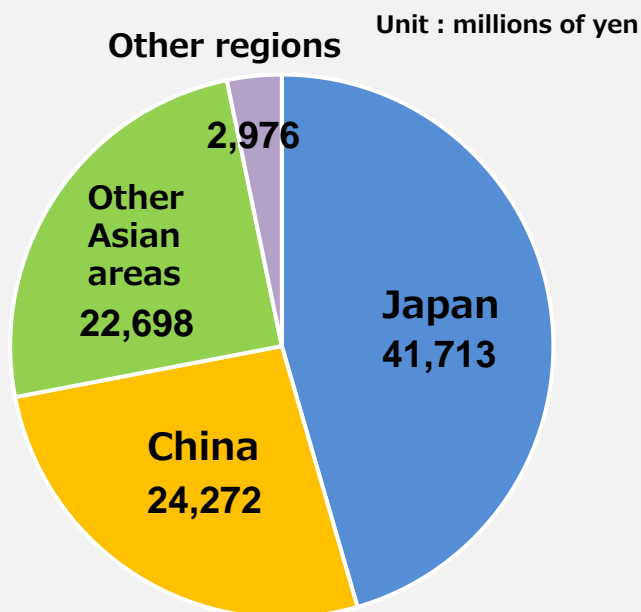
Selling, General and Administrative Expenses

Unit : millions of yen	FY22 2Q	FY23 2Q	Year-on-Year	Increase/Decrease Factors
Personnel Expenses	3,602	3,999	+397	Increase in the allowance for performance linked bonuses
Freightage & Packing Expenses	1,207	1,343	+136	Increase due to higher sales
Others	1,638	2,007	+369	Increase in travel and transportation expenses with the easing of behavioral restrictions
SG&A Expenses	6,447	7,351	+904	SG&A to net sales ratio 7.0% ⇒ 6.0%

Overseas Sales

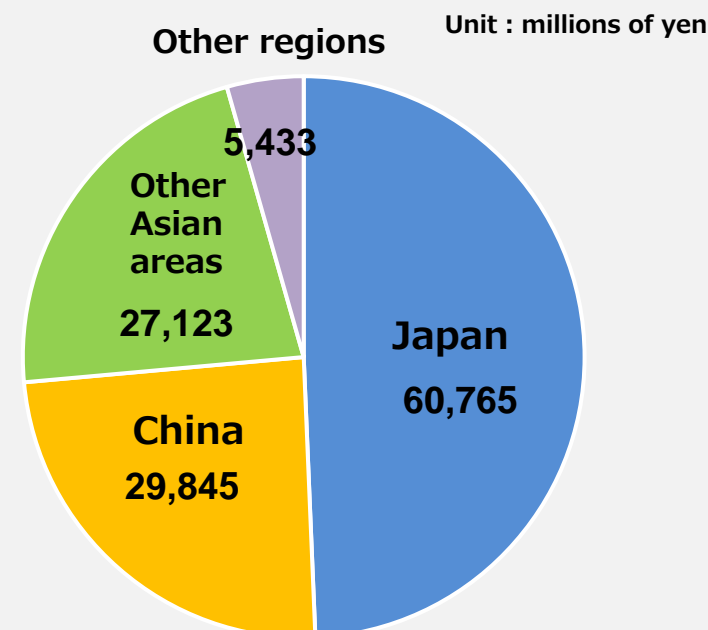
Point : Japan: Sales increased year-on-year due to higher sales of automotive-related materials 8
 Overseas: Sales increased year-on-year due to higher sales mainly in display and game console-related materials

FY2022 2Q



FY2022 2Q	Sales composition
Japan	45.5%
Overseas	54.5%
China	26.5%
Other Asian areas	24.8%
Other regions	3.2%

FY2023 2Q



FY2023 2Q	Sales composition
Japan	49.3%
Overseas	50.7%
China	24.2%
Other Asian areas	22.0%
Other regions	4.4%

Balance Sheet

Point Shareholder'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
	Net assets
	59,645
Non-current assets	
6,336	

FY2022

Total assets **122,735**

Equity ratio **52.1%**

Current assets	Current liabilities
116,233	57,033
	Non-current liabilities
	1,783
	Net assets
	63,918
Non-current assets	
6,502	

FY2023

Main factors for change

Current assets +7,237

- Cash and deposits ▲3,189
- Notes and accounts receivable +7,804
- Inventories +2,574

Non-current assets +166

- Property, plant and equipment +131

Liabilities +3,129

- Notes and accounts payable trade +971
- Short term loans payable +1,032

Net assets +4,273

- Retained earnings +2,690

Cash flow

Key increase/decrease factors

Unit: millions of yen	FY22 2Q	FY23 2Q
Operating C/F	1,685	▲2,820
Investing C/F	▲171	▲439
Financing C/F	▲711	▲783
Effect of exchange rate change on cash and cash Equivalents	133	854
Net increase/decrease in cash and cash equivalents	936	▲3,189
Cash and cash equivalents at the end of the period	28,813	27,563

Operating CF

- Quarterly net income before taxes and other adjustments +6,122
- Decrease in notes and accounts receivable ▲5,240
- Increase in inventories ▲1,474
- Increase in notes and accounts payable trade¥¥ ▲1,819
- Corporate income taxes and others paid ▲1,491

Investing CF

- Acquisition of tangible fixed assets ▲443
- Acquisition of intangible fixed assets ▲20

Financing CF

- Increase in short term loans payable +886
- Dividends paid ▲1,473

Financial Forecast for the Fiscal Year Ending March 31, 2023

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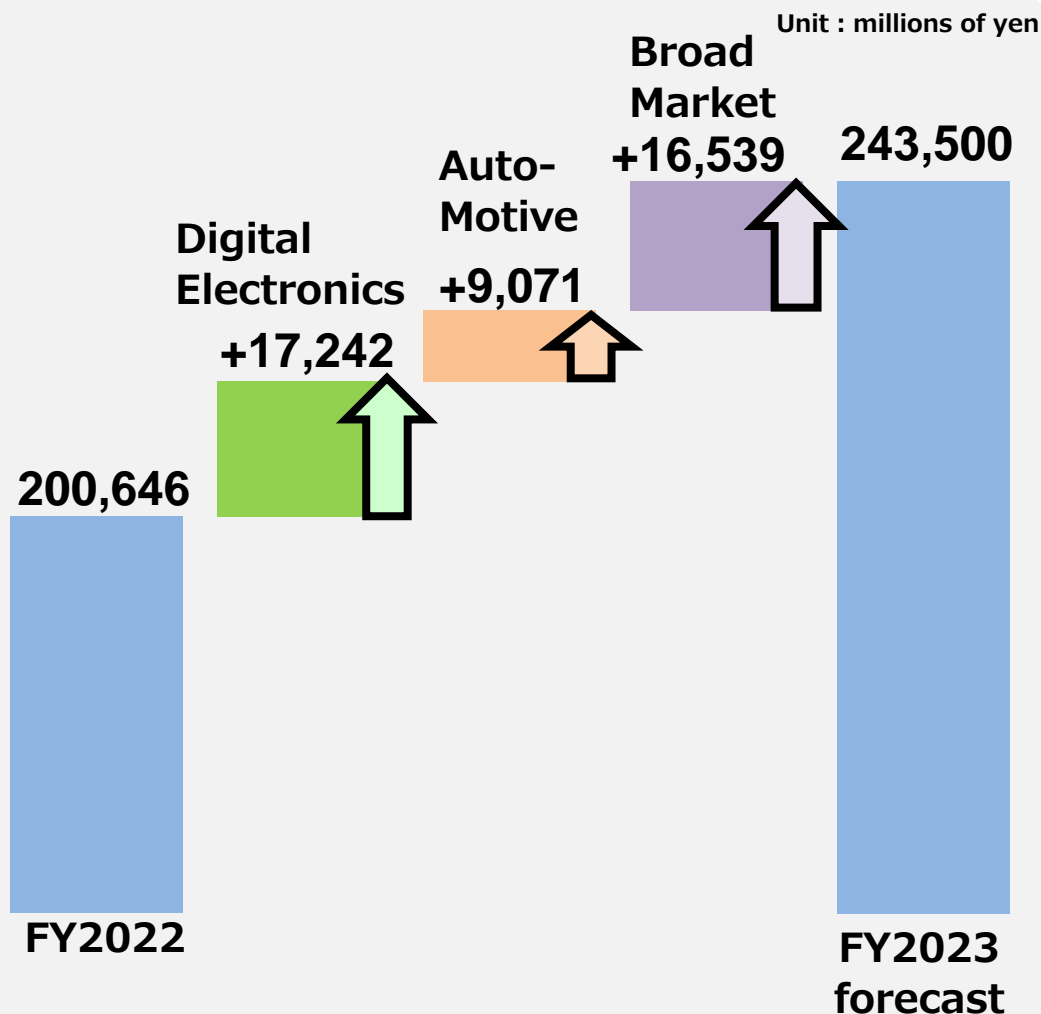
Profits are expected to reach an all-time high for two consecutive fiscal years from higher sales of automobile and game console-related materials

Unit : millions of yen	FY2022	FY2023	Increase/Decrease (FY2022vs. FY2023)
Net sales *The figures in parentheses reflect retrospective application of the Revenue Recognition Standard	200,646	243,500	+21.4%
Operating income	8,346	11,650	+39.6%
Ordinary income	7,867	10,950	+39.2%
Net income	5,374	7,550	+40.5%
EPS	131.25 yen	184.39 yen	—
ROE	9.4%	12.2%	—

FY2023 Consolidated Financial Forecast
Assumed exchange rate 1 USD = JPY 135

- **Automotive: Increase of 32.3% year-on-year expected**
- Point • **Digital Electronics: Increase of 20.1% year-on-year expected with growth in display and game console markets**

Breakdown of Net Sales Increase/Decrease (YoY)



Digital Electronics

[YoY] +17,242M yen(+20.1%)
(85,961M yen ⇒ 103,204M yen)

LCD, Touch panel, Backlight	+6,331M yen
Toy, Hobby	+5,526M yen
Electrical parts, Semiconductors	+3,278M yen

Automotive

[YoY] +9,071M yen(+32.3%)
(28,103M yen ⇒ 37,175M yen)

Broad Market

[YoY] +16,539M yen(+19.1%)
(86,581M yen ⇒ 103,120M yen)

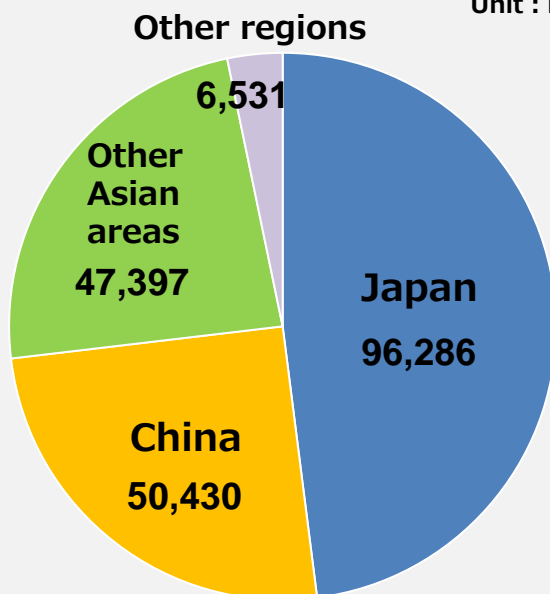
Aftermarket	+6,633M yen
Power system, Train control	+2,350M yen
Industrial machinery	+2,263M yen

Consolidated Financial Forecast: Sales in Japan and Overseas

- **Japan:** Increase year-on-year expected from higher sales of automotive-related materials
- **Overseas:** Increase year-on-year expected from higher sales mainly in display and game console-related materials

FY2022

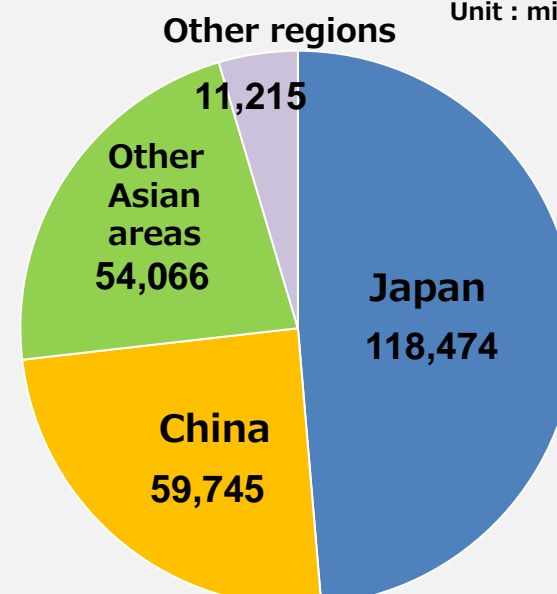
Unit : millions of yen



FY2022 2Q	Sales composition
Japan	48.0%
Overseas	52.0%
China	25.1%
Other Asian areas	23.6%
Other regions	3.3%

FY2023

Unit : millions of yen



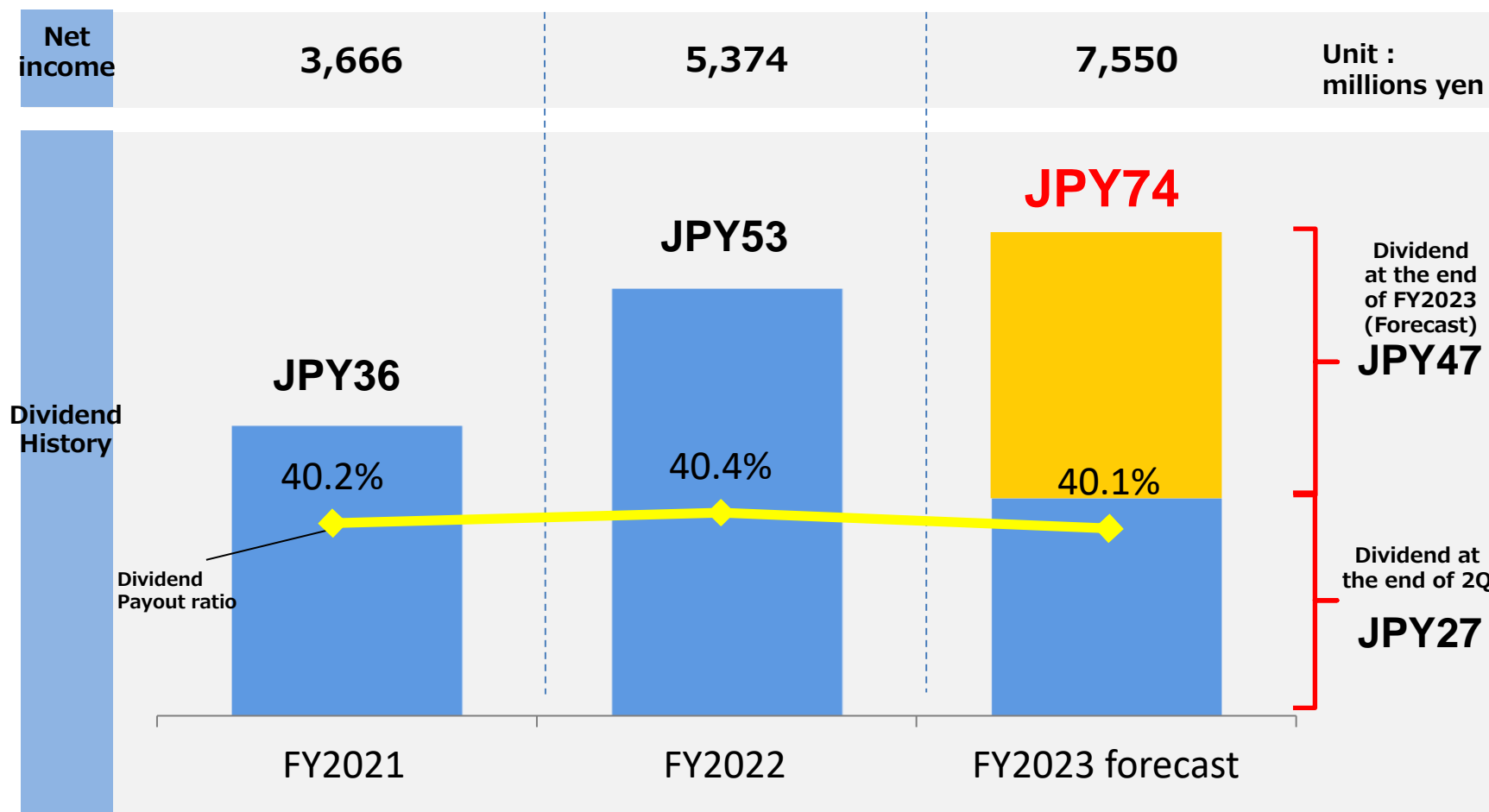
FY2023 2Q	Sales composition
Japan	48.7%
Overseas	51.3%
China	24.5%
Other Asian areas	22.2%
Other regions	4.6%

Dividend Policy and Forecast

Basic dividend policy

Dividend payout ratio **40% or more**

An all-time high for two consecutive fiscal years is expected



Medium-term Corporate Strategy

(From FY2021 through FY2023)

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Initiatives for FY2023

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1. High-Value Added Business

2. Tapping into leading overseas customers

3. Expansion of Automotive Business

4. SDGs initiatives

High-Value Added Business

■ Development of a business structure related to finished products (Original Design Manufacturers or ODM)

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- Market research
- Study of business scheme for sales of finished products
- Development and recruitment of human resources

● Launch of ODM Team



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● Establishment of ODM-dedicated department (Head Office Sales Group 5)

Focus on promotion of ODM business such as prototyping and mass production
Significant increase in number of projects (approx. 100)



1. High-Value Added Business

2. Tapping into leading overseas customers

3. Expansion of Automotive Business

4. SDGs initiatives

Tapping into leading overseas customers

■ Situation of tapping

New customers	Acquired trading accounts in almost all major U.S. and Chinese companies that we target
Example of proposed products	<ul style="list-style-type: none">• Started to assess foldable smartphones in a transition stage• Strengthened proposals for special back designs for smartphones
Orders	Launched mass production of orders for U.S. IT platform companies



Accelerated tapping of major overseas customers



1. High-Value Added Business

2. Tapping into leading overseas customers

3. Expansion of Automotive Business

4. SDGs initiatives

Expansion of Automotive Business

■ Topics on Automotive Business

Topics for the current term

Acquisition of accounts in major European Tier 1 companies

Receipt of prototype order for short circuit protection materials for EVs

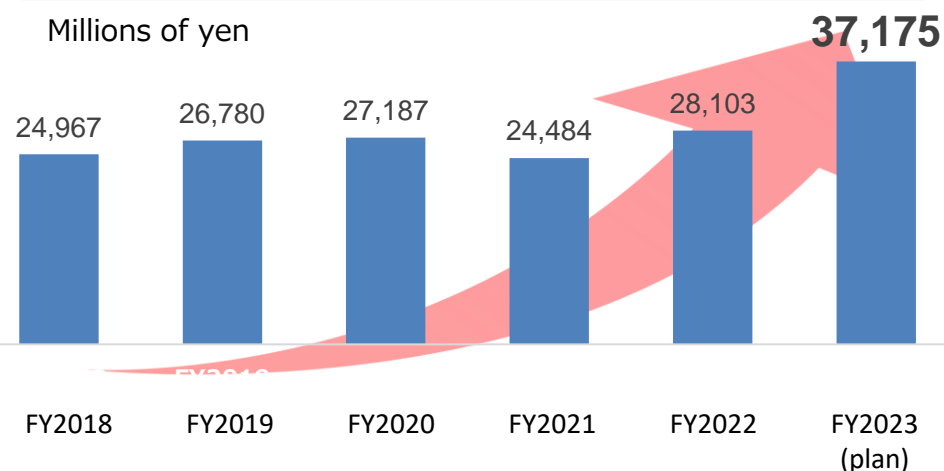
Future activities

Strengthening of head-up displays (HUD) to overseas Tier 1 companies, and activities to incorporate specifications focusing on interior-related products

Expansion of existing businesses to new entrant EV manufacturers

Net sales in automotive market

Millions of yen



An all-time high in net sales is expected

CAGR (Compound Annual Growth Rate)

10.5%



1. High-Value Added Business

2. Tapping into leading overseas customers

3. Expansion of Automotive Business

4. SDGs initiatives

SDGs initiatives

■ Contribution toward a sustainable society through business activities



Realization of a society without traffic accidents

- **Expansion of sales of products which reduce cause of accidents**

Focus on expanding sales of components that contribute to reduction of traffic accident causes, including HUD and dashboard cameras



Distribution of eco-friendly electronic and other materials

- **Launch of mass production of carrying cases for game consoles**

Produce carrying cases for game console controllers that use recycled resin derived from discarded materials such as plastic bottles









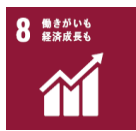




Distribution of electronic and other materials related to clean energy

- **Expansion of sales of PHEV- and EV-related products**

Focus on expansion of sales of PHEV- and EV-related products such as pyro-fuse (voltage breaker)

Reference: Our materiality (Important issues)

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

**Thank you very much for your time
and attention.**

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Elematec Corporation



Supplementary material

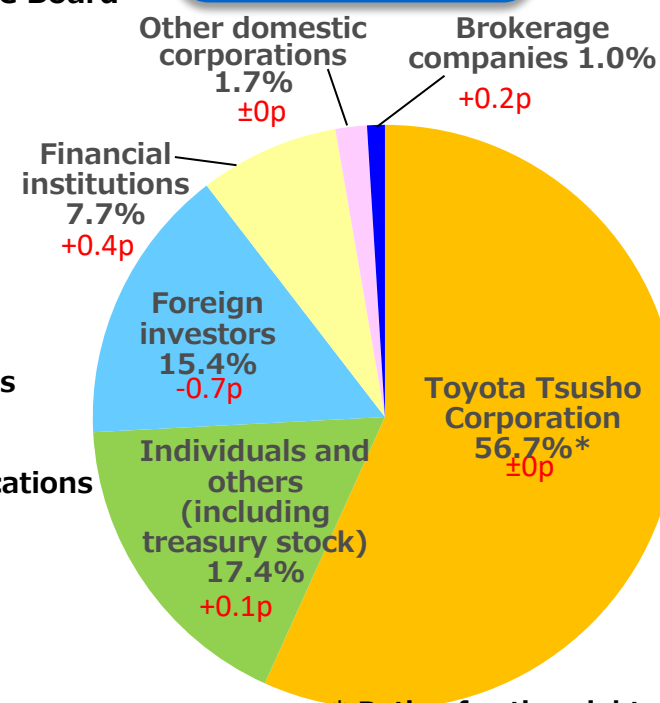
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Company Profile

*The following data (excluding notes) is as of September 30, 2022

Trade name	Elematec Corporation
Established	April 1947 (founded: November 1945)
Stock exchange listing	Prime Market of TSE
Operation base	Sumitomo Fudosan Mita Twin Bldg. West Wing, 19th 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] 1,161 [Non-consolidated] 477
Locations	[Domestic sales offices: 24 locations] Head office, Main Branch, 17 Branches, 5 Sales Offices [Overseas sales offices: 40 locations] China – 17 locations, Other Asia – 16 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	5,522

Breakdown of Shareholders
(as of September 30, 2022)



* Ratio of voting rights excluding treasury stock – 58.6%

Figures in red are changes from the end of March 2022