



«FY2024 2Q»

**Briefing Material on Fiscal Results
2023/11/14**

Elematec Corporation

Tokyo Stock Exchange, Prime Market CODE: 2715

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Financial Report

**The second quarter of the fiscal
year ending March 2024**

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Financial Highlights

The business environment deteriorated significantly due to a delayed recovery of the Chinese economy

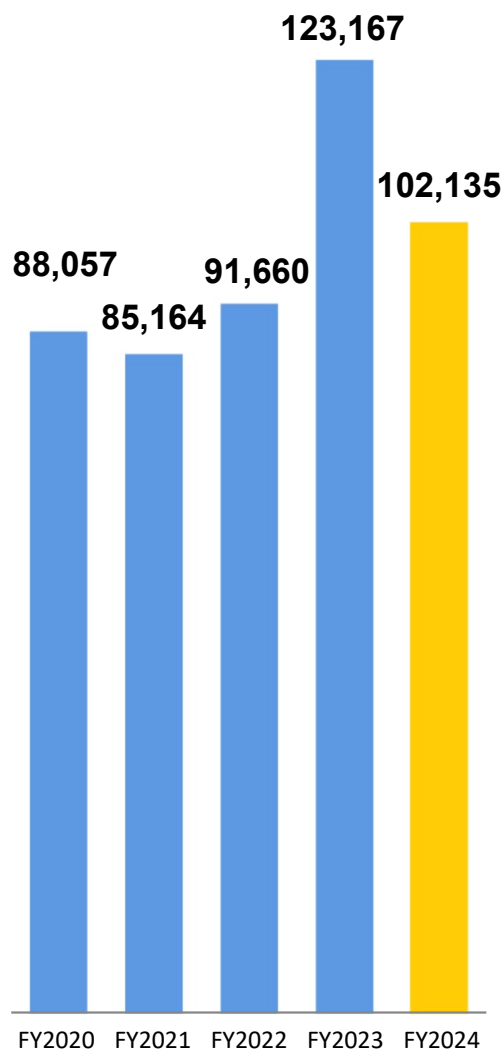
The sales in the display-related materials and electronic parts-related materials were weak

Unit: millions of yen	FY23 2Q (USD=134.03YEN)	FY24 2Q (USD=141.06YEN)	Year-on-year	Increase/Decrease Factors
Net sales	123,167	102,135	▲ 17.1%	Decrease mainly due to lower sales of display-related materials
Gross profit	13,980	12,341	▲ 11.7%	Decrease due to lower sales
Gross profit margin	11.4%	12.1%	+0.7pt	
SG&A expenses	7,351	7,784	+5.9%	Increase in allowance for doubtful accounts
Operating income	6,628	4,556	▲ 31.3%	
Ordinary income	6,122	4,203	▲ 31.3%	
Net income	4,164	3,060	▲ 26.5%	
EPS	101.71 yen	74.75yen	—	
Dividends	27 yen	40 yen	—	

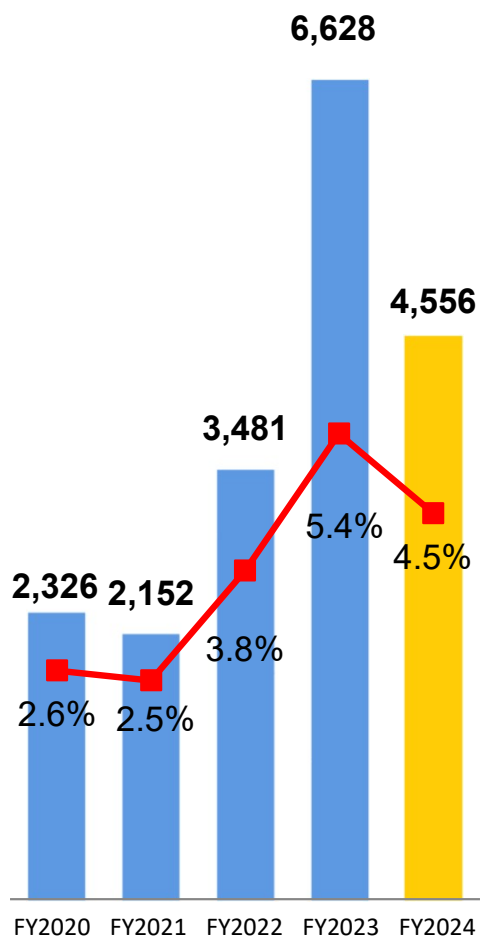
[Consolidated] Business Results History

Point This is the second highest record in the company's history which is following the highest record of the previous fiscal year

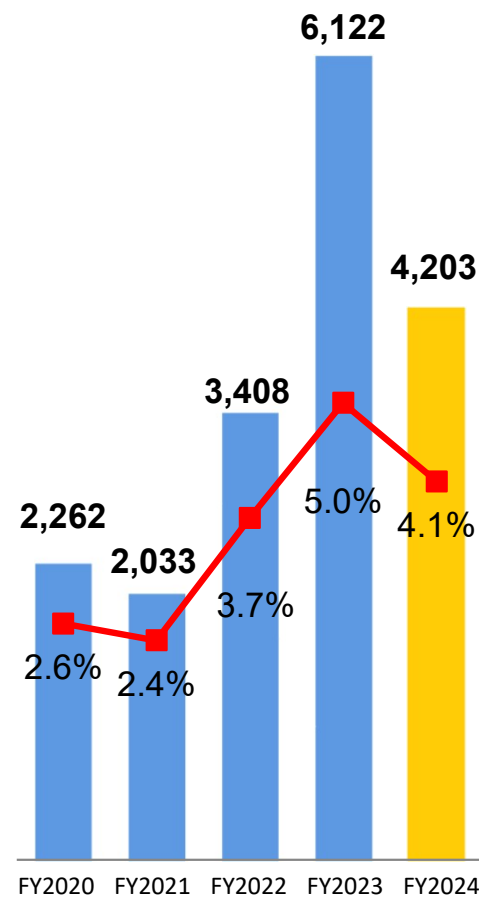
Net sales



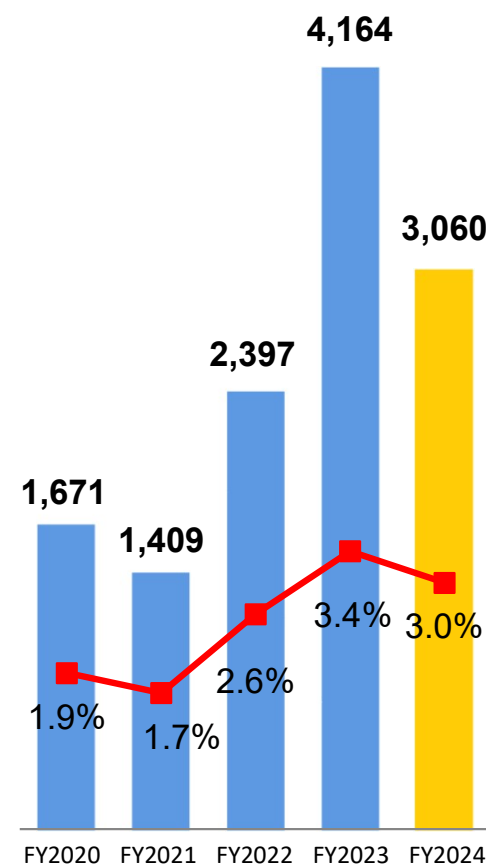
Operating income



Ordinary income

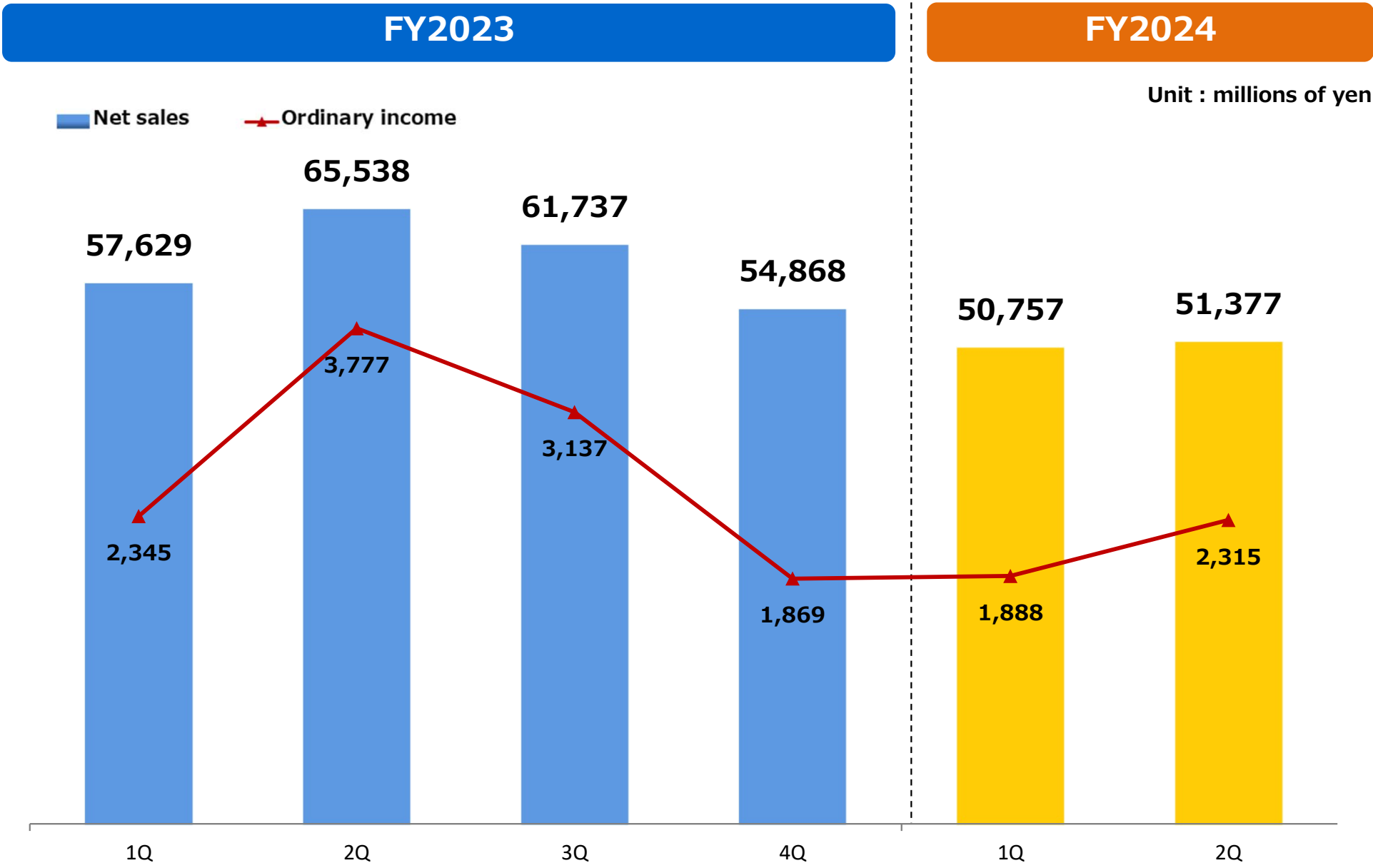


Net income



[Consolidated] Second Quarter Business Results

In the electronics industry, although demand for electrification of automobiles continued to expand, production of electronic parts was weak due to a delayed recovery of the Chinese economy and diminishing demand for smartphones.

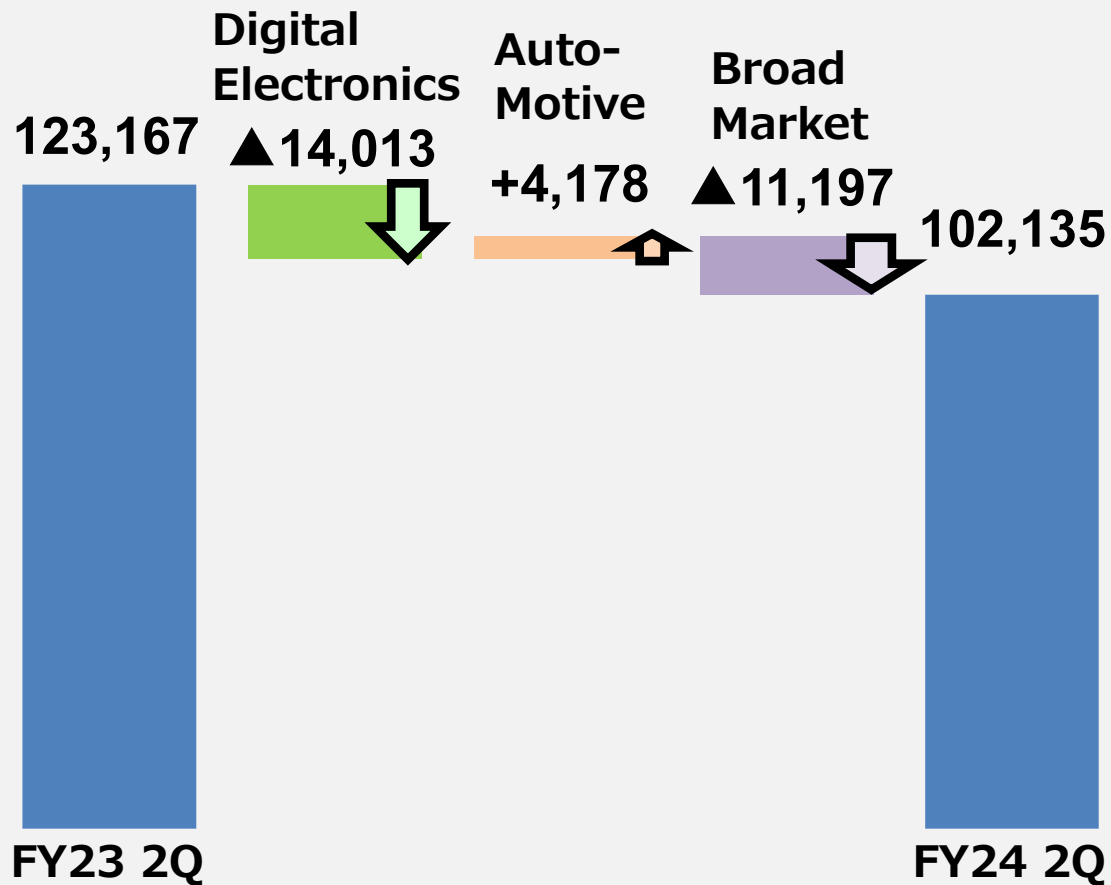


Sales by Market

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

Breakdown of Net Sales Increase/Decrease from the Previous Year

Unit : millions of yen



Digital Electronics

[YoY] ▲14,012M yen (▲25.5%)
(54,848M yen⇒40,835M yen)

LCD, Touch panel, Backlight	▲8,422 M yen
Electrical parts, Semiconductors	▲4,261 M yen
Mobile devices, PC	▲1,194 M yen

Automotive

[YoY] +4,178M yen (+24.7%)
(16,912 M yen ⇒21,090 M yen)

Broad Market

[YoY] ▲11,197M yen (▲21.8%)
(51,406 M yen ⇒40,209 M yen)

Aftermarket	▲5,327 M yen
Power system, Train control, Ship, Airplane	▲1,067 M yen
Office automation machines	▲1,015 M yen

Selling, General and Administrative Expenses

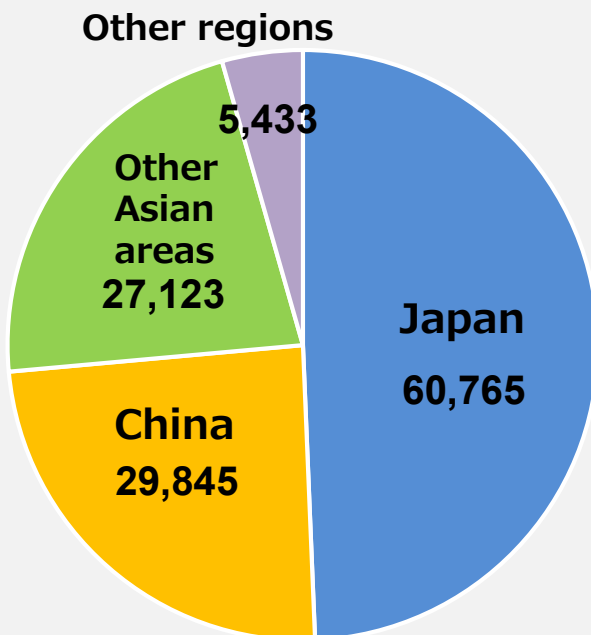
Unit : millions of yen	FY23 2Q	FY24 2Q	Year-on-Year	Increase/Decrease Factors
Personnel Expenses	3,999	4,070	+70	Increase in personnel
Freightage & Packing Expenses	1,343	1,147	▲ 196	Decrease in lower transportation
Others	2,007	2,566	+558	Increase in allowance for doubtful accounts
SG&A Expenses	7,351	7,784	+433	SG&A to net sales ratio 6.0% ⇒ 7.6%

Overseas Sales

- Point**
- Japan: Sales decreased due to lower sales of products for aftermarket such as dashboard cameras
 - Overseas: Sales decreased due to lower sales of display-related materials and electronic parts-related materials

FY2023 2Q

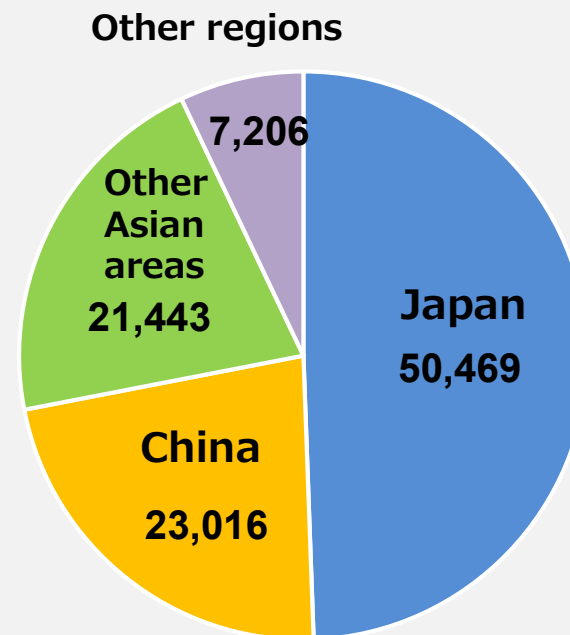
Unit : millions of yen



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

FY2024 2Q

Unit : millions of yen



FY2024 2Q	Sales Composition
Japan	49.4%
Overseas	50.6%
China	22.5%
Other Asian areas	21.0%
Other regions	7.1%

Balance Sheet

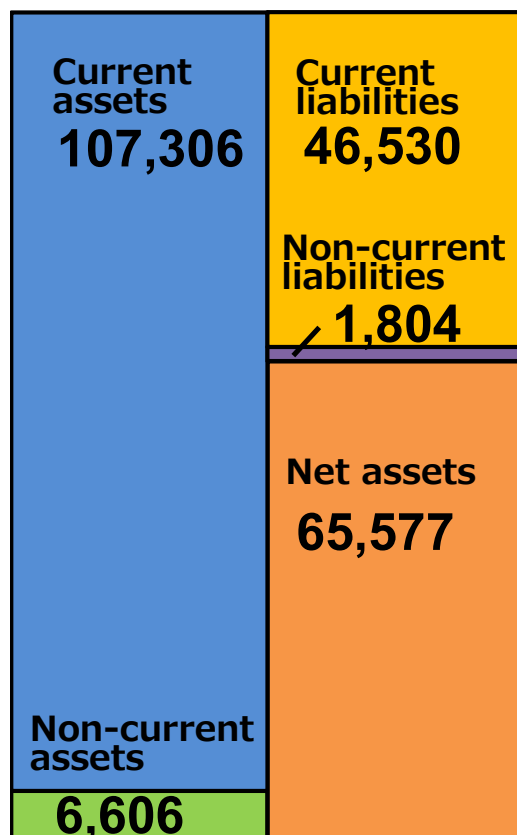
Point Shareholder's equity ratio remained at over 50%

Balance Sheet

Unit : millions of yen

Total assets **113,913**

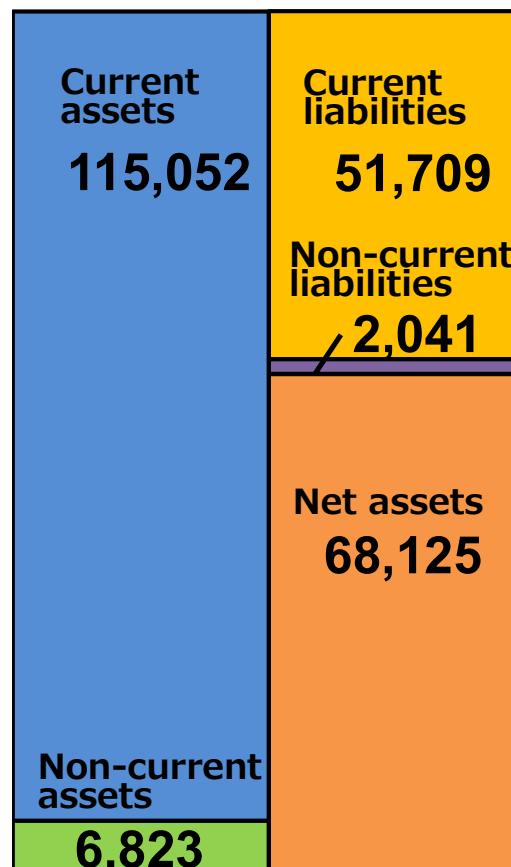
Equity ratio **57.6%**



FY2023

Total assets **121,876**

Equity ratio **55.9%**



FY2024 2Q

Main factors for change

Current assets +7,746

- Cash and deposits +8,281
- Notes and accounts receivable ▲1,776
- Inventories +1,315

Non-current assets +216

- Property, plant and equipment +120

Liabilities +5,415

- Notes and accounts payable trade +5,431
- Short term loans payable ▲538

Net assets +2,547

- Foreign currency translation adjustment +1,480
- Retained earnings +1,054

Consolidated Statements of Cash Flows

Cash flow

Unit: millions of yen	FY23 2Q	FY24 2Q
Operating C/F	▲2,820	10,731
Investing C/F	▲439	▲581
Financing C/F	▲783	▲2,822
Effect of exchange rate change on cash and cash Equivalents	854	953
Net increase/decrease in cash and cash equivalents	▲3,189	8,281
Cash and cash equivalents at the end of the period	27,563	41,248

Key increase/decrease factors

Operating CF

- Quarterly net income before taxes and other adjustments + 4,203
- Decrease in notes and accounts receivable + 3,684
- Increase in notes and accounts payable trade + 3,588
- Increase in inventories ▲518

Investing CF

- Purchase of property, plant and equipment ▲516
- Purchase of intangible assets ▲19

Financing CF

- Dividends paid ▲2,006
- Decrease in short term loans payable ▲629

Financial Forecast for the Fiscal Year Ending March 31, 2024

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The business environment deteriorated significantly due to a delayed recovery of the Chinese economy

We have expected conditions to remain difficult in the second half and have revised FY 2024 consolidated Financial Forecast

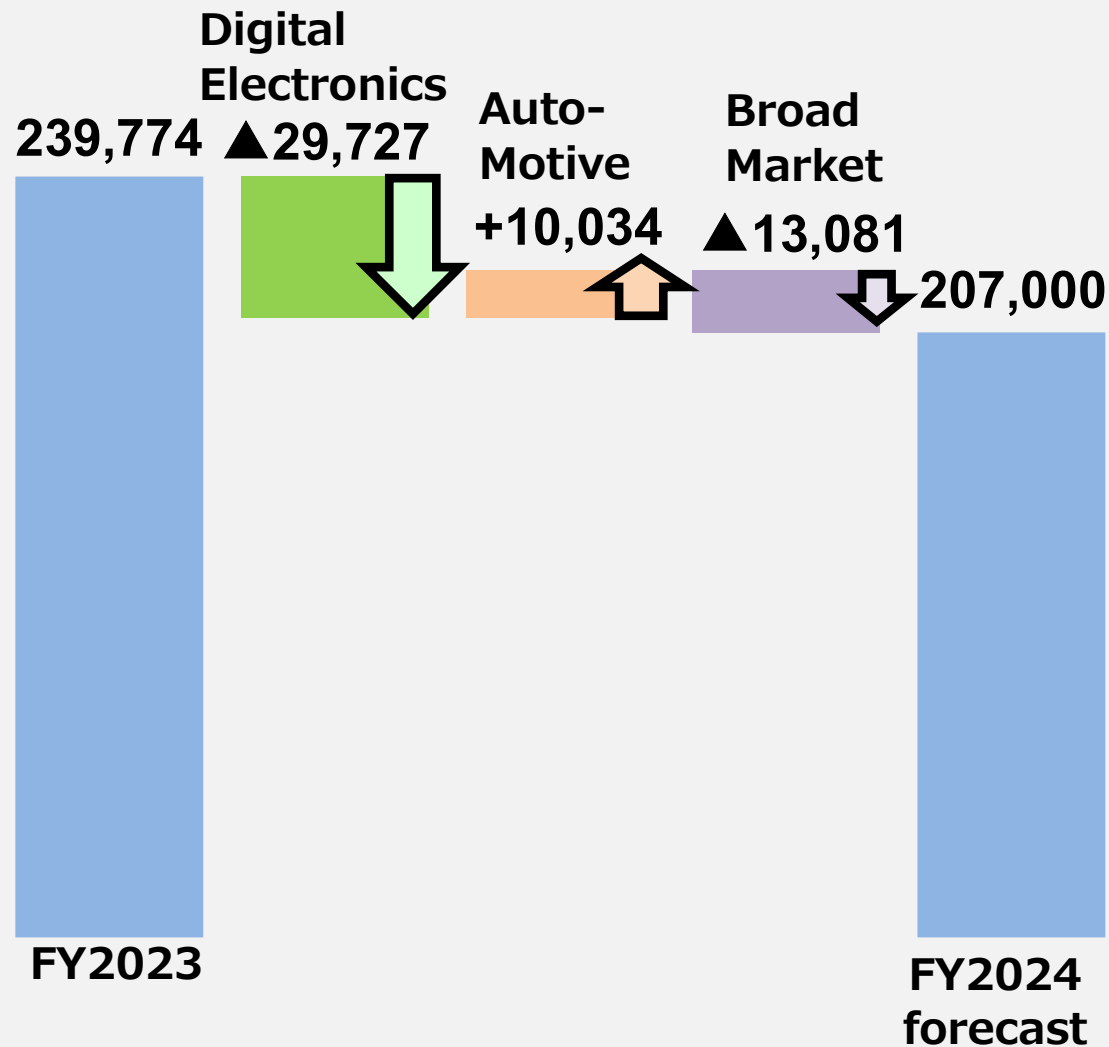
Unit : millions of yen	FY2023	FY2024	Increase/Decrease (FY2023 vs. FY2024)
Net sales	239,774	207,000	▲13.7%
Operating income	12,052	9,000	▲25.3%
Ordinary income	11,130	8,400	▲24.5%
Net income	7,696	6,000	▲22.0%
EPS	187.96 yen	146.53 yen	—
ROE	12.3%	9.0%	—

FY2024 Consolidated Financial Forecast
Assumed exchange rate 1 USD = JPY 140

- **Automotive : Increase in the sales of EV-related products**
- Point** • **Digital Electronics : Decrease in the sales of display-related materials and game console-related materials**

Breakdown of Net Sales Increase/Decrease (YoY)

Unit : millions of yen



Digital Electronics

[YoY] ▲29,727 M yen (▲28.9%)

(102,996 M yen ⇒ 73,269 M yen)

LCD, Touch panel, Backlight	▲17,007 M yen
Electrical parts, Semiconductors	▲5,008 M yen
Toy, Hobby	▲4,735 M yen

Automotive

[YoY] +10,034 M yen (+27.4%)

(36,653 M yen ⇒ 46,687 M yen)

Broad Market

[YoY] ▲13,081 M yen (▲13.1%)

(100,124 M yen ⇒ 87,042 M yen)

Aftermarket	▲11,802 M yen
Office automation machines	▲1,662 M yen
Power system, Train control, Ship, Airplane	▲1,115 M yen

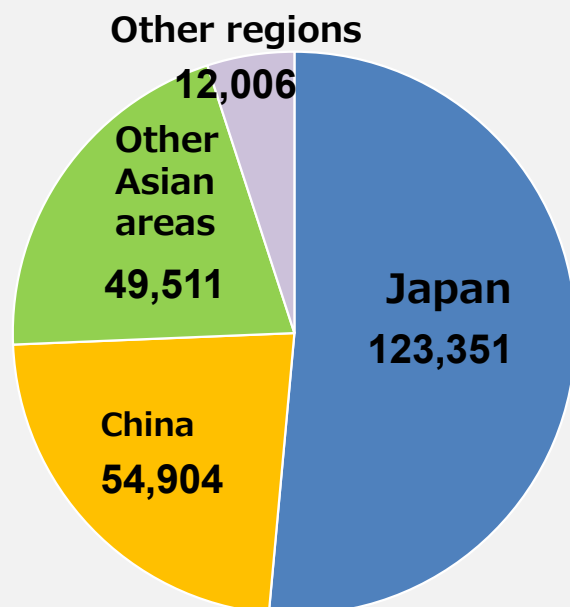
Consolidated Financial Forecast: Sales in Japan and Overseas

- Japan : Decrease in the sales of display-related materials

Point • Overseas : Decrease in the sales of display-related materials and game console-related materials

FY2023

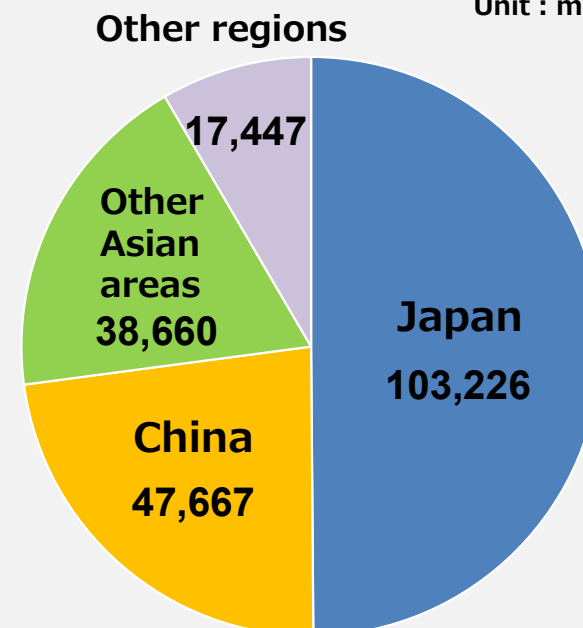
Unit : millions of yen



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

FY2024

Unit : millions of yen



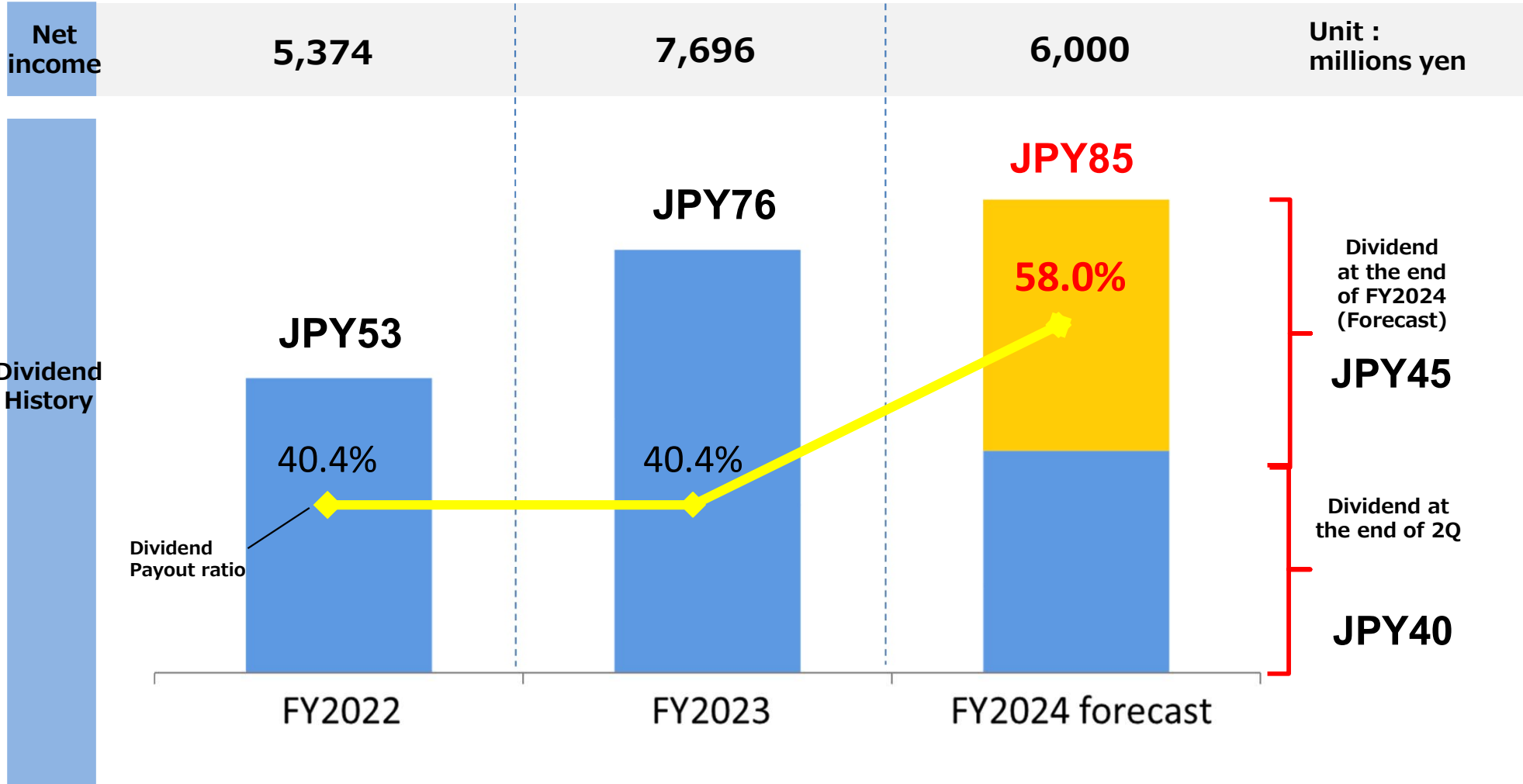
FY2024	Sales composition
Japan	49.9%
Overseas	50.1%
China	23.0%
Other Asian areas	18.7%
Other regions	8.4%

Dividend Policy and Forecast

Basic dividend policy

The amount calculated using the payout ratio (consolidated) of 50% or the DOE of 3%, whichever is higher as a guideline

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



Medium-term Corporate Strategy

(From FY2024 through FY2026)

elematec Pro⁺

Initiatives for FY2024

Cultivate Potential Areas on a Full-Scale Basis

■ Opening of Poland Branch

Opened to expand sales of automotive-related businesses, etc.

Strengthening the activity to have our products included in product specifications (inclusion into customers' specifications) in Europe and America

Opening

2006: Europe Headquarters

2021: Germany Branch

2023: Poland Branch

Investing resources in the Company's potential areas in Europe and America

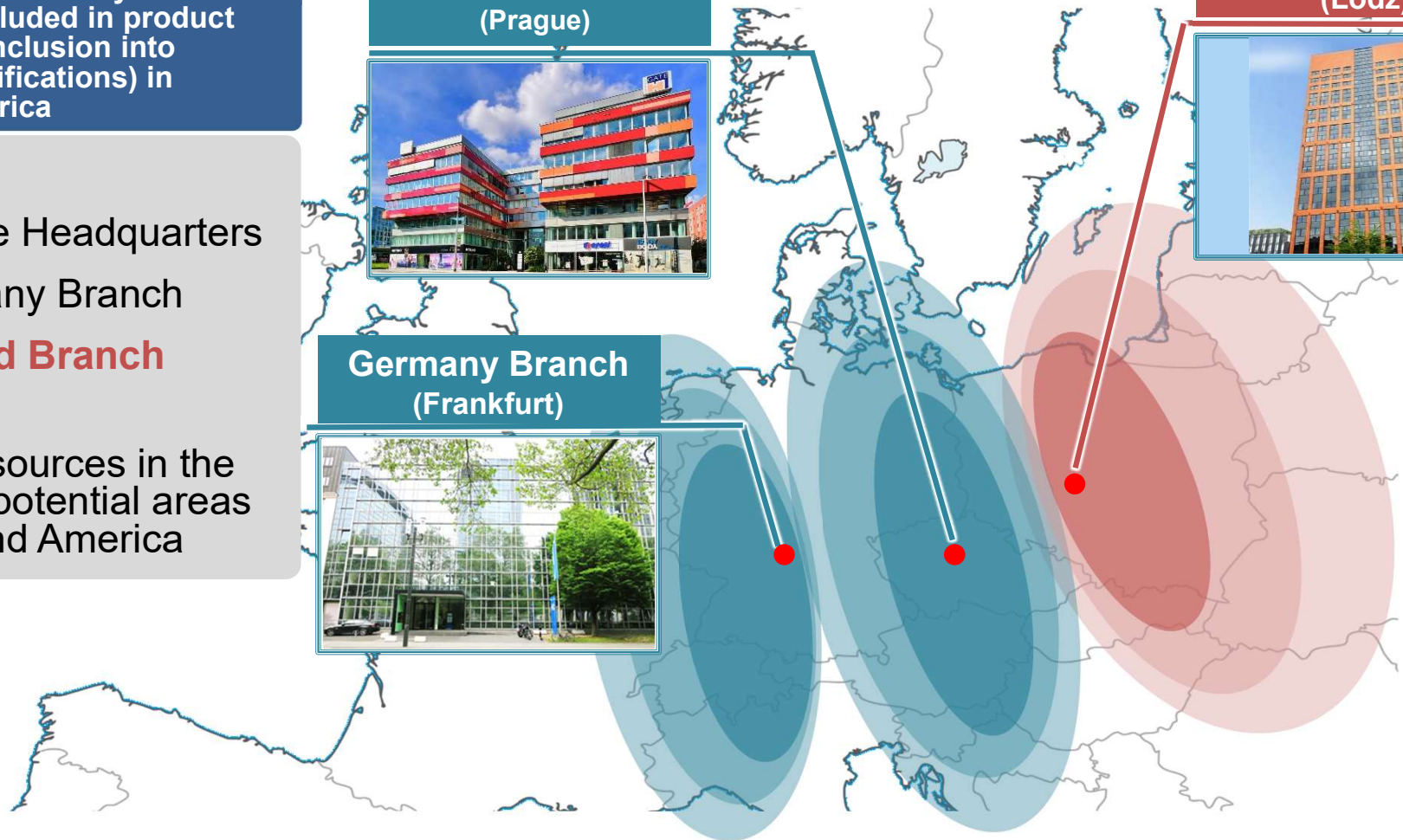
Europe Headquarters
(Prague)



Germany Branch
(Frankfurt)



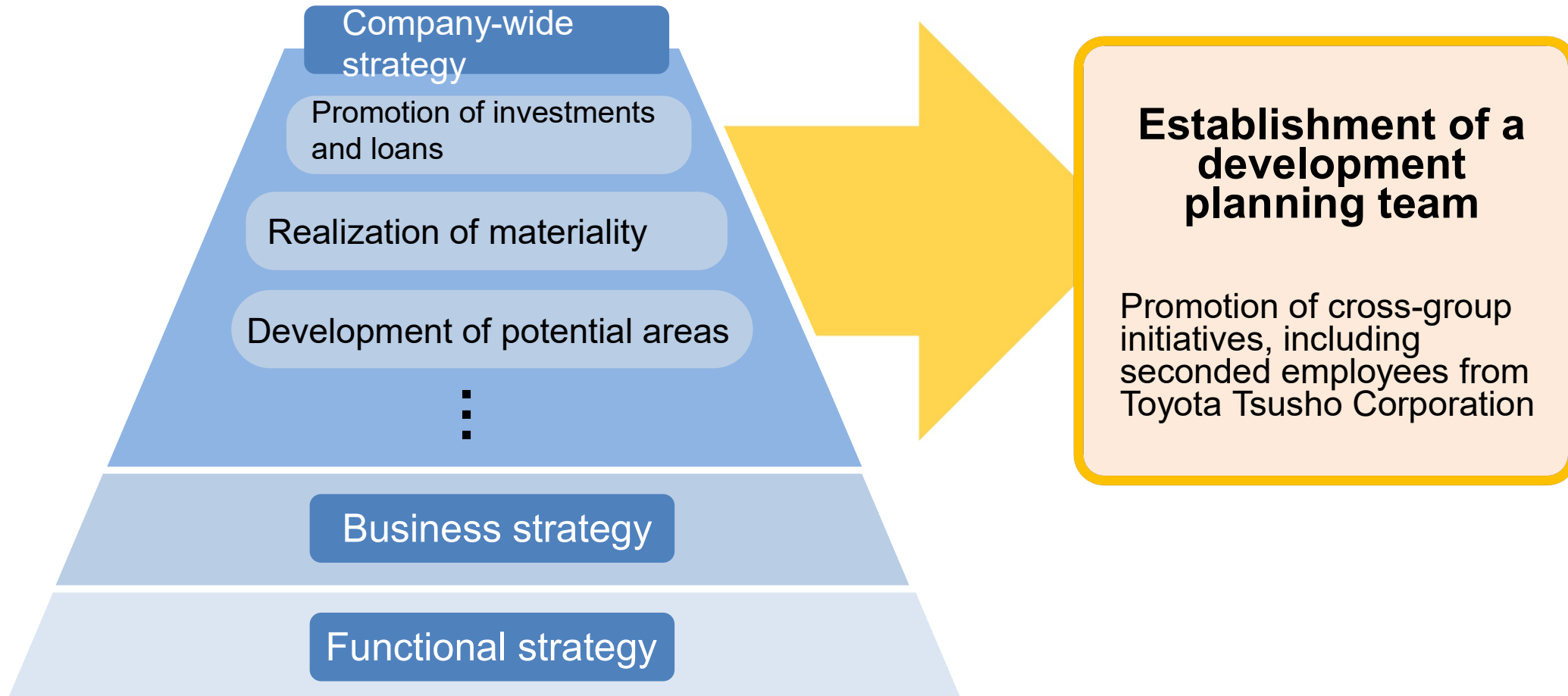
Poland Branch
(Lodz)



Strengthen the Functions of the Marketing & Development Division

- Establishment of a development planning team

elematec Pro+ Working to achieve a company-wide strategy in elematec Pro+



Focus on the Automotive Field

Expanding sales of environmentally friendly/electricity-related materials for EVs

Materials/Products	Achievements
Heater module	Mass production orders for various heater modules
Motor generator-related materials	Mass production orders of magnets for motors
Battery refractory sheet ASSY	New adoption decision for another automotive model



Future development

Widespread deployment of domestic results to
Europe's Mega Tier 1

Cultivate Leading Domestic and Overseas Customers

Cultivate leading overseas customers

Results for the
previous fiscal year

Increase in orders from U.S. IT platform companies

Results for
the current
fiscal year

**Achievements were recognized, and other products
changed their commercial distribution to the Company**

Start of trial production for a fee

In addition to the above, we have received orders for new trial of foldable materials for major U.S. companies and will accelerate the development of major overseas customers

Initiatives for SDGs

■ Human rights policy

In order to respect the human rights of all stakeholders involved in the Company's business activities, we have formulated the Elematec Group Human Rights Policy based on our management principles and Ten Provisions of Code of Ethical Conduct "CODE 10"

Outline of human rights policy

- 1 Compliance with international norms and laws
- 2 Scope of application
- 3 Respect for human rights through business activities
- 4 Human rights due diligence
- 5 Correction and remedy
- 6 Complaint-handling mechanism
- 7 Education
- 8 Information disclosure
- 9 Dialogue and consultation with stakeholders

Efforts for SDGs

■ Formulation of medium- to long-term materiality goals

Materiality	Medium- to long-term goals
Realization of a safe and secure society	<p>Expand sales of high value-added products that respond to the evolution of mobility - FY3/2022: 31.0 billion yen → FY3/2026: 32.5 billion yen</p> <hr/> <p>Expand sales of products for medical diagnostic and testing equipment, etc. - FY3/2022: 8.4 billion yen → FY3/2026: 12.2 billion yen</p>
Reduction of environmental burdens and realization of a recycling-oriented society	<p>Expand sales of commercial products for environmentally friendly vehicles and clean energy equipment - FY3/2022: 3.7 billion yen → FY3/2026: 8.8 billion yen</p> <hr/> <p>Expand sales of environmentally friendly products - FY3/2022: 2.7 billion yen → FY3/2026: 5.5 billion yen</p>
Construction of organizations that respect diversity and grow together	<p>Provide opportunities for all employees to reach their full potential - Review of employment system, promotion of health management, full renewal of personnel system, etc.</p>
Construction of governance structures trusted by all stakeholders	<p>Strengthening the functions of the Board of Directors and ensuring compliance - Increase in the ratio of External Members of the Board, election of female officers, etc. - Establishment of a specialized department in charge of compliance promotion</p>

**To provide new values by
expanding our good relationships.**

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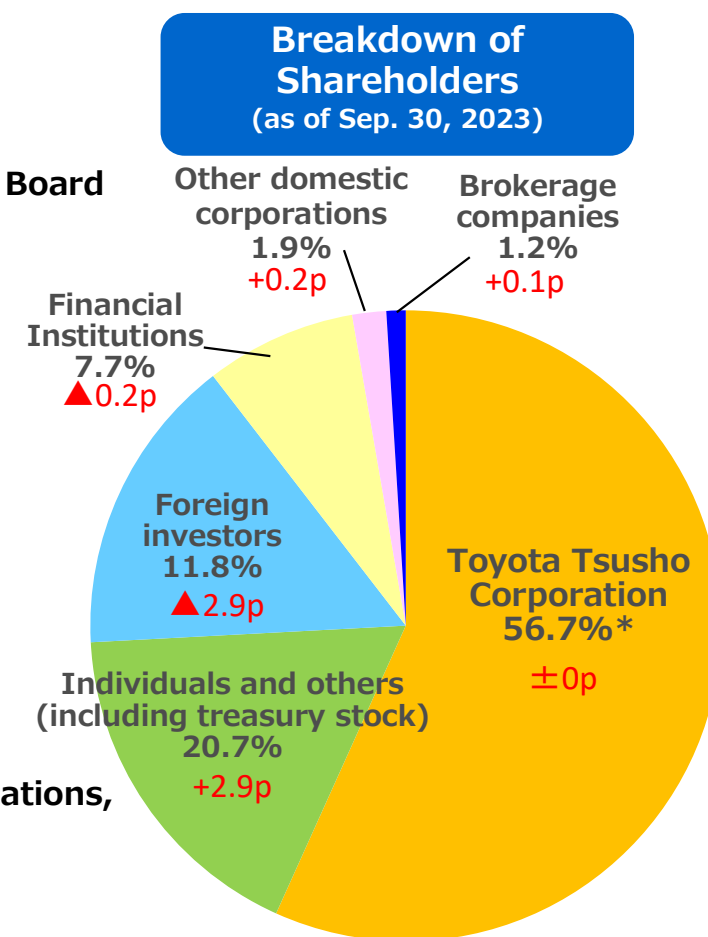
エレマテック株式会社

Elematec Corporation

Supplementary material

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Trade name	Elematec Corporation
Established	April 1947 (Founded: November 1945)
Stock exchange listing	The Prime Market of TSE
Operating base	Sumitomo Fudosan Tokyo Mita Garden Tower 26F, 3-5-19 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] 1,209 [Non-consolidated] 498
Locations	[Domestic offices: 25 locations] Head office, Main Branch, 18 Branches, 5 Sales Offices [Overseas offices: 48 locations] East Asia - 25 locations, Southeast Asia – 13 locations South Asia - 2 locations, North & Central America – 5 locations, Europe – 3 locations
Capital stock	2,142 million yen
Number of shares issued	42,304,000
Number of shareholders	8,918



*Ratio of voting rights excluding treasury stock - 58.6%

Figures in red are changes from the end of March 2023.