



<<FY2022>>

**Briefing Material on Financial Results
2022/5/18**

Elematec Corporation

Tokyo Stock Exchange, Prime Market CODE: 2715

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Financial Report

The fiscal year ended March 2022

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Financial Highlights

Operating income, ordinary profit, and net income recorded **all-time highs**

Unit: millions of yen	FY21 (USD=106.10YEN)	FY22 (USD=112.39YEN)	Year-on-year	Increase/Decrease Factors
Net sales	180,218	* 200,646	+11.3%	Increase due to higher sales of automotive-related materials and game console-related materials
Gross profit	17,437	21,560	+23.6%	Increase due to higher sales
Gross profit margin	9.7%	10.7%	+1.0pt	
SG&A expenses	11,974	13,214	+10.4%	Increase in personnel expenses and freightage & packing expenses
Operating income	5,463	8,346	+52.8%	
Ordinary profit	5,179	7,867	+51.9%	
Net income	3,666	5,374	+46.6%	
ROE	7.0%	9.4%	—	
EPS	89.55yen	131.25yen	—	
Dividends	36yen	53yen	—	

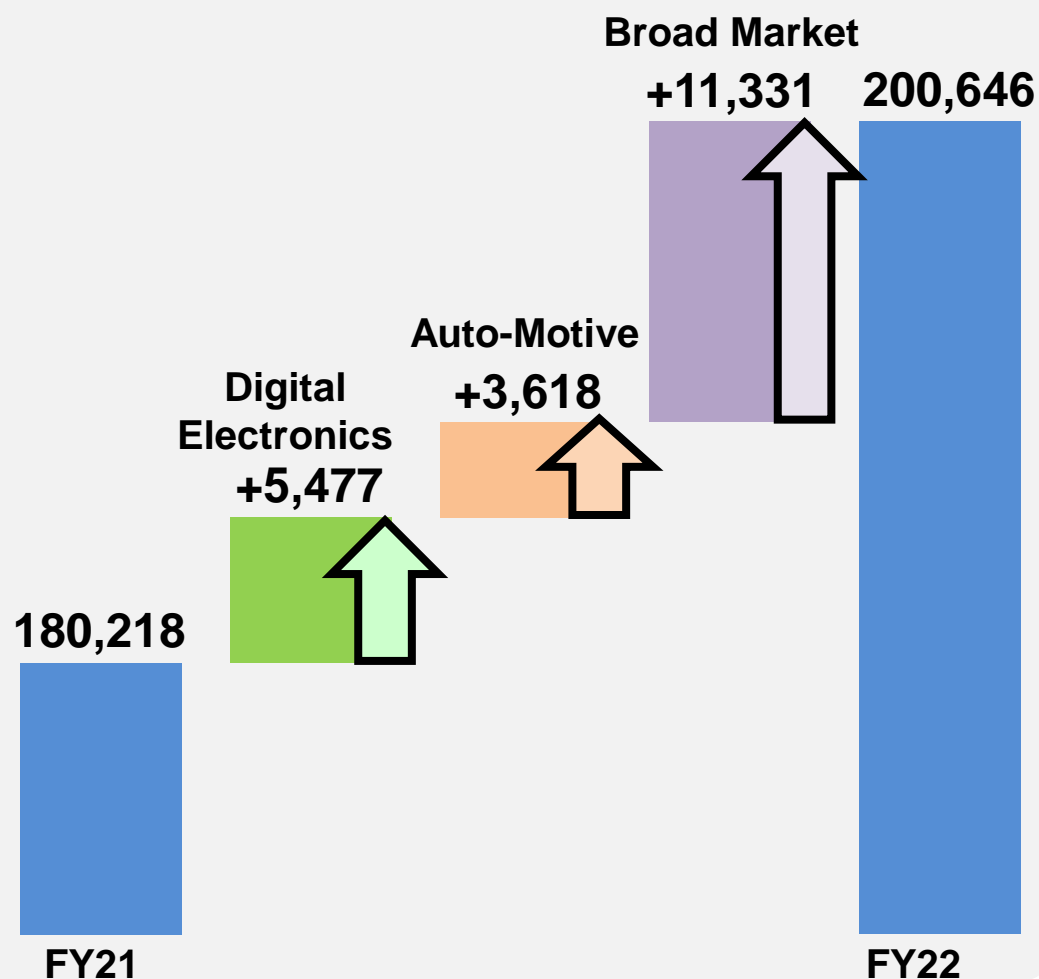
*The impact of applying the Revenue Recognition Standard from the fiscal year under review: Net sales -10,467 million yen

Factors for Change in Sales by Market

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

Breakdown of Net Sales Increase/Decrease from the Previous Year

Unit: millions of yen



Main factors for changes

* Figures in square brackets show the impact of applying the Revenue Recognition Standard from the fiscal year under review

Digital Electronics

[YoY] **+5,477M yen** [**▲5,571M yen**]
+6.8%(80,484M yen⇒85,961M yen)

LCD, Touch panels, Backlights
+3,777M yen [**▲10M yen**]

Electrical parts, Semiconductors
+2,678M yen [**▲3,033M yen**]

Automotive

[YoY] **+3,618M yen** [**▲107M yen**]
+14.8%(24,484M yen⇒28,103M yen)

Broad Market

[YoY] **+11,331M yen** [**▲4,788M yen**]
+15.1%(75,249M yen⇒86,581M yen)

Aftermarket
+4,279M yen [**▲0M yen**]

Medical equipment
+2,067M yen [**▲1,029M yen**]

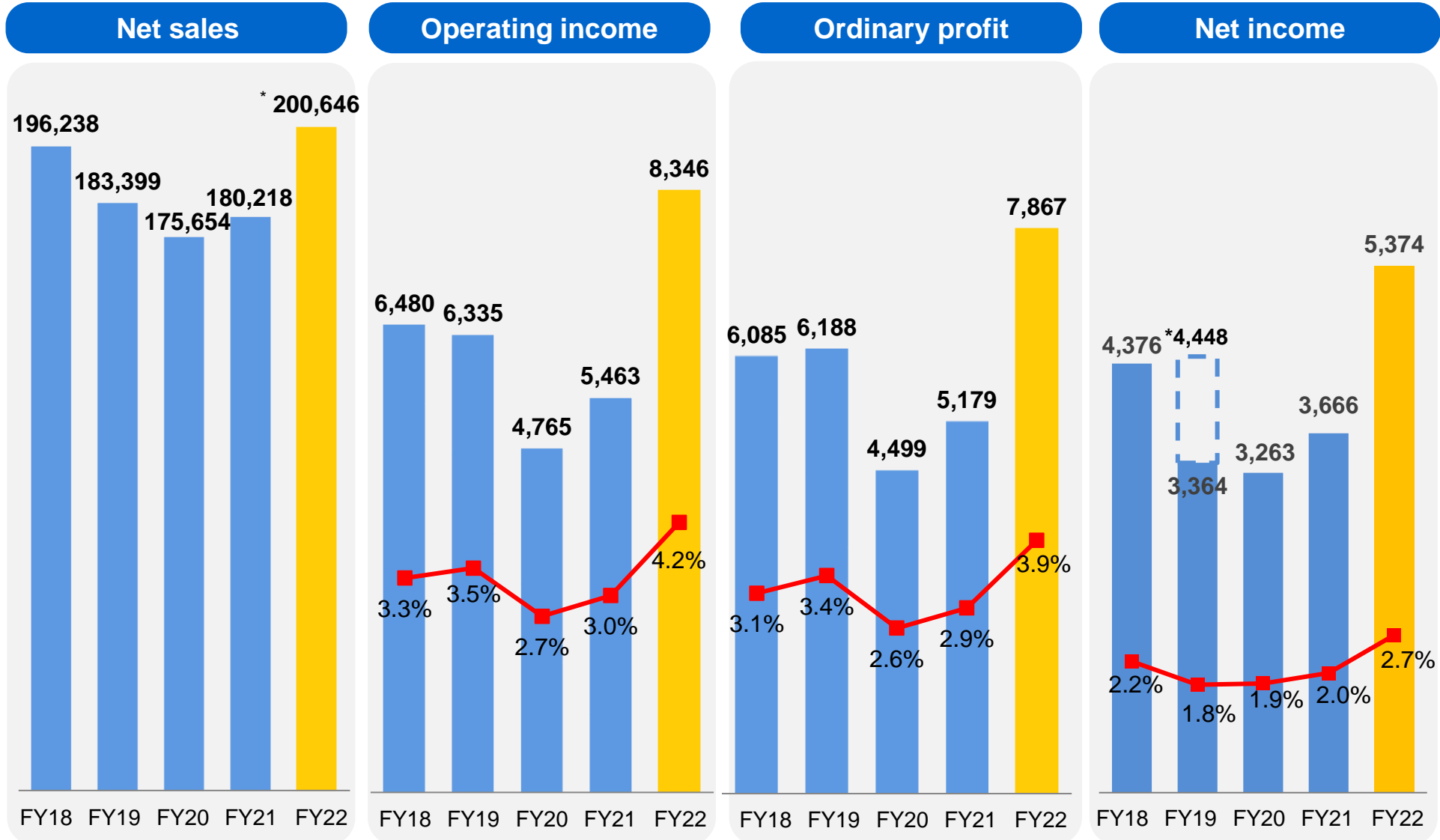
Selling, General and Administrative Expenses

Unit: millions of yen	FY21	FY22	Year-on-Year	Increase/Decrease Factors
Personnel Expenses	6,582	7,220	+638	<ul style="list-style-type: none"> • Increase in performance-linked bonuses • Increase due to pay raises, promotions, etc.
Freightage & Packing Expenses	2,178	2,462	+283	<ul style="list-style-type: none"> • Increase due to higher sales
Others	3,212	3,531	+318	<ul style="list-style-type: none"> • Increase in travel and transportation expenses from resumption of business trips • Increase in taxes and public charges, etc.
SG&A Expenses	11,974	13,214	+1,240	<ul style="list-style-type: none"> • SG&A to net sales ratio • 6.6% ⇒ 6.6%

Business Results

Both sales and profits increased year-on-year due to higher sales of automotive-related materials
Operating income, ordinary profit, and net income recorded an all-time high

Unit: millions of yen

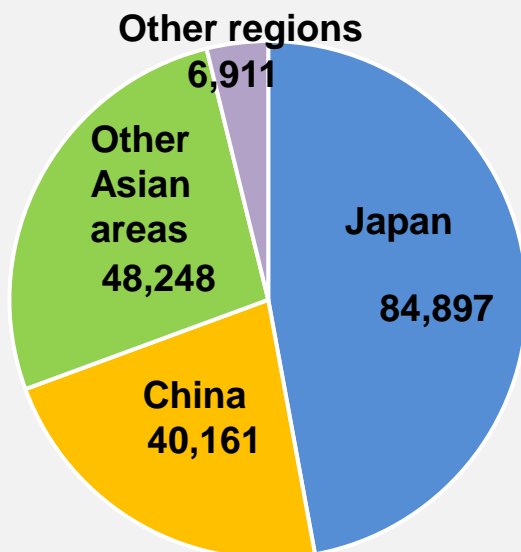


*The impact of applying the Revenue Recognition Standard from the fiscal year under review: Net sales -10,467 million yen

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

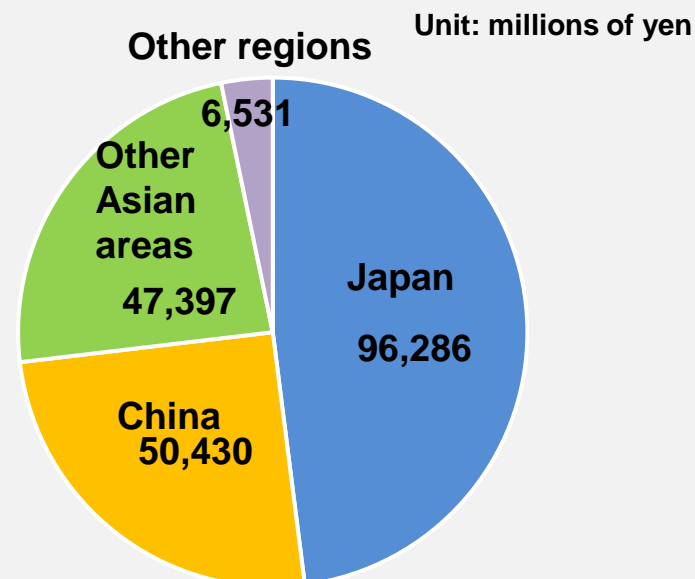
- Point**
- Japan: Sales increased due to higher sales of dashboard cameras, medical equipment-related materials, etc.
 - Overseas: In China, sales increased due to higher sales of game console- and electronic parts-related materials
In other Asian areas, sales decreased due to lower sales of smartphone-related materials

FY2021



FY2021	Sales composition
Japan	47.1%
Overseas	52.9%
China	22.3%
Other Asian areas	26.8%
Other regions	3.8%

FY2022



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

Balance Sheet

Point Shareholder's equity ratio remained at over 50%

Balance Sheet

Unit: millions of yen

Total assets 101,317

Equity ratio 53.7%

Current assets 95,333	Current liabilities 45,619
	Non-current liabilities 1,284
Non-current assets 5,984	Net assets 54,413

FY2021

Total assets 115,332

Equity ratio 51.7%

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

FY2022

Main factors for change

Current assets +13,663

- Notes and accounts receivable-trade +6,546
- Inventories +4,091
- Cash and deposits +2,875

Non-current assets +352

- Deferred tax assets +295

Liabilities +8,783

- Notes and accounts payable-trade +6,272
- Income taxes payable +578
- Short-term loans payable +265

Net assets +5,231

- Retained earnings +3,736
- Foreign currency translation adjustment +1,511

Consolidated Statements of Cash Flows

Cash flow

Key increase/decrease factors

Unit: millions of yen	FY21	FY22
Operating C/F	6,104	4,236
Investing C/F	▲747	▲599
Financing C/F	▲1,264	▲1,710
Effect of exchange rate change on cash and cash equivalents	397	948
Net increase/decrease in cash and cash equivalents	4,490	2,875
Cash and cash equivalents at the end of the period	27,877	30,753

Operating CF

- Income before income taxes +7,660
- Increase in notes and accounts receivable ▲4,305
- Increase in inventories ▲3,217
- Increase in notes and accounts payable – trade +3,686
- Corporate income taxes and others paid ▲1,658

Investing CF

- Acquisition of tangible fixed assets (Tools, furniture and fixtures, etc.) ▲693

Financing CF

- Dividends paid ▲1,637
- Repayments of lease liabilities ▲302

Financial Forecast for the Fiscal Year Ending March 31, 2023

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Increase in sales and profits mainly from strengthening of automobile-related business and finished product (ODM) business through expansion of EV compatible commercial materials

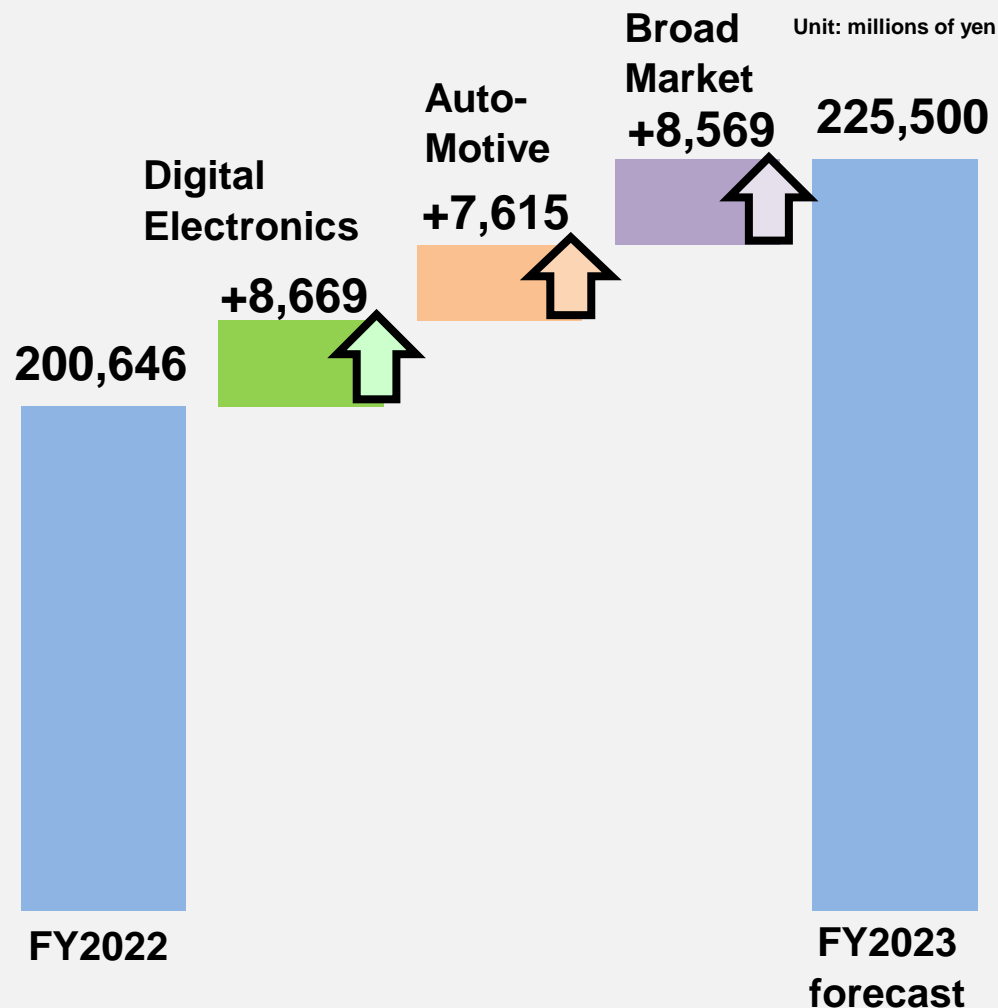
Unit: millions of yen	FY2022	FY2023	Increase/Decrease (FY2022 vs. FY2023)
Net sales	200,646	225,500	+12.4%
Operating income	8,346	8,950	+7.2%
Ordinary profit	7,867	8,650	+9.9%
Net income	5,374	6,050	+12.6%
EPS	131.25yen	147.75yen	—
ROE	9.4%	10.3%	—

FY2023 Consolidated Financial Forecast

Assumed exchange rate 1 USD = JPY 115

- Automotive: Increase of 27.1% YoY expected by expanding EV compatible commercial materials, etc.
- Point • Broad Market: Increase of 9.9% YoY expected mainly in after-market products including dashboard cameras

Breakdown of Net Sales Increase/Decrease (YoY)



Digital Electronics

【YoY】 +8,669M yen(+10.1%)
(85,961M yen ⇒ 94,631M yen)

LCD, Touch panels, Backlights	+4,434M yen
Electrical parts, Semiconductors	+3,578M yen
Toys, Hobby	+1,626M yen

Automotive

【YoY】 +7,615M yen(+27.1%)
(28,103M yen ⇒ 35,718M yen)

Broad Market

【YoY】 +8,569M yen(+9.9%)
(86,581M yen ⇒ 95,150M yen)

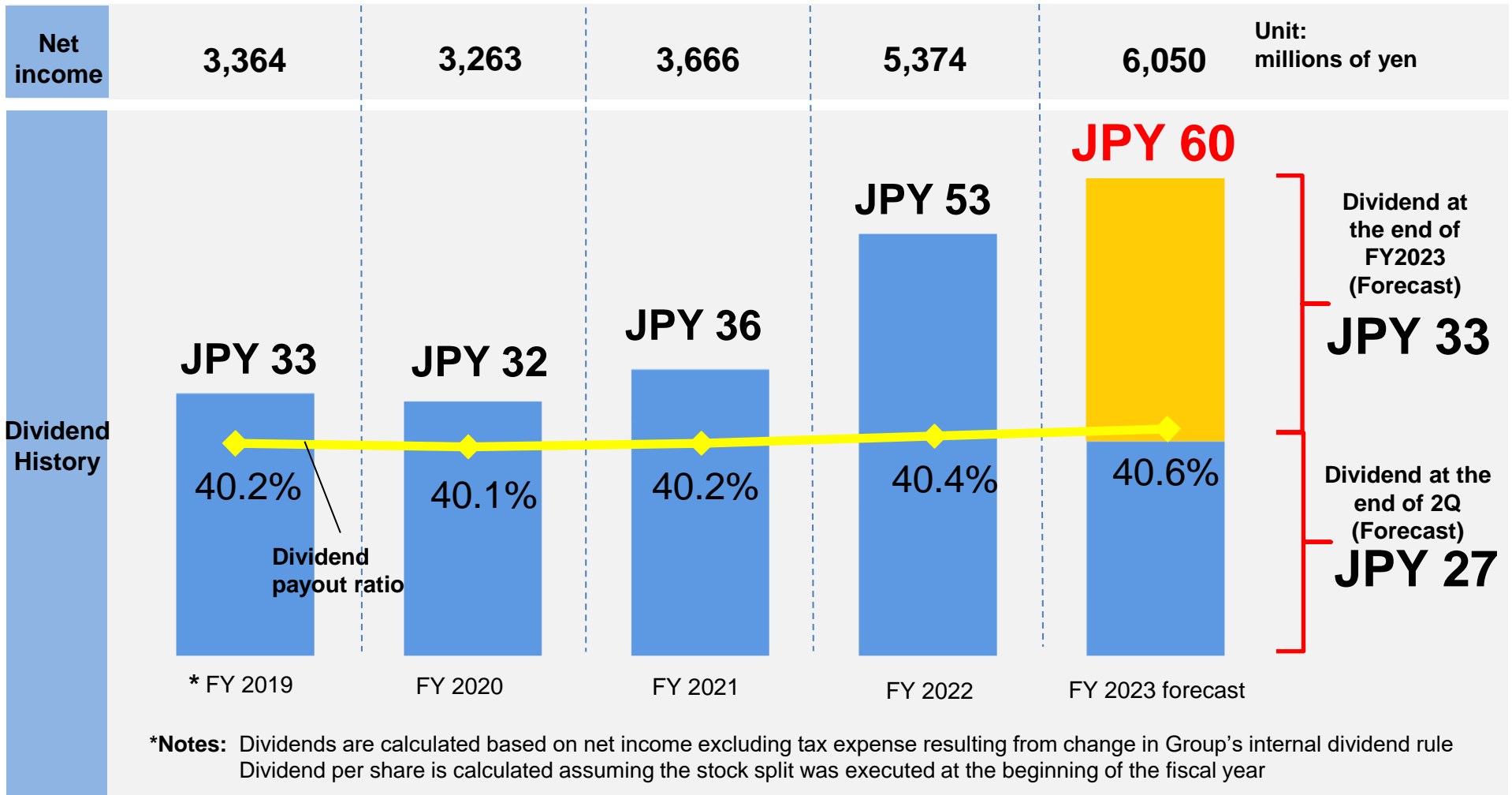
Aftermarket	+8,037M yen
Home appliances(White goods)	+1,189M yen
Motors	+1,152M yen

Dividend Policy and Forecast

Dividend payout ratio: **40% or more**

Annual dividend per share: **JPY 60** (All-time high since listing)

History of annual dividend per share *After stock split (stock split on June 1, 2019, as effective date (2-for-1 stock split))



Medium-term

(From FY2021 through FY2023)

Corporate Strategy

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Initiatives for FY2023

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1 . High-Value Added Business

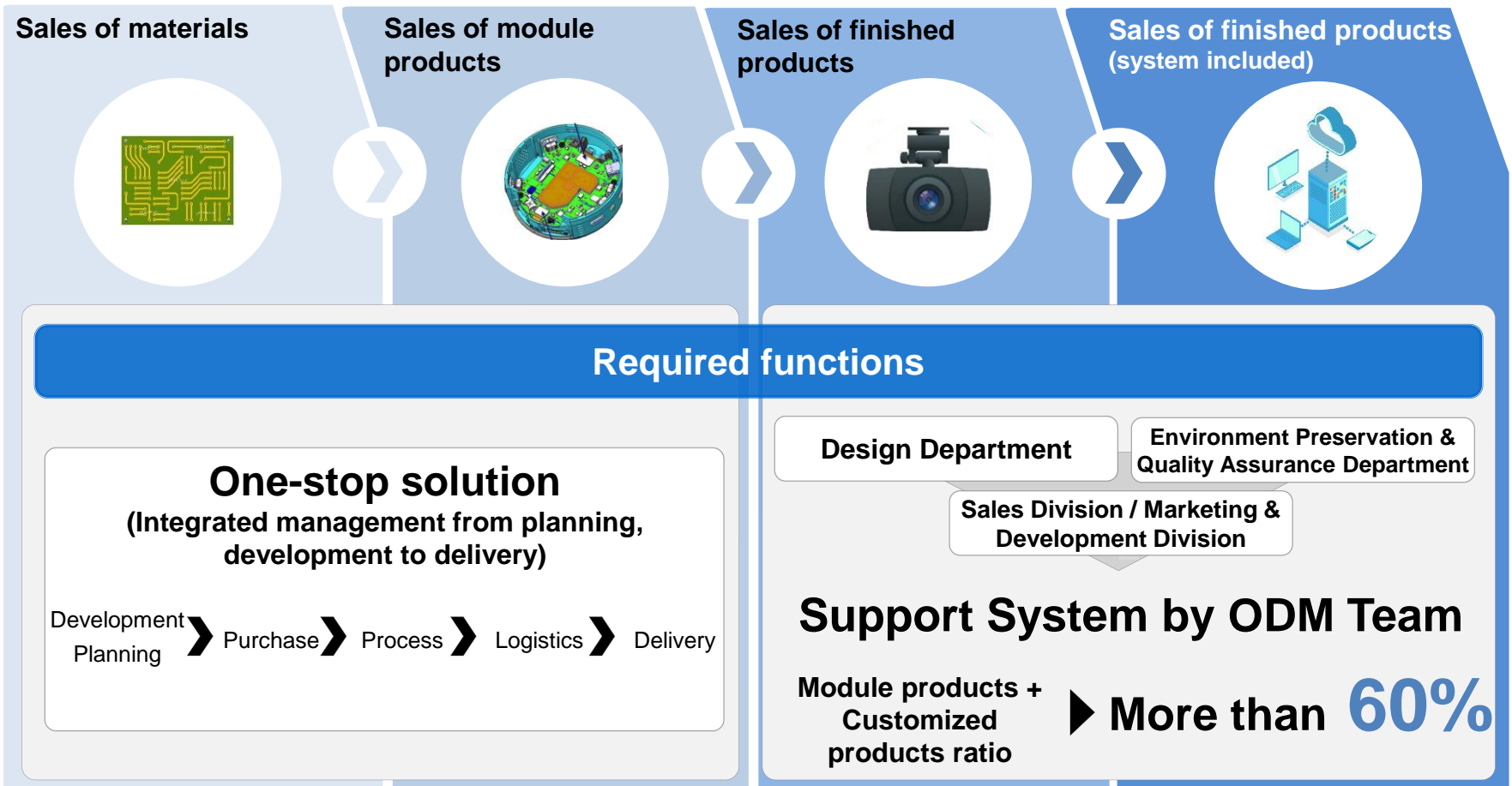
2 . Tapping into leading overseas customers

3 . Expansion of Automotive Business

High-Value Added Business

Changing business model

- From sales of materials to sales of finished products including systems



High-Value Added Business

Progress status of finished product (ODM) business

ODM Team Support System

Customer base

Customers:
6,200 (approx.)
Suppliers:
7,200 (approx.)

Quality management

Establishment of
quality control divisions
both in Japan and
overseas

Proposal ability

Integrated management
from planning,
designing to mass
production

Proven track record in mass production

- Dashboard cameras
- Coffee makers
- Parking management sensors
- In-vehicle tablets
- Mobile batteries
- Wearable activity monitors
- Futon/bedding driers
- USB cables
- PC sticks
- LED lanterns, etc.

Ongoing proposals

- Wearable devices
- Charging stations,
- TV remote controllers
- etc.

High-Value Added Business

Expansion of environmentally friendly commercial materials

April 2022 Enforcement of Act on Promotion of Resource Circulation for Plastics

Bioplastic

Biomass

(Use of renewable organic resources such as plants in raw materials)

Biodegradability

(Decomposition into carbon dioxide and water by movement of microorganisms, etc.)

Resin pellets

(Paper, etc. mixed PP)

Films

(Decomposable in soil and compost)

Additives

(Mixed with resins such as PP and PE to improve biomass content/add biodegradability)

Alternative materials to plastic

Molded pulps

(Packaging materials with bamboo and sugar cane as raw materials)

Molded products from different materials

(Products with waste materials such as paper and chaff, and naturally derived materials blended into resin)

Proposal of commercial materials conforming with the law to contribute to “plastic elimination and reduction”



1. High-Value Added Business

2. Tapping into leading overseas customers

3. Expansion of Automotive Business

Tapping into leading overseas customers

Strengthening of foldable smartphone business

*Foldable smartphone... Folding-type smartphone

- Foldable Smartphones appeared in market driven by Korean manufacturers
- Mainstream and increase in market size is expected with major U.S. companies planning to launch



Targeting of leading Chinese and U.S. customers

Front surface

Promotion of sales focusing on Japanese commercial materials

- **OCA/OCR**
(Optical Clear Adhesive/Optical Clear Resin)
- **Films**
(OLED display surface protection film, etc.)

Back surface decoration

Proposal of collaboration between Japanese and Chinese manufacturers

- **Organic EL light emitting module**
- **Special etched glass**

Tapping into leading overseas customers

Strengthening of proposal on appealing commercial materials

Shenzhen, China

Sales promotion of commercial materials for foldable smartphones under transitional stage to leading Chinese customers

- Acquisition of accounts of major Chinese companies

Taiwan

Allocation of development staff in the future to expand sales of dashboard cameras and focus on the development of commercial materials popular in San Jose

Global network

25 domestic offices/42 overseas offices



Allocation of development staff near planning and development bases of leading customers

San Jose, U.S.

Sales promotion of Japanese commercial materials to leading U.S. customers in showrooms

- Win orders for deals to incorporate specifications for major U.S. IT platform companies



1 . High-Value Added Business

2 . Tapping into leading overseas customers

3 . Expansion of Automotive Business

Expansion of Automotive Business

Expansion of automotive module business

Use of our own plants

Glass ASSY for smart mirrors

- Utilization of glass/film lamination process at Wuxi Plant in China
- Finding and proposal of glass commercial materials from Chinese manufacturers to contribute to cost reduction

EV-related

Radiant heater ASSY

- Progression of loading a new/safe heating system to prevent lack of electrical capacity
- Proposal of automated manufacturing and inspection processes using robots by cooperating with the Design Department

Battery units

Fireproof sheet ASSY

- Increase in demand as a countermeasure against battery ignition and fire spread
- Assembly at related plants and delivery to customers using incombustible materials from Japan and overseas

Expansion of Automotive Business

Targeting of overseas OEM/Tier 1

Participation in European exhibitions

2021 exhibits

Use of our own plants

- **Glass ASSY for smart mirrors**
(Film lamination for smart mirror glasses)
- **Meter liquid crystal bonding**
(Clear resin lamination for liquid crystal meters/front panel)
- **HUD materials**
(Heat countermeasures and weight-saving materials)



Leading Japanese commercial materials

- **Decorative parts (light transmitting film)**
- **3D video demo machines**
- **Temperature control cup holders**

NDA concluded with European OEM/Tier 1 and RFQ received

Aim to increase orders from overseas OEM/Tier 1 on mainly HUD materials

Basic Policy on Sustainability

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

Promotion Structure

April 2022

**Sustainability Committee
established**



A **working group** will be set up directly under the committee to promote reviewing, formulating, and initiating company-wide measures

Board of Directors

Chief Executive Officer
and Chairman of the Board

Sustainability Committee

Chair: Chief Executive Officer
and Chairman of the Board

Members: Executive Directors
Director of Corporate Division
Development Division Directors, etc.

■ Important issues (materiality) and initiative measures

Realization of a safe and secure society

- Realization of a society without traffic accidents
- Improvement of proper medical environment

Planning and development of dashboard cameras and expansion of sales of materials

Delivery of medical equipment materials



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

- Distribution of eco-friendly electronic and other materials
- Distribution of electronic and other materials related to clean energy

Delivery of packaging materials using plant-derived raw materials

Delivery of materials for PHEV and EV vehicles

- Promotion of recycling activities
- Operation of quality and environmental management systems



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



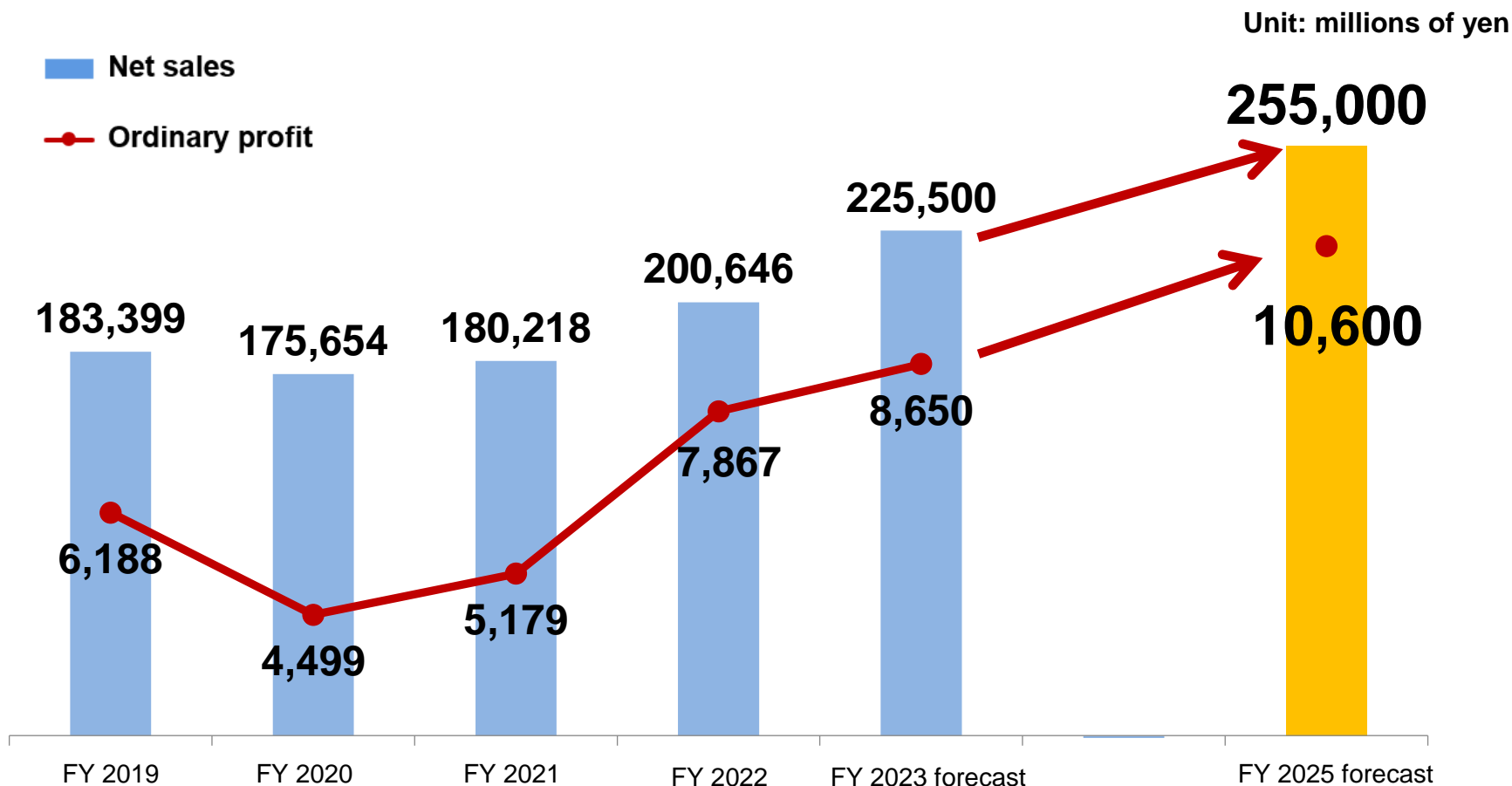
Establishment and strengthening of governance structures and compliance systems

- Establishment and strengthening of governance structures and compliance systems



Sales and Profit (Forecast)

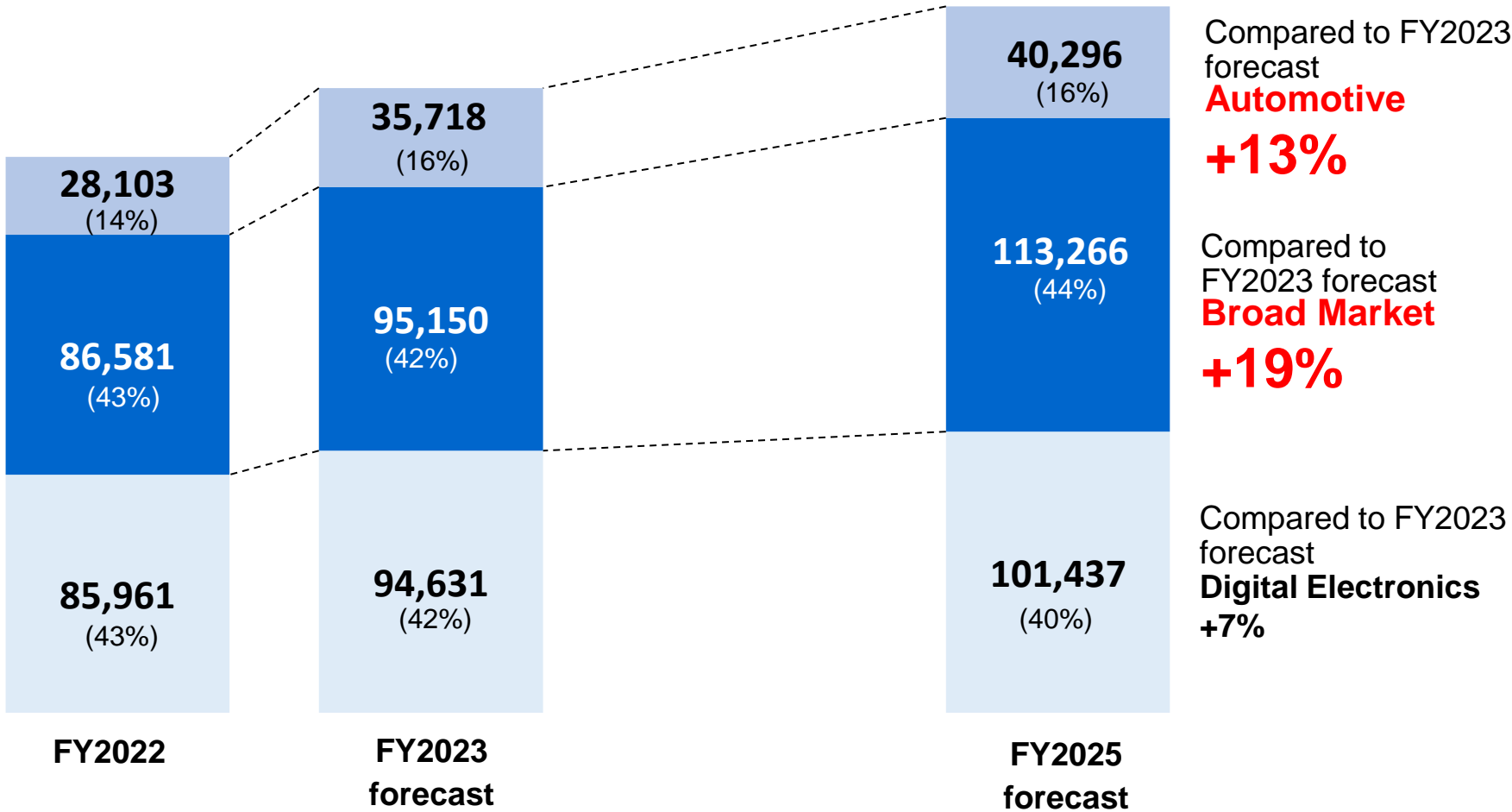
Aim for ordinary profit of 10 billion yen level by strengthening high value-added business



*Revenue recognition standard applied from FY2022

Forecasts for Business Results (By market)

Further expansion of business focusing on the growing finished product (ODM) business and automotive-related business



Thank you very much for your time and attention

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Elematec Corporation



Supplementary material

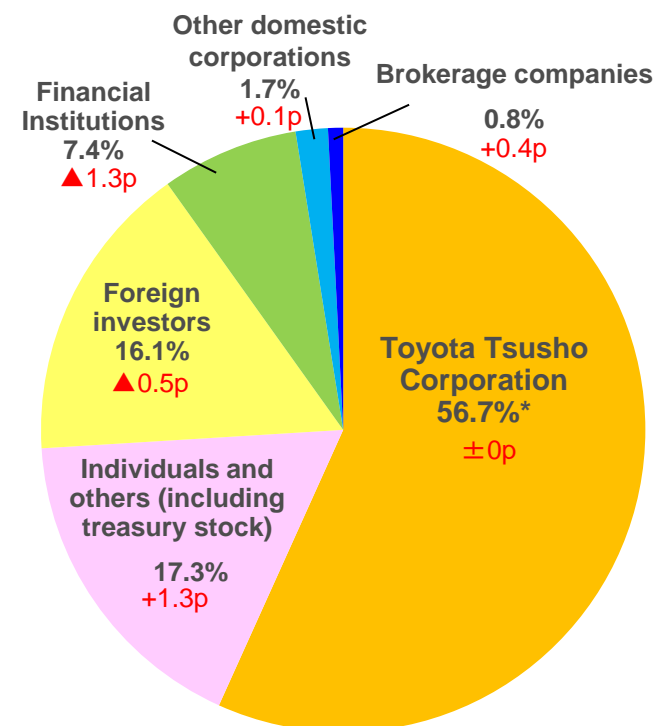
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Corporate Profile

*The following data (excluding notes) is as of March 31, 2022

Trade name	Elematec Corporation
Established	April 1947 (Founded: November 1945)
Stock exchange listing	The Prime Market of TSE *Transferred from the first section of TSE due to restructure of market segments on April 4, 2022 (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] 1,165 [Non-consolidated] 479
Locations	[Domestic sales offices: 24 locations] *as of Apr. 1, 2022 Head office, Main Branch, 17 Branches, 5 Sales Offices [Overseas sales offices: 40 locations] *as of Apr. 1, 2022 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	3,884

Breakdown of Shareholders
(as of Mar. 31, 2022)



*Ratio of voting rights excluding treasury stock - 58.6%

Figures in red are changes from the end of March 2021.