

# **Financial Results Briefing Material**

for the Fiscal Year ended March 2022

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**KAGA ELECTRONICS CO., LTD.**

TSE Prime Market 8154

May 26, 2022

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# **Consolidated Financial Results**

## **for the Fiscal Year ended March 2022**

Director,  
Managing Executive Officer  
**Eiji Kawamura**

# Summary

## Results for FY2022/3

- **Net sales:** Driven by the core electronic components business, robust demand continued as production activities recovered in manufacturing industries both in Japan and overseas. **Net sales grew significantly, achieving a record high for the first time in two years.**
- **Operating income:** Increased significantly as a result of increased gross profit due to higher sales and an improved profit margin, as well as continued efforts toward workstyle reforms and cost reductions amid the COVID-19 pandemic, **achieving a record high for the third consecutive fiscal year.**
- **Net income:** Despite the absence of the 7.96 billion yen “gain on bargain purchase” posted as extraordinary income in the previous fiscal year, **net income increased significantly thanks to expanded revenue in core businesses, achieving a record high for the second consecutive fiscal year.**

## FY2023/3 earnings forecasts

- **Economic situation:** The business outlook remains cloudy both in Japan and overseas due to factors such as the renewed spread of COVID-19 due to variant strains, the future situation in Ukraine, and rising prices of crude oil and other resources.
- **Industry trends:** Although the supply of semiconductors and electronic parts remains tight for the foreseeable future, **demand for automobiles, communication equipment, and home appliances is expected to continue to grow.**
- **Company’s outlook:** Maintain the momentum of growth in net sales and operating income by focusing on expanding revenue in key areas such as the automotive, industrial equipment, and medical fields.

## Shareholder Return

- **FY2022/3:** The year-end dividend was revised upward to 75 yen per share due to the addition of a 10-yen “extraordinary dividend” to the previous forecast of 65 yen (40 yen in ordinary dividends + 25-yen extraordinary dividend).  
\*The full-year dividend is 120 yen per share, a 40-yen increase from the previous fiscal year.
- **FY2023/3:** Ordinary dividends were increased by 20 yen to 140 yen per share (70 yen for both the interim and year-end dividends). In addition, a 10-yen “55th anniversary commemorative dividend” will be paid as a year-end dividend. Accordingly, the full-year dividend is planned to be 150 yen per share, an increase of 30 yen.

## Financial Highlights for FY2022/3

(million yen)

	FY2021/3 Results	FY2022/3 Results	YoY	FY2022/3 Previous Forecasts	vs Forecasts
				(announced on Feb. 3, 2022)	
Net sales	422,365	<b>495,827</b>	17.4%	475,000	4.4%
Gross profit	47,936 11.3%	<b>60,547</b> 12.2%	26.3%	—	—
SG&A	36,469 8.6%	<b>39,632</b> 8.0%	8.7%	—	—
Operating income	11,467 2.7%	<b>20,915</b> 4.2%	82.4%	17,500 3.7%	19.5%
Ordinary income	11,241 2.7%	<b>21,456</b> 4.3%	90.9%	18,000 3.8%	19.2%
Profit attributable to owners of parent	11,399 2.7%	<b>15,401</b> 3.1%	35.1%	12,000 2.5%	28.4%
EPS (Yen)	415.07	<b>576.46</b> —	—	449.13 —	—

## Financial Results by Business Segment for FY2022/3

(million yen)

		FY2021/3 Results		FY2022/3 Results		YoY	FY2022/3 Previous Forecasts (announced on Feb. 3, 2022)		vs Forecasts
Electronics Component	Net sales	353,454		<b>433,852</b>		22.7%	<b>414,000</b>		4.8%
	Segment income	8,151	2.3%	<b>18,107</b>	4.2%	122.1%	<b>14,800</b>	3.6%	22.4%
Information Equipment	Net sales	48,389		<b>39,616</b>		-18.1%	<b>40,000</b>		-1.0%
	Segment income	2,482	5.1%	<b>2,085</b>	5.3%	-16.0%	<b>2,000</b>	5.0%	4.3%
Software	Net sales	2,932		<b>2,767</b>		-5.6%	<b>3,000</b>		-7.8%
	Segment income	263	9.0%	<b>-26</b>	-1.0%	—	<b>200</b>	6.7%	—
Others	Net sales	17,589		<b>19,590</b>		11.4%	<b>18,000</b>		8.8%
	Segment income	474	2.7%	<b>626</b>	3.2%	32.0%	<b>500</b>	2.8%	25.2%
Total	Net sales	422,365		<b>495,827</b>		17.4%	<b>475,000</b>		4.4%
	Segment income	11,467	2.7%	<b>20,915</b>	4.2%	82.4%	<b>17,500</b>	3.7%	19.5%

Note: Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

## Financial Results by Company for FY2022/3

(million yen)

		FY2021/3 Results		FY2022/3 Results		YoY	FY2022/3 Previous Forecasts		vs Forecasts
							(announced on Feb. 3, 2022)		
Kaga Electronics	Net sales	243,897		<b>281,075</b>		15.2%	<b>265,000</b>		6.1%
	Gross Profit	35,273	14.5%	<b>41,767</b>	14.9%	18.4%	<b>38,300</b>	14.5%	9.1%
	Operating income	11,083	4.5%	<b>15,461</b>	5.5%	39.5%	<b>13,000</b>	4.9%	18.9%
Kaga FEI	Net sales	131,932		<b>149,455</b>		13.3%	<b>145,000</b>		3.1%
	Gross Profit	10,307	7.8%	<b>14,690</b>	9.8%	42.5%	<b>13,500</b>	9.3%	8.8%
	Operating income	362	0.3%	<b>3,654</b>	2.4%	907.2%	<b>2,600</b>	1.8%	40.5%
Excel	Net sales	46,535		<b>65,296</b>		40.3%	<b>65,000</b>		0.5%
	Gross Profit	2,365	5.1%	<b>4,247</b>	6.5%	79.5%	<b>4,200</b>	6.5%	1.1%
	Operating income	6	0.0%	<b>1,937</b>	3.0%	—	<b>1,900</b>	2.9%	2.0%
Total	Net sales	422,365		<b>495,827</b>		17.4%	<b>475,000</b>		4.4%
	Gross Profit	47,936	11.3%	<b>60,547</b>	12.2%	26.3%	<b>56,000</b>	11.8%	8.1%
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Note: With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the three companies.

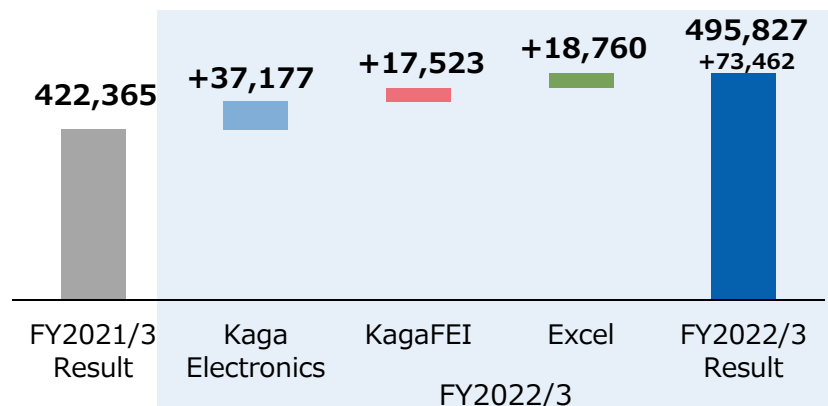
# Effect of M&A for FY2022/3

\* EXCEL's actual results for FY2021/3 do not include results of overseas subsidiaries' FY2021/Jan-Mar period.

(million yen)

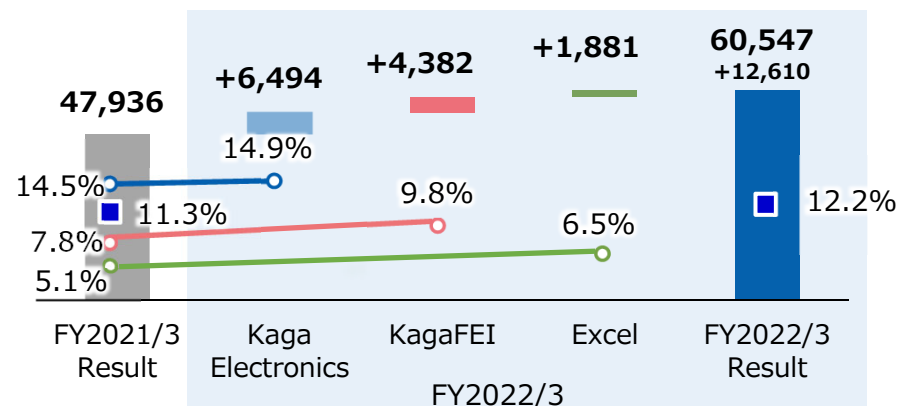
## Net Sales

There was a significant increase in net sales in all three companies, driven by the electronic components business.



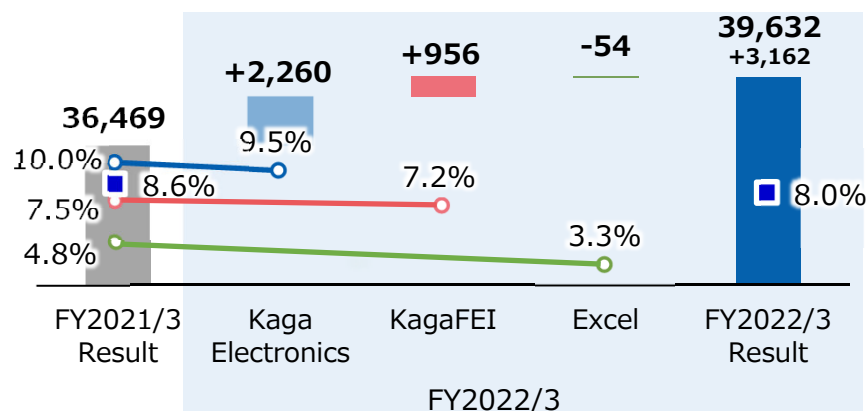
## Gross profit / Gross profit margin

Profit grew for all three companies thanks to improved profit margins and increased gross profit in line with higher sales.



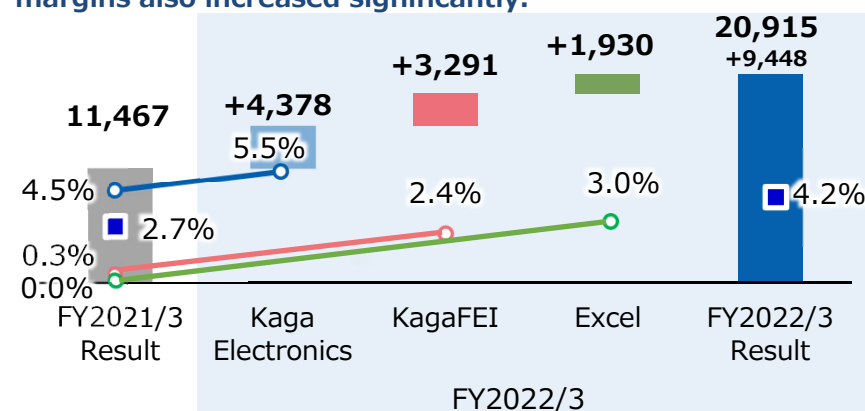
## SG&A / SG&A ratio

Although expenses increased with growth in sales, SG&A ratios fell.



## Operating income / Operating income margin

Higher expenses were absorbed by the increase in gross profit, maintaining increased income. Operating income margins also increased significantly.





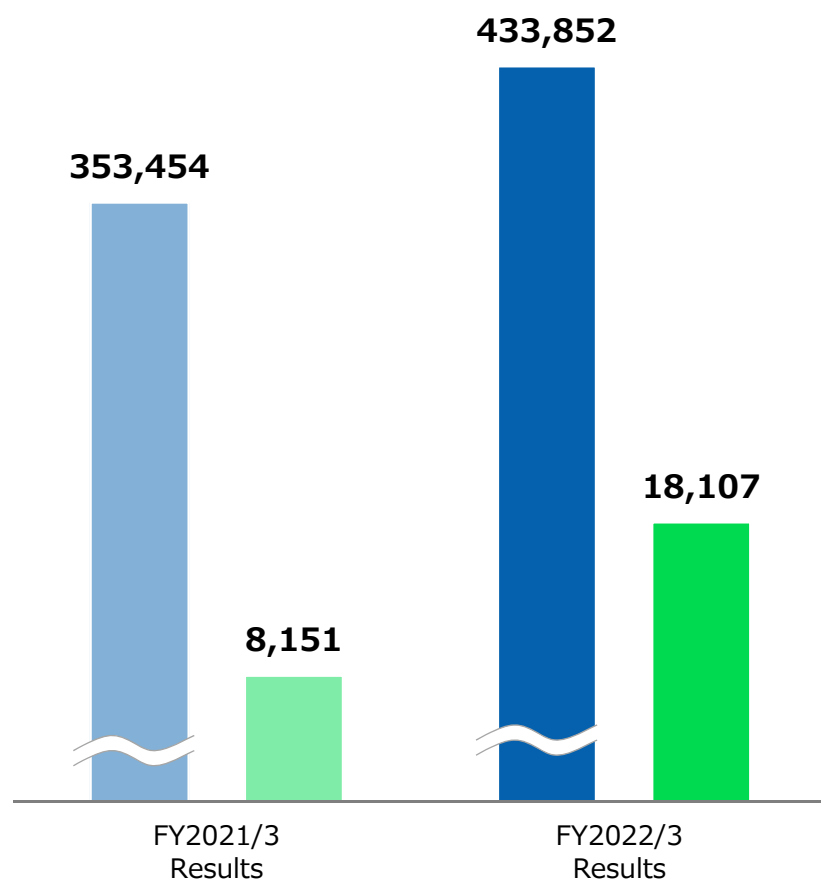
# Financial Highlights: Electronic Component

(Million Yen)

Net sales/Segment income

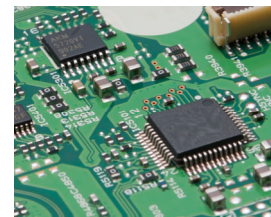
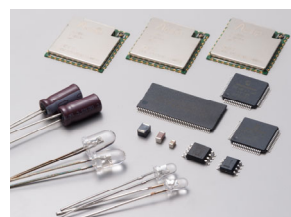
YoY

■ / ■ Net sales  
■ / ■ Segment income



- Net sales ▶ **+80,398**million Yen **22.7%Up**
- Segment Income ▶ **+9,956**million Yen **122.1%Up**

- Strong sales continued in the components sales business throughout the period as a result of previously capturing demand from customers in a wide range of industries.
  - Despite supply shortages of some parts, the Company utilized the strengths of its procurement network as an independent trading company to maintain widespread sales quantities, which also boosted performance.
  - Steady progress in PMI at acquired companies including Kaga FEI and EXCEL contributed to profit growth.
- 
- Sales in the EMS business were solid, especially of automotive/medical products and industrial equipment.
  - Despite prolonged lockdowns to combat the renewed spread of COVID-19 and part shortages, efforts were made to minimize their impact by implementing thorough process control under close cooperation with customers.



# Financial Highlights: Information Equipment

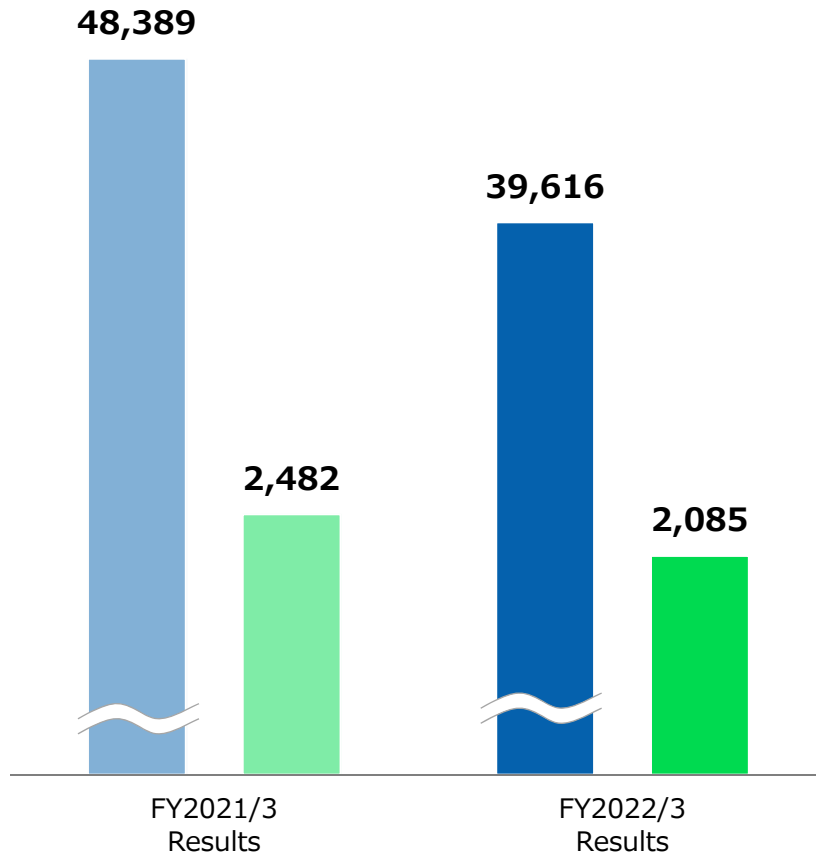
(Million Yen)

Net sales/Segment income

YoY

■ / ■ Net sales  
■ / ■ Segment income

- Net sales ▶ **-8,772**million Yen **18.1%Down**
- Segment Income ▶ **-396**million Yen **16.0%Down**



• Although sales of PCs to educational institutions and PC peripherals such as security software were robust, sales of PCs to corporations were subdued as a result of the abatement of remote working and product supply difficulties.

• The LED installation business struggled due to extensions of construction periods caused by difficulty procuring materials/equipment and delivery delays.



## Financial Highlights for FY2022/3

(million yen)

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(million yen)

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## Financial Results by Company for FY2022/3

(million yen)

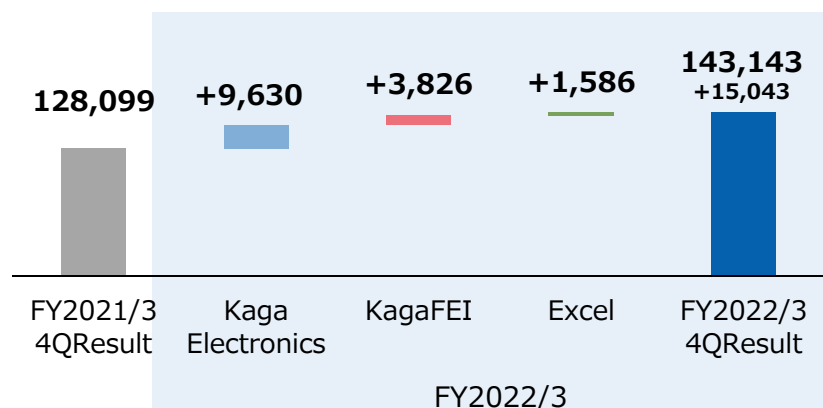
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(million yen)

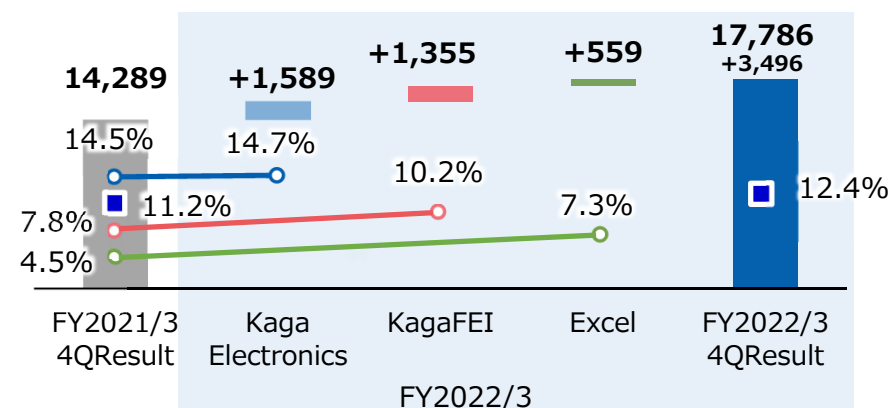
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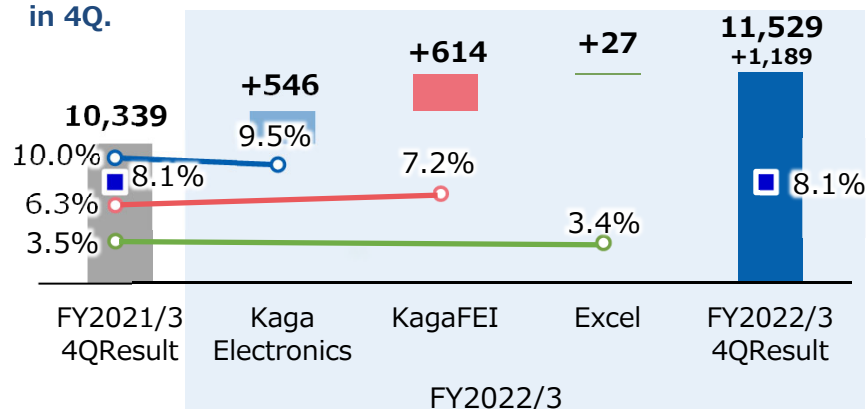
## Gross profit / Gross profit margin

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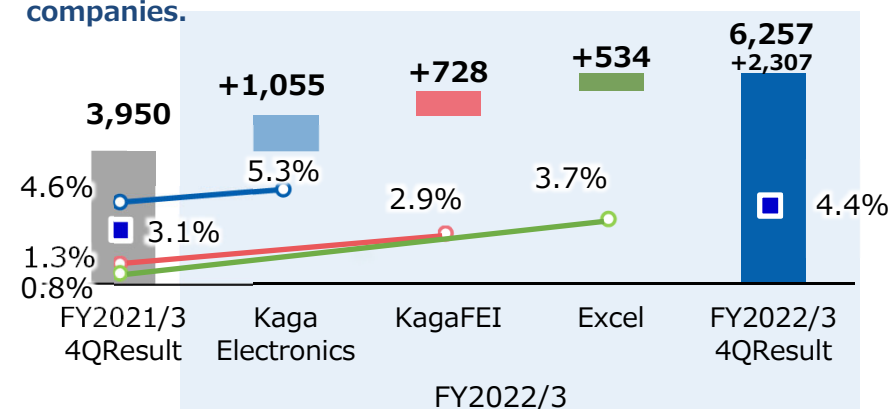
## SG&amp;A / SG&amp;A ratio

Expenses increased with growth in sales, in addition to seasonal factors such as bonus reserves in 4Q.



## Operating income / Operating income margin

Higher expenses were absorbed by the increase in gross profit. Income increased significantly for all three companies.

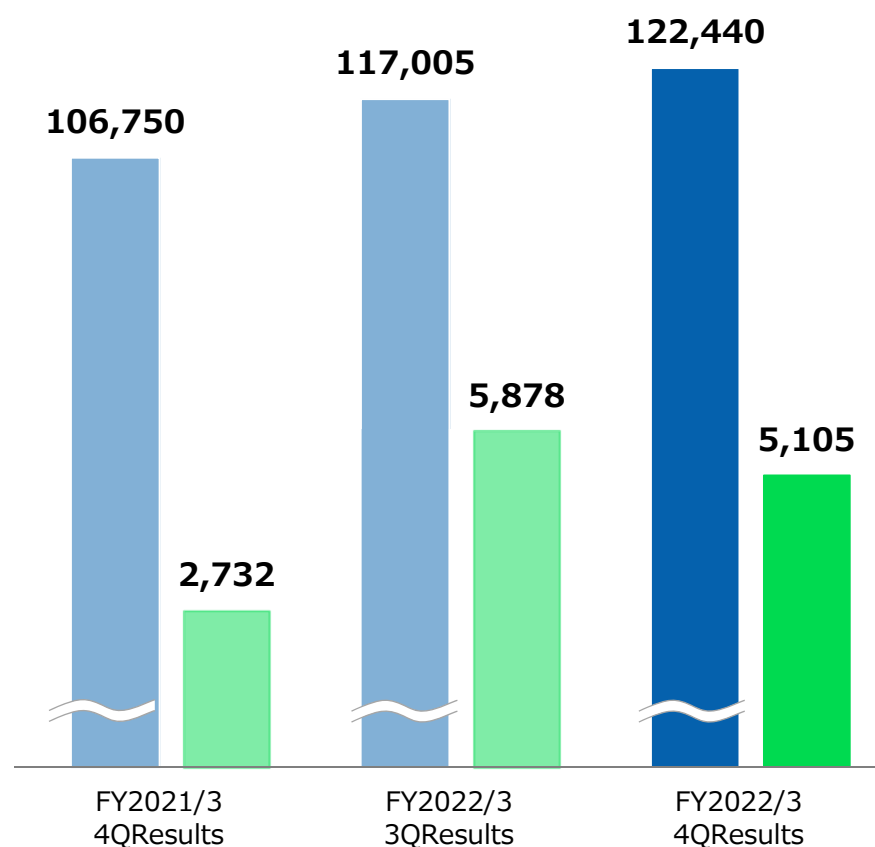


(Million Yen)

Net sales/Segment income

YoY

■ / ■ Net Sales  
■ / ■ Segment Income



- Net sales ▶ **+ 15,690**million Yen **14.7%Up**
- Segment Income ▶ **+ 2,372**million Yen **86.8%Up**

QoQ

- Net sales ▶ **+ 5,435**million Yen **4.6%Up**
- Segment Income ▶ **-772**million Yen **13.1%Down**

(Million Yen)

Net sales/Segment income

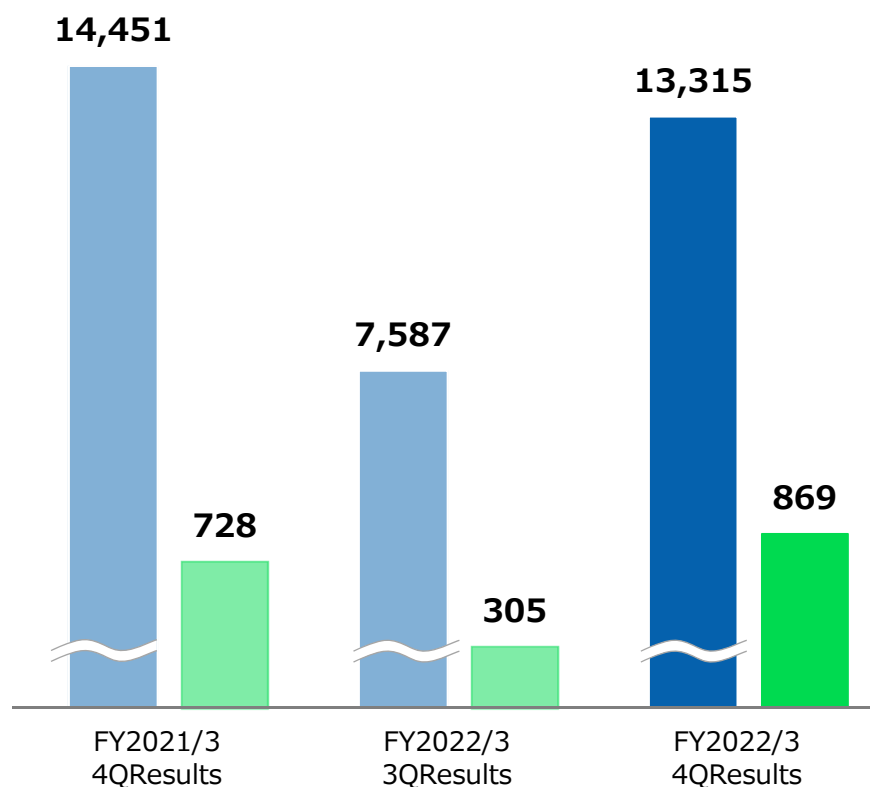
YoY

■ / ■ Net Sales  
■ / ■ Segment Income

- Net sales ▶ **-1,135**million Yen **7.9%Down**
- Segment Income ▶ **+140**million Yen **19.2%Up**

QoQ

- Net sales ▶ **+5,728**million Yen **75.5%Up**
- Segment Income ▶ **+563**million Yen **184.2%Up**





## Reference

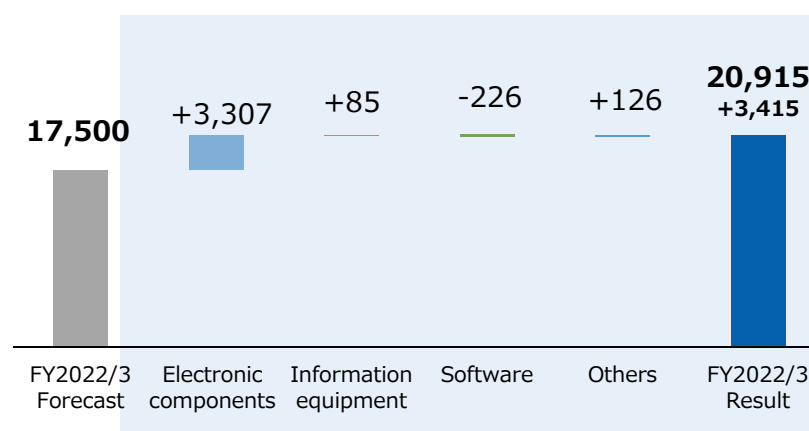
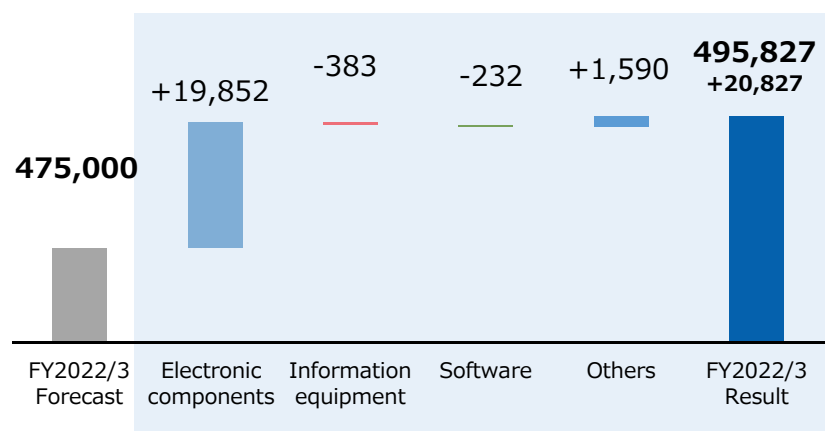
# Changes from Previous forecast (announced on February 3, 2022)

(million yen)

## Net sales

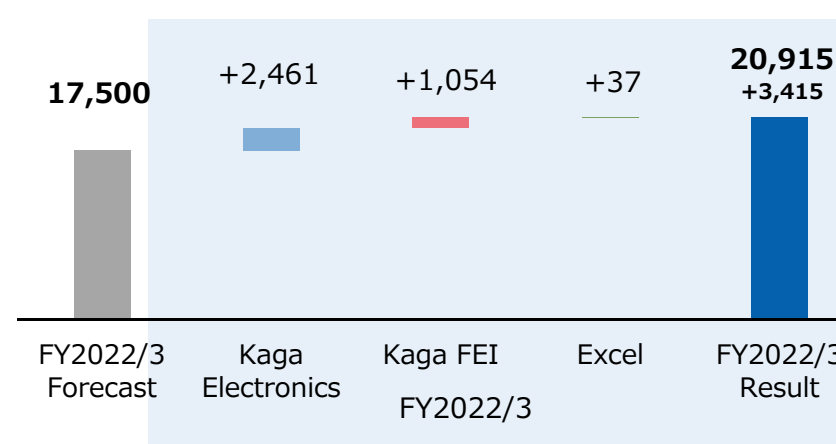
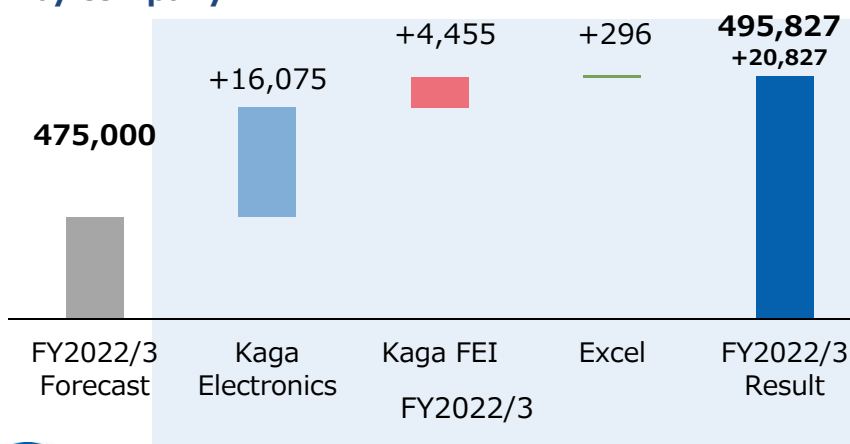
## Operating income

### < by Business Segment >



Note: Figures of each segment income are not inter-segment adjusted. Total amount is inter-segment adjusted (operating income).

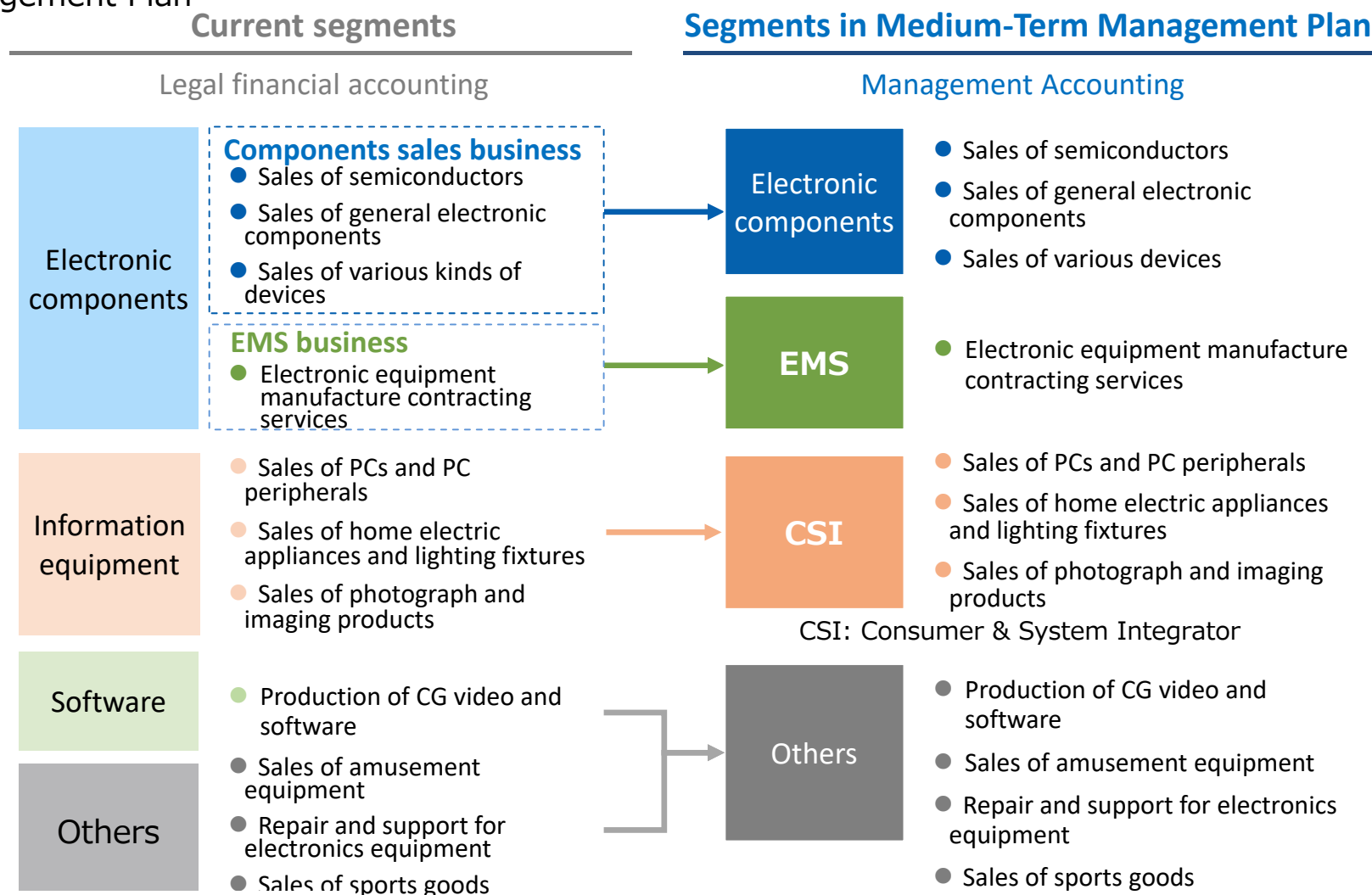
### <by company>



## Reference

## Segment disclosure associated with the Medium-Term Management Plan

Continuous disclosure based on current segmentation according to legal financial accounting, along with voluntary disclosure based on segmentation in line with the new Medium-Term Management Plan



## Reference

# Financial Highlights by Business Segment of the Medium-Term Management Plan

(million yen)

		FY2021/3 Results		FY2022/3 Previous Forecasts(*)		FY2022/3 Results		YoY	vs Forecasts
(announced on Feb. 3, 2022)									
Electronic Components	Net sales	262,318		313,000		325,830		+24.2%	+4.1%
	Segment income	2,961	1.1%	8,700	2.8%	11,094	3.4%	+274.6%	+27.5%
EMS	Net sales	99,599		110,000		117,828		+18.3%	+7.1%
	Segment income	5,539	5.6%	6,400	5.8%	7,356	6.2%	+32.8%	+14.9%
CSI	Net sales	48,389		40,000		39,616		-18.1%	-1.0%
	Segment income	2,482	5.1%	2,000	5.0%	2,085	5.3%	-16.0%	+4.3%
Others	Net sales	12,057		12,000		12,552		+4.1%	+4.6%
	Segment income	387	3.2%	400	3.3%	255	2.0%	-34.0%	-36.0%
Total	Net sales	422,365		475,000		495,827		+17.4%	+4.4%
	Segment income	11,467	2.7%	17,500	3.7%	20,915	4.2%	+82.4%	+19.5%

Note : Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

## Reference

## Financial Highlights by Business Segment of the Medium-Term Management Plan (3months)

(million yen)

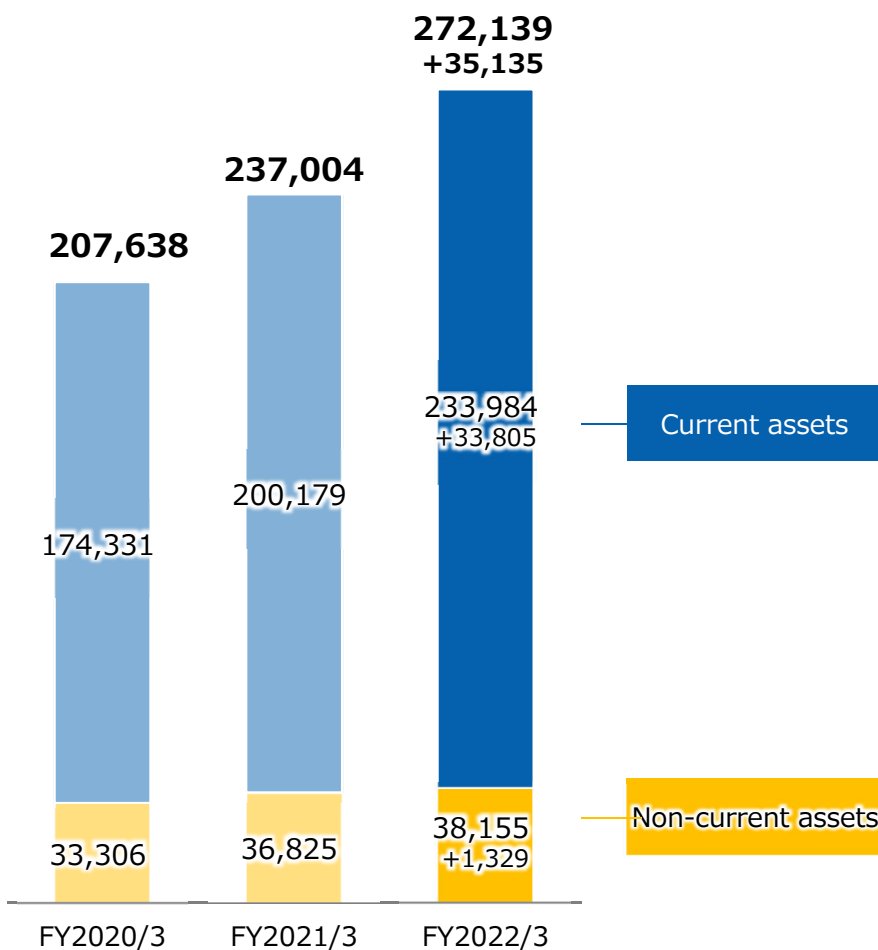
		FY2021/3 4QResults		FY2022/3 3QResults		FY2022/3 4QResults		YoY	vs Forecasts
Electronic Components	Net sales	80,405		88,079		<b>92,960</b>		+15.6%	+5.5%
	Segment income	1,304	1.6%	3,824	4.3%	<b>3,321</b>	3.6%	+154.6%	-13.1%
EMS	Net sales	29,383		31,142		<b>33,232</b>		+13.1%	+6.7%
	Segment income	1,649	5.6%	2,140	6.9%	<b>1,893</b>	5.7%	+14.8%	-11.6%
CSI	Net sales	14,451		7,587		<b>13,315</b>		-7.9%	+75.5%
	Segment income	728	5.0%	305	4.0%	<b>869</b>	6.5%	+19.2%	+184.2%
Others	Net sales	3,858		2,865		<b>3,634</b>		-5.8%	+26.8%
	Segment income	261	6.8%	64	2.3%	<b>126</b>	3.5%	-51.5%	+95.1%
Total	Net sales	128,099		129,675		<b>143,143</b>		+11.7%	+10.4%
	Segment income	3,950	3.1%	6,357	4.9%	<b>6,257</b>	4.4%	+58.4%	-1.6%

Note : Figures of each segment income are not inter-segment adjusted.  
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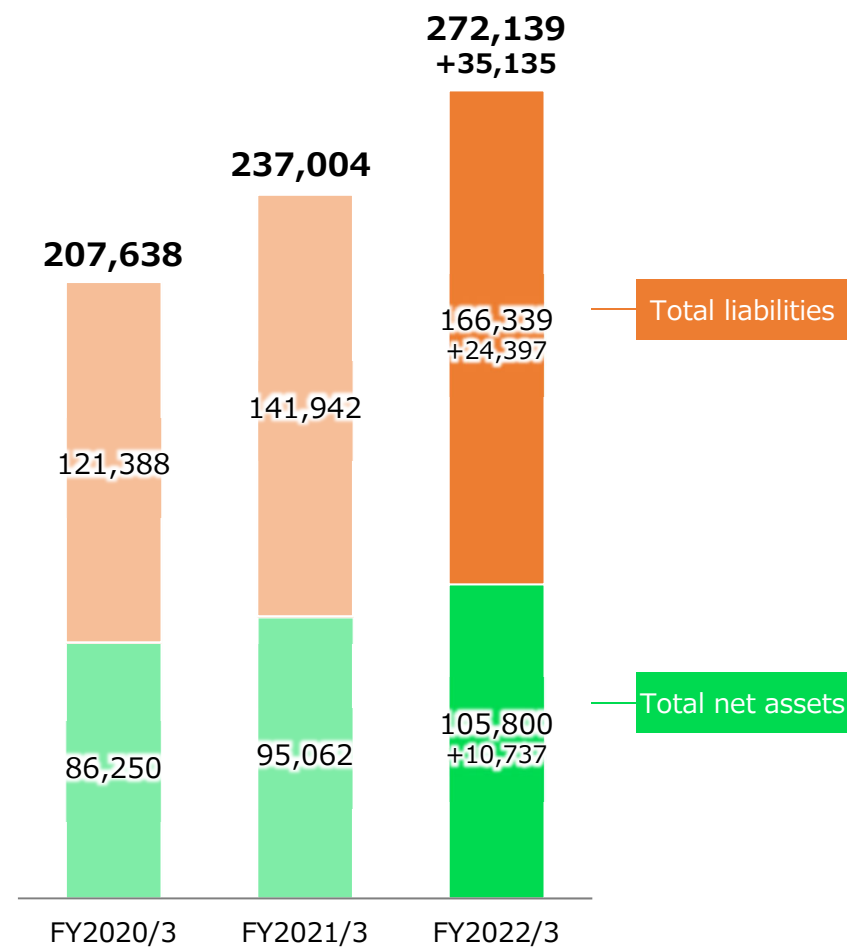
# Balance Sheet Main Items

(million yen)

## Total assets



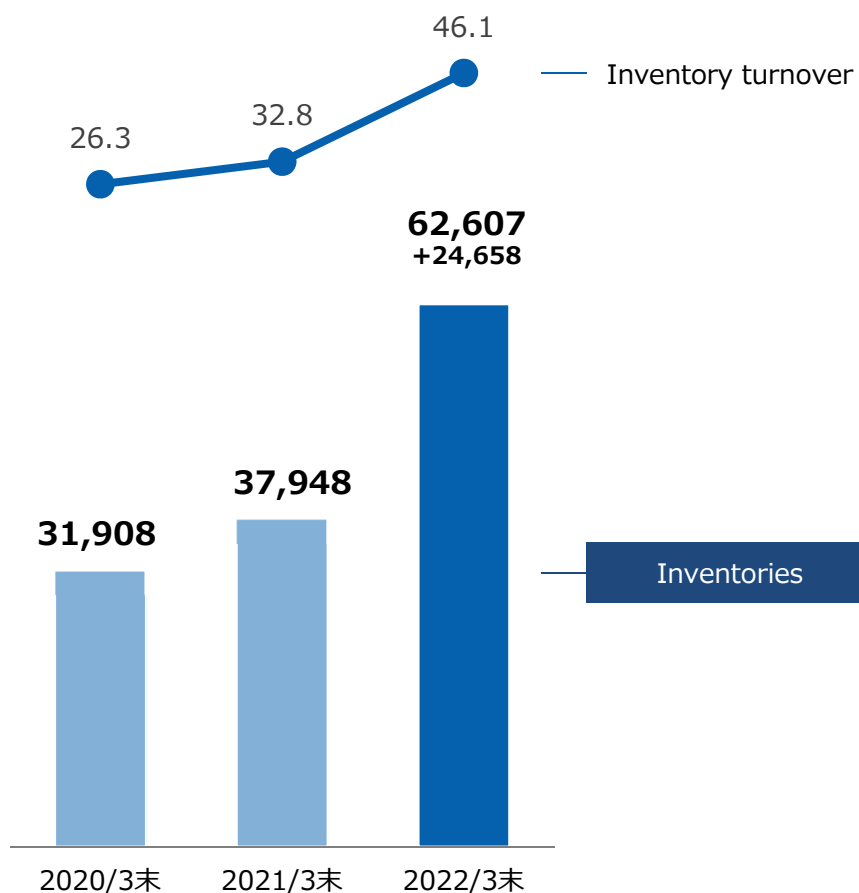
## Total liabilities and net assets



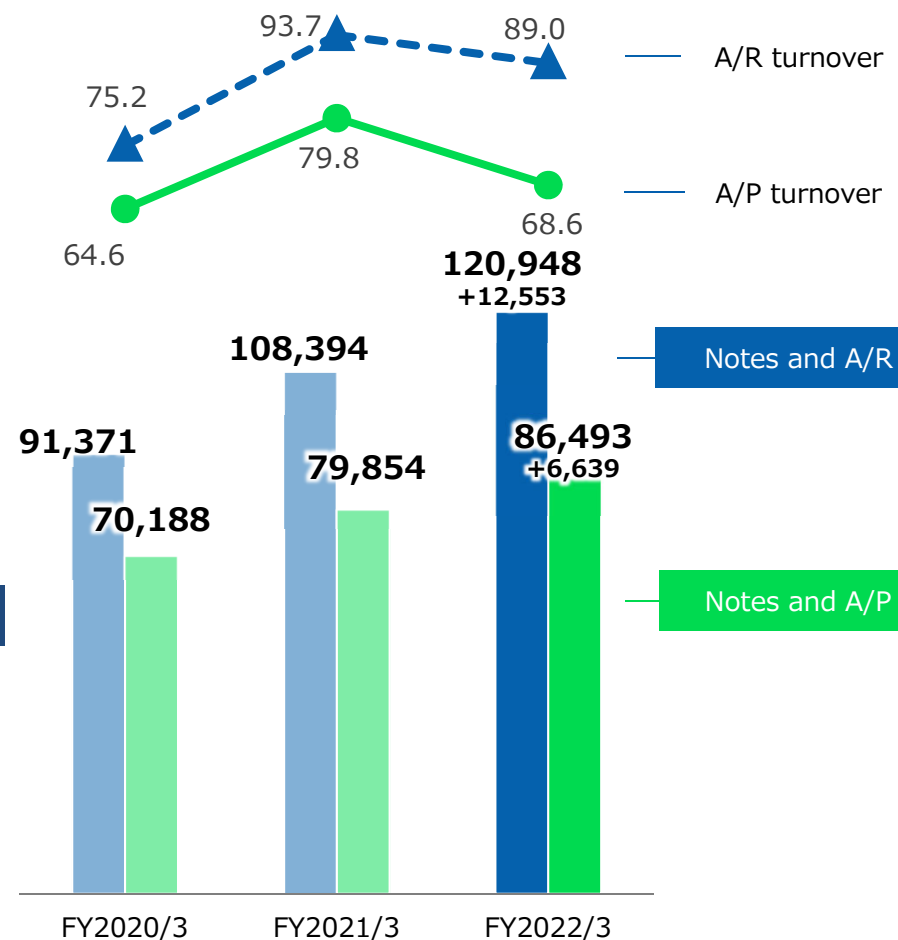
# Balance Sheet Main Items

(million yen, day)

## Inventories



## Accounts receivable/Accounts payable

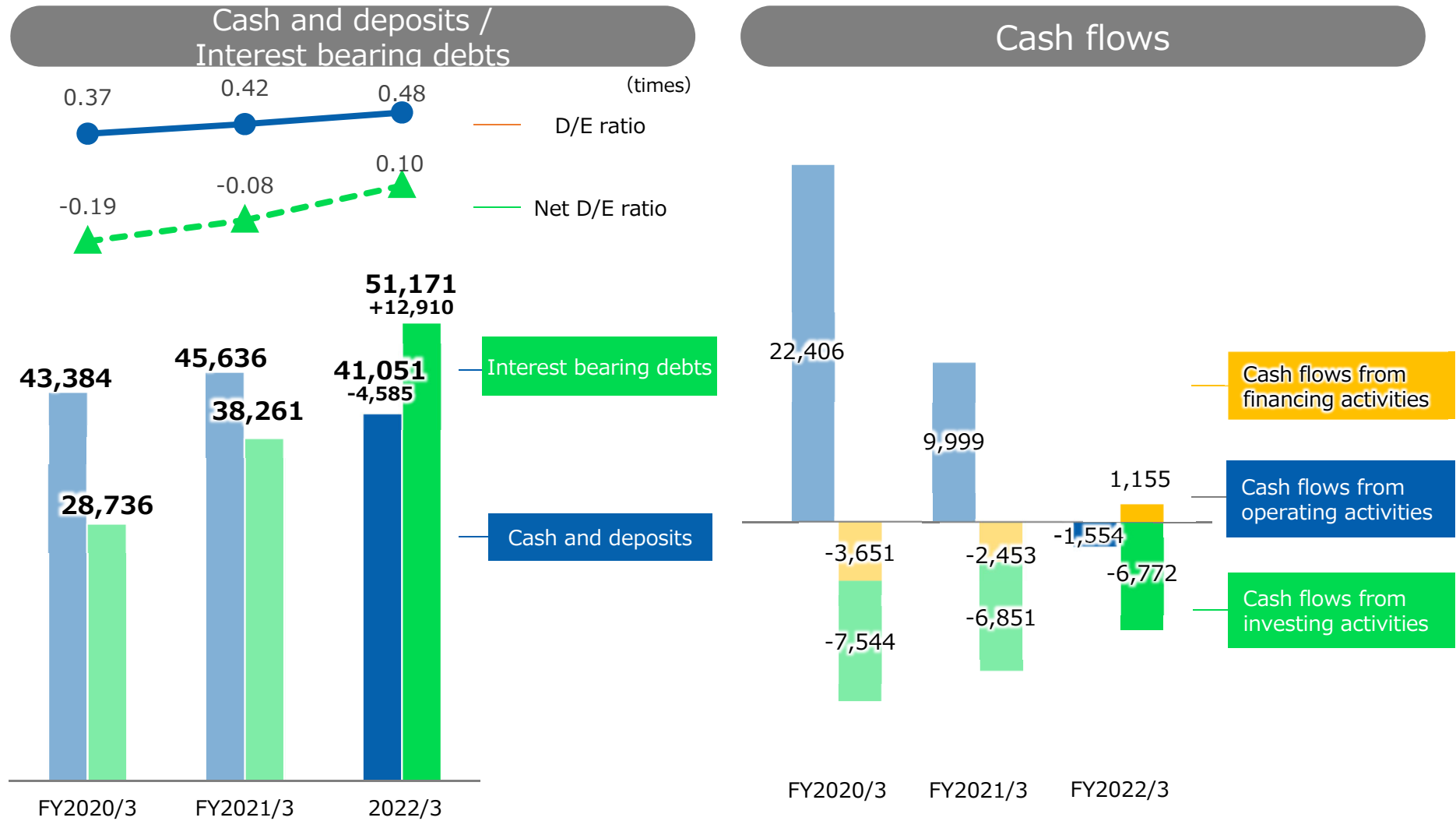


notes : Inventory turnover = Inventories ÷ Net Sales × 365 (day)

notes : •Notes and A/R are amounts including Electronically recorded monetary claims-operating  
 •Notes and A/P are amounts including Electronically recorded obligations - operating  
 •A/R turnover = Notes and A/R ÷ Net sales × 365 (day)  
 •A/P turnover = Notes and A/P ÷ Total purchase of goods × 365 (day)

# Cash and Deposits/Interest Bearing Debts/Cash Flows

(million yen)

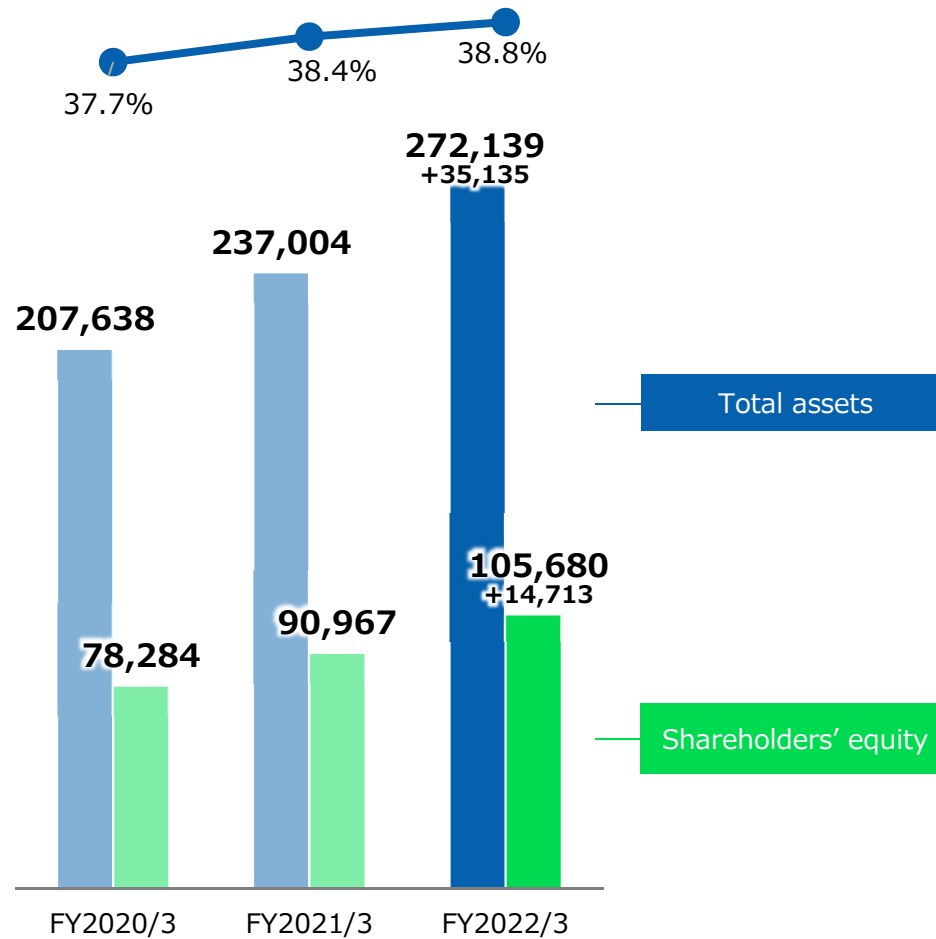


note : D/E ratio = Interest bearing debts ÷ Shareholder's equity  
 Net D/E ratio = Interest bearing debts - Cash and deposits) ÷ Shareholder's equity

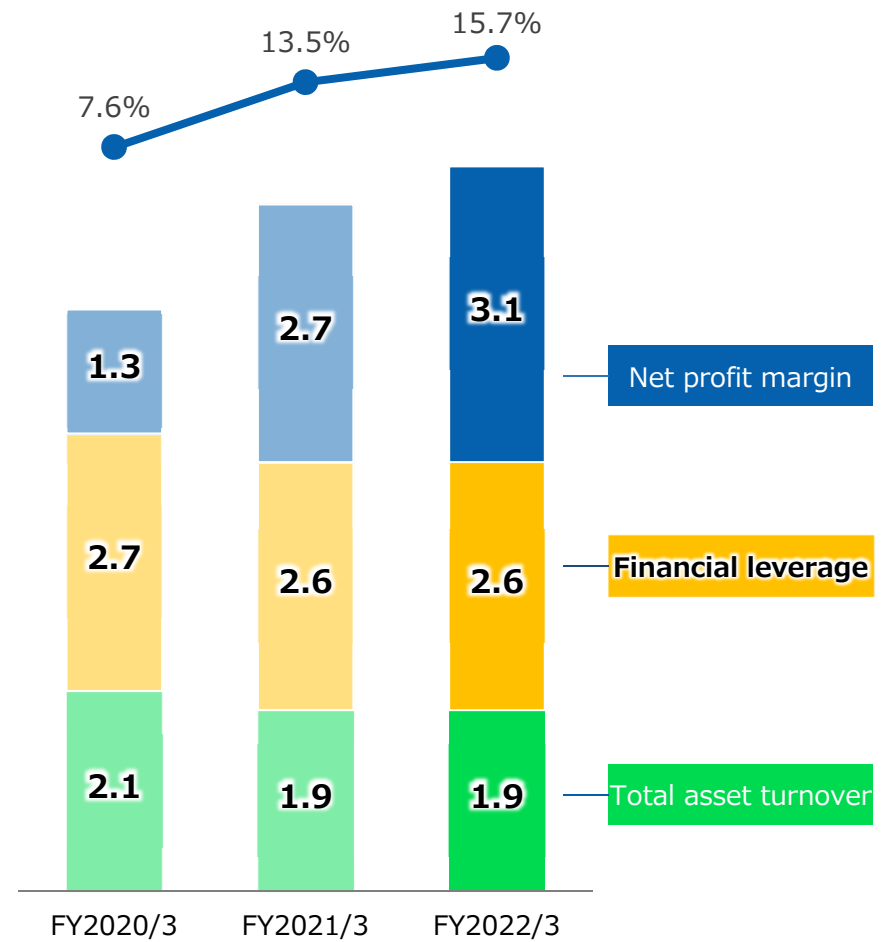
# Major Business Indicators

(million yen)

## Equity ratio



## ROE





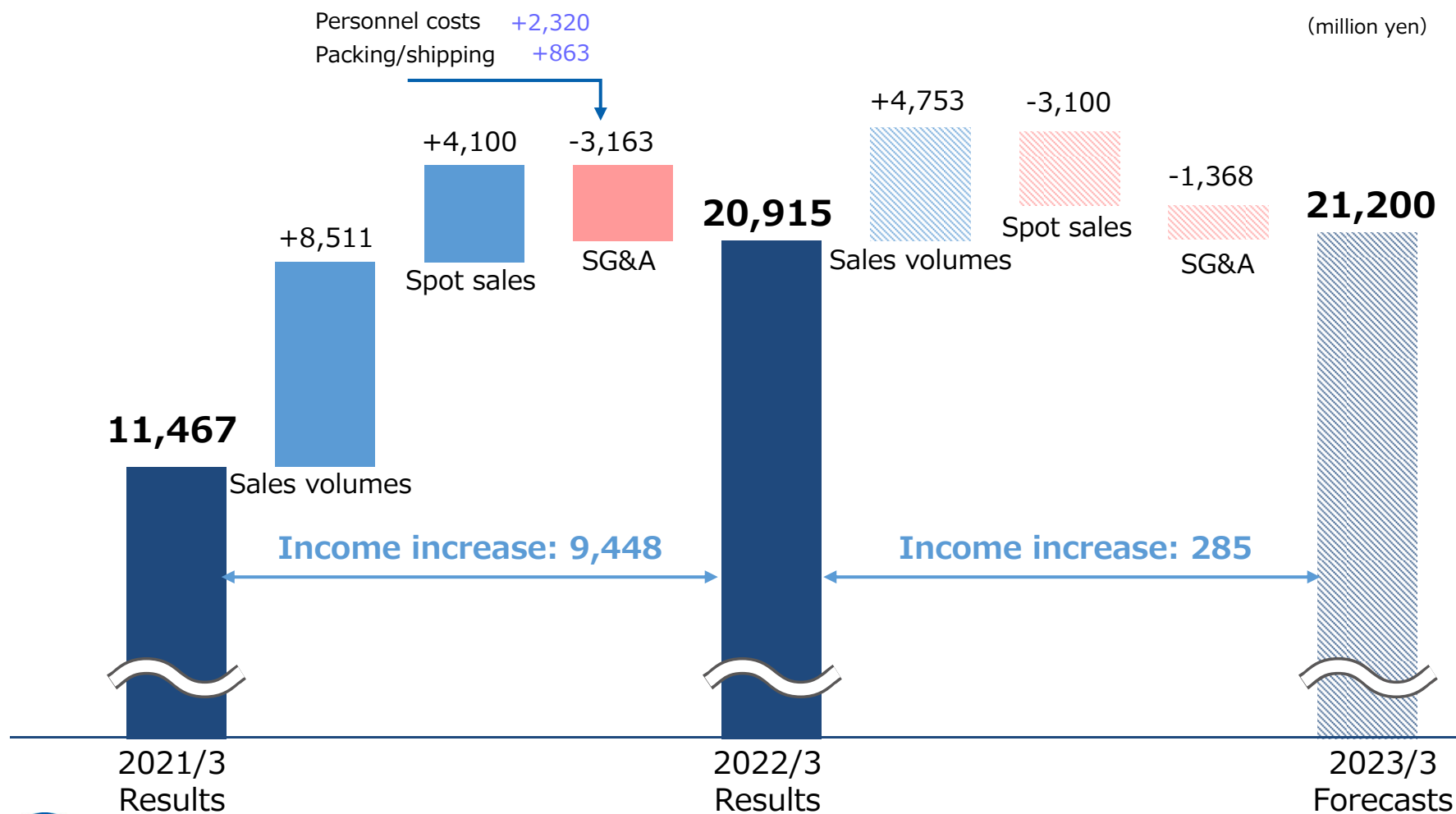
## **Forecasts for FY2023/3**

## Forecasts for FY2023/3

(million yen)

	FY2022/3 Results	FY2023/3 Forecasts	YoY
Net sales	495,827	<b>510,000</b>	2.9%
Operating income	20,915 4.2%	<b>21,200</b> 4.2%	1.4%
Ordinary income	21,456 4.3%	<b>21,200</b> 4.2%	-1.2%
Profit attributable to owners of parent	15,401 3.1%	<b>14,500</b> 2.8%	-5.9%
EPS (Yen)	576.45	<b>552.42</b>	-
ROE	15.7%	<b>13.0%</b>	

## FY2022/3 vs FY2023/3 Factors of Increase/Decrease in Operating Income



## Forecasts for FY2023/3 by Segment

(million yen)

			FY2022/3 Results		FY2023/3 Forecasts		YoY
Electronic components	Net sales		433,852		<b>447,000</b>		3.0%
	Segment income		18,107	4.2%	<b>18,500</b>	4.1%	2.2%
Information equipment	Net sales		39,616		<b>39,000</b>		-1.6%
	Segment income		2,085	5.3%	<b>2,000</b>	5.1%	-4.1%
Software	Net sales		2,767		<b>4,000</b>		44.5%
	Segment income		-26	0.1%	<b>100</b>	2.5%	—
Others	Net sales		19,590		<b>20,000</b>		2.1%
	Segment income		626	3.2%	<b>600</b>	3.0%	-4.2%
Total	Net sales		495,827		<b>510,000</b>		2.9%
	Segment income		20,915	4.2%	<b>21,200</b>	4.2%	1.4%

Note: Figures of each segment income are not inter-segment adjusted. Total amount is inter-segment adjusted (operating income).

# Management Topics

Representative Director,  
President & COO

**Ryoichi Kado**

## Response to the Spread of Novel Coronavirus Infection : Sales bases in Japan

### Office attendance rate and number of infections

	FY2022/3 H1	FY2022/3 H2	FY2022/3 H1 plan	Number of COVID-19 cases (FY2022/3)
Kaga Electronics	41.5%	45.8%	40%	47
Group companies	47.3%	51.6%	(Different for each company)	104
Group overall	44.4%	48.7%	—	151

### Infection prevention measures

#### Do not bring the virus to work or spread it

Thermometers were set up

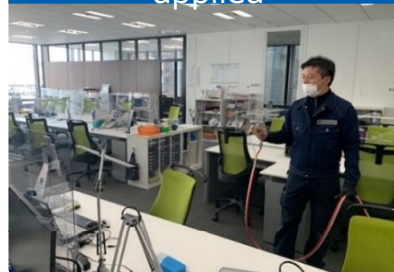


Partitions within offices



#### Thorough antiviral and antibacterial measures were taken

Antiviral coating was applied







Photocatalytic sterilizing deodorizers were set up



## Response to the Spread of Novel Coronavirus Infection : Overseas Production Bases

### Status of factory operation and number of infections

 : Operation suspension period	FY2022/3 H1	FY2022/3 H2	FY2022/3 H1	Number of COVID-19 cases (FY2022/3)	
China			3/14~20:Shenzhen	China	0
Thai					
Indonesia					
Malaysia		7/15~26		Asia	113
Vietnam		7/22~9/27		Europe	2
India					
Czech					
Turkey					
Mexico				America	18

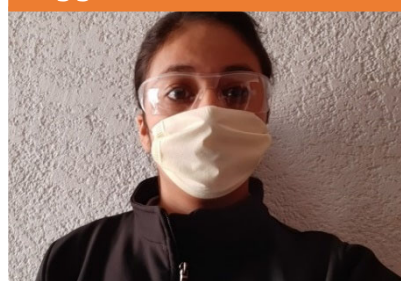
### Infection prevention measures

#### Do not bring the virus to work or spread it

Temperature taken when arriving at work



Goggles and masks worn



#### Social distancing was strictly enforced

Production lines



Partitions in the factory cafeteria



## Review of the Previous Medium-term Management Plan: Results of management policiess

Basic policy	Priority themes	Main results
Enhancement of Revenue Base	▶ Focus on markets and areas in which high growth and profitability are expected	<ul style="list-style-type: none"> <li>○ Revenue increase effect through acquisition of companies : about <b>¥215 bn</b></li> <li>○ Growth of EMS business : about <b>¥28 bn</b></li> </ul>
Stabilization of Management Base	▶ Swift recovery of the Group's management efficiency and financial soundness after weakness caused by acquisition of companies	<ul style="list-style-type: none"> <li>○ KAGA FEI: Gross profit margin 6.3% (FY18 results) → <b>9.8%</b> (FY21 results)</li> <li>○ Kaga Electronics: Consolidated SG&amp;A ratio 9.5% (FY18 results) → <b>8.0%</b> (FY21 results)</li> <li>○ Kaga Electronics: Equity ratio 35.8% (end/Mar 2019 results) → <b>38.8%</b> (end/Mar 2022 results)</li> </ul>
Creation of New Businesses	▶ Enhancement of resiliency to changes in the external environment, actively leveraging in-house resources, and M&A	<ul style="list-style-type: none"> <li>○ Venture investments : <b>19</b> projects executed (investments in 42 companies)</li> <li>△ Social issues solutions-oriented business : Entry into disaster-readiness helicopter and EV bus mobility business, preparation for entry into medical device business</li> </ul>



## Review of the Previous Medium-term Management Plan: Results of management figures

### Net sales

<Management Targets>

JPY500bn

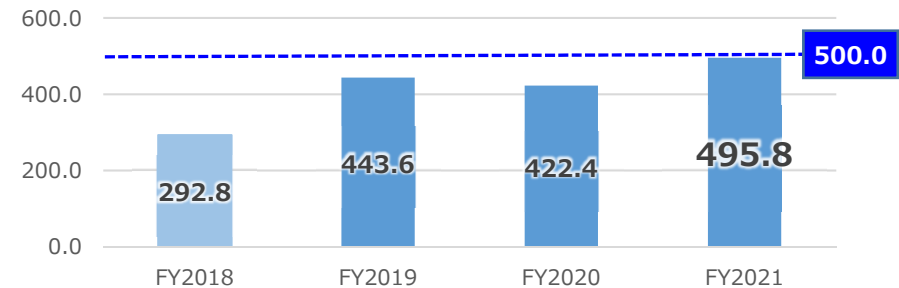
<Results>

**JPY495.8bn**

▶ **Fell slightly short**

▶ Largely absorbed unexpected impacts such as those from loss of major commercial rights and COVID-19

(billion yen)



### Operating income

<Management Targets>

JPY13.0bn

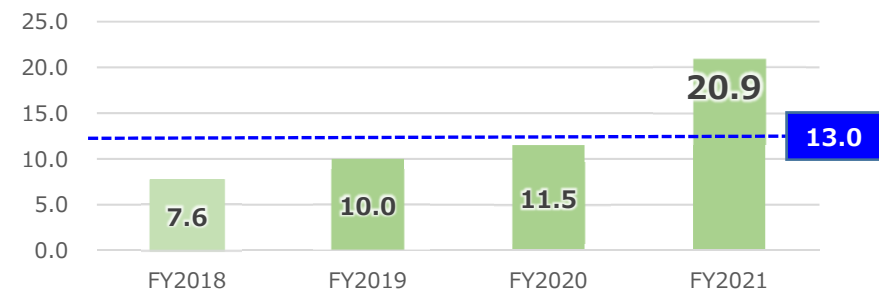
<Results>

**JPY20.9bn**

▶ Greatly exceeded

▶ Achieved record profits over 3 successive fiscal years

(billion yen)



### ROE

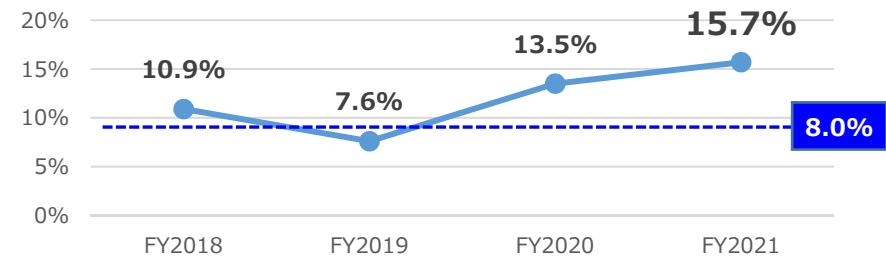
<Management Targets>

8% or higher

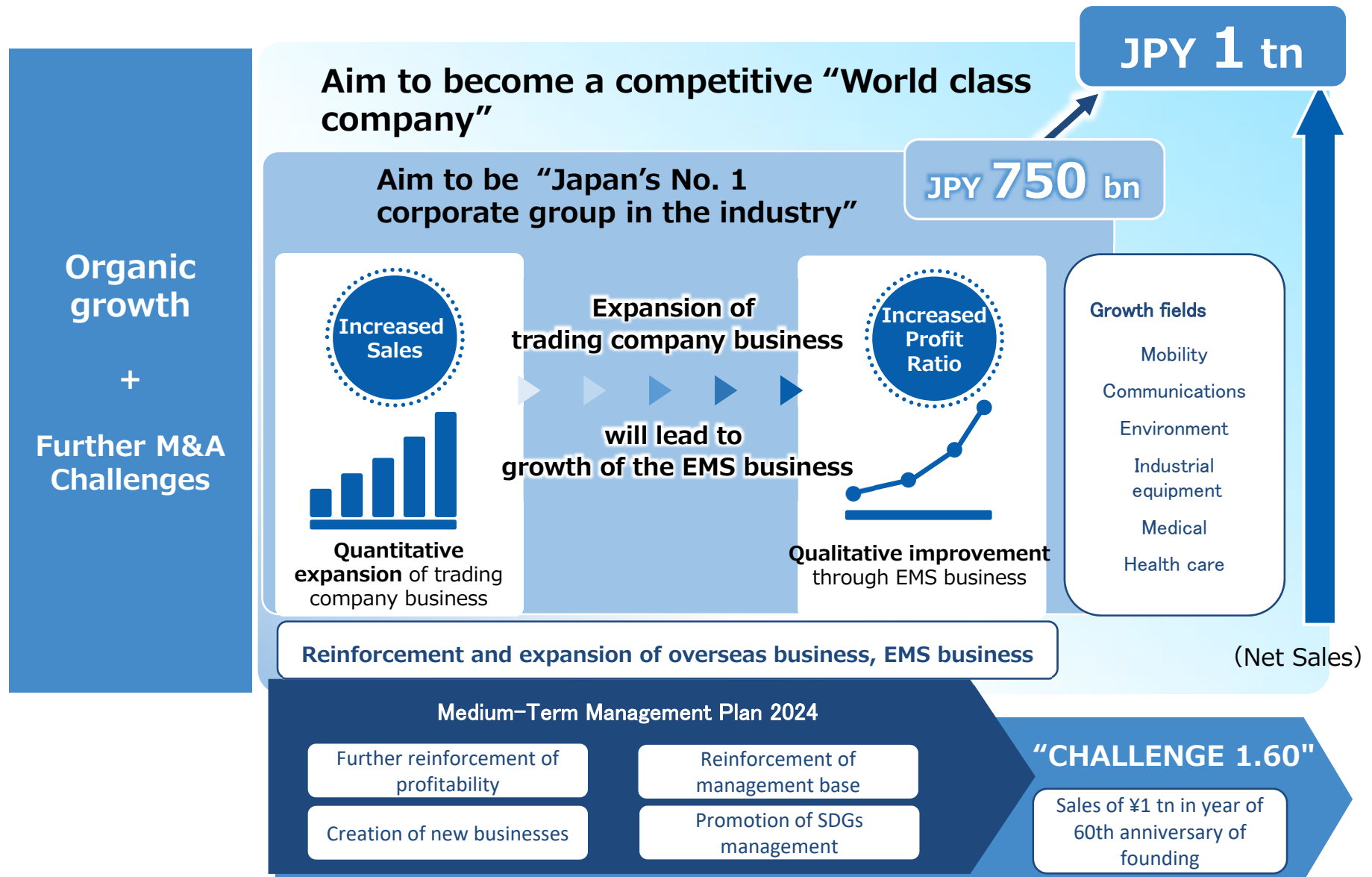
<Results>

**15.7%**

▶ Exceeded stable ROE of 8% from the second year of the medium-term plan



# Outline of the new medium-term management plan

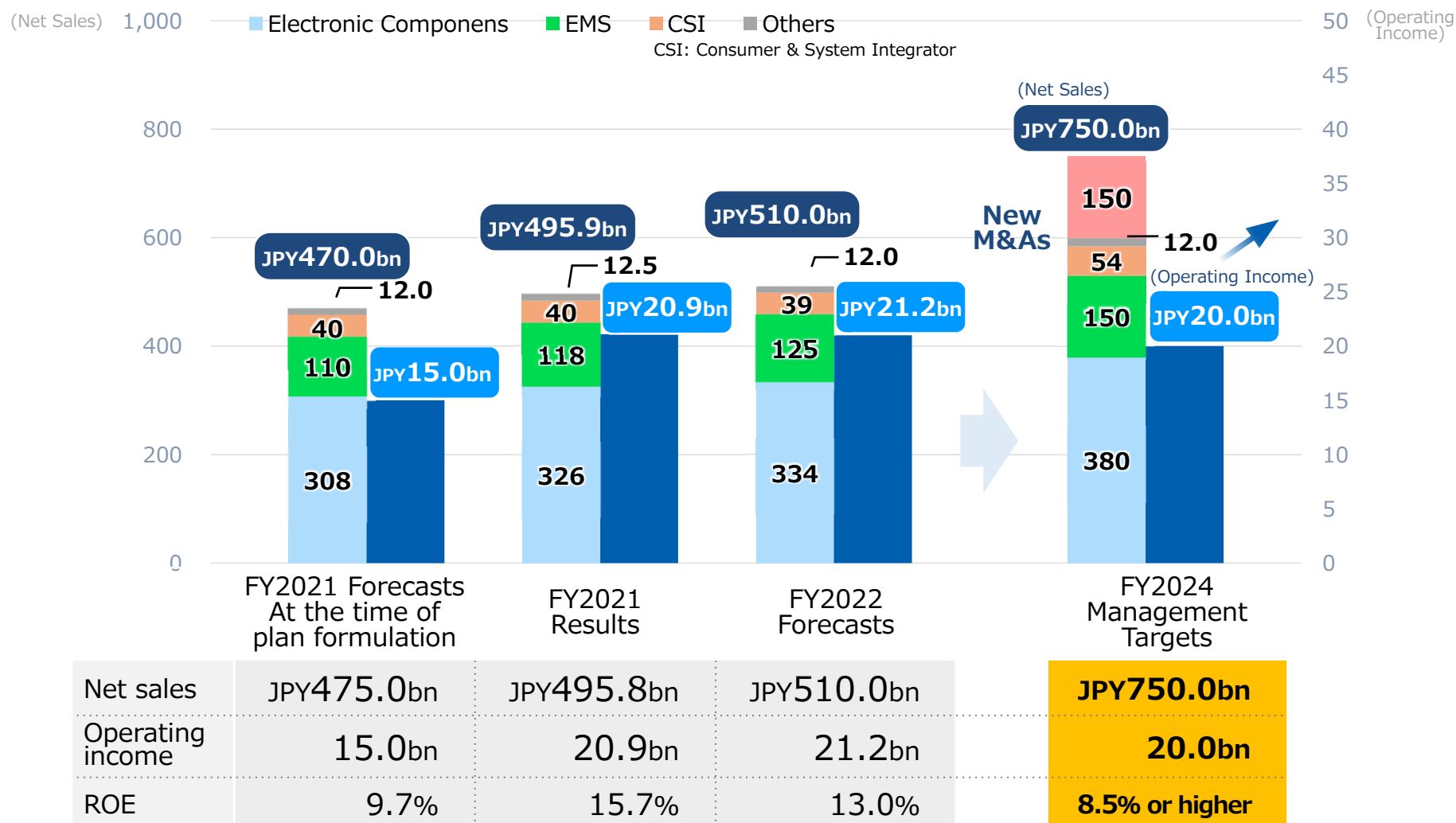


## Management Policies of the new medium-term management plan

Basic policy	Priority themes	Major initiatives
Further Reinforcement of Profitability	<ul style="list-style-type: none"> <li>▶ Focus on markets with potential for high growth and profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Selection and concentration in growth fields: Mobility, Communications, Environment, Industrial equipment, Medical/Health care</li> <li>• Reinforcement and expansion of EMS business and overseas business</li> </ul>
Reinforcement of Management Base	<ul style="list-style-type: none"> <li>▶ Transformation to a Group management foundation worthy of "Japan's No. 1 corporate group in the industry"</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforcement of corporate governance</li> <li>• Efficient Group management</li> <li>• Investments in human capital</li> </ul>
Creation of New Businesses	<ul style="list-style-type: none"> <li>▶ Active use of venture investments and M&amp;As</li> </ul>	<ul style="list-style-type: none"> <li>• Initiatives in new fields</li> <li>• Promotion of open innovation through venture investments</li> <li>• M&amp;A efforts aimed at discontinuous growth</li> </ul>
Promotion of SDGs Management	<ul style="list-style-type: none"> <li>▶ achieve solutions to social issues and sustainable growth as a company</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of group-wide sustainability management</li> </ul> <p>(See "Medium- to long-Term Sustainability Management Plan" for details)</p>

## Management Targets of the new medium-term management plan

There was pressure from special factors that were not predicted when formulating the plan, leading to profit levels that exceeds the medium-term management target of 20 billion yen. We will conduct a revision as appropriate given the actual state of affairs, focusing on the progress of performance as of the 1H of FY2022.



# Sustainability Policy

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Under our corporate philosophy of "Everything we do is for our customers," the Kaga Electronics Group seeks to achieve both a sustainable society and sustainable growth of the Group. Toward this purpose, we will respect dialogue with customers, business partners, shareholders, investors, employees, local communities, and all other stakeholders, based on our Basic CSR Policy, Environmental Policy, and Action Guidelines. We will work to increase our corporate value as we play an active role in achieving a sustainable society.

## 1 We will tackle environmental issues through our business activities

Through our business activities, we will take action to cut CO<sub>2</sub> emissions, reduce waste, and promote reuse. At the same time, by providing environmentally considerate products and services, we will contribute to bringing about a society that values the global environment.

## 2 We will respect human rights and develop human resources











We will respect the human rights of all stakeholders, regardless of gender, age, nationality, social status, disabilities, or other personal attributes. We will develop work environments in which diverse employees can work in safety and health, both physically and mentally, and will develop personnel systems and education and training systems that allow these employees to maximize their individual abilities. We will further work to develop human resources who will take on the challenge of innovation.

## 3 We will work to build mutual trust with society

We will work to be a company that earns the trust of society by observing laws and regulations, by strengthening our governance structure, and by sincerely engaging in fair competition, the provision of high-quality products and services, timely and appropriate information disclosure, and other corporate activities.

# Materiality

The Kaga Electronics Group is committed to seriously addressing a variety of issues relevant not only to itself but also communities around the world and thereby living up to the expectations of society. In line with this commitment, the Group has employed four perspectives— Environmental (E), Social (S), Governance (G) and Business (B)—to identify priority issues that are deemed to exert significant impact on its business operations, as listed below. Through its efforts to tackle the materiality of these issues, the Group will practice corporate activities aimed at contributing to the realization of a sustainable society, with the aim of further improving its corporate value.

	Materiality	Related SDGs	Changes in the socio-economic environment	Our initiatives
E	Create a clean global environment	 	<ul style="list-style-type: none"> <li>• Growing seriousness of global warming and other environmental problems</li> <li>• Urgent call for carbon neutrality</li> </ul>	<ul style="list-style-type: none"> <li>• Provide products and services designed to help resolve environmental and energy issues</li> <li>• Continue initiatives to reduce the environmental burden</li> </ul>
S	Create an inclusive company as well as an affluent society	  	<ul style="list-style-type: none"> <li>• Changes in social structure as we move toward the popularization of the new normal</li> <li>• Human resource shortages attributable to a low birthrate and an aging population</li> </ul>	<ul style="list-style-type: none"> <li>• Promote workforce diversity and innovative work styles to better adapt to the new normal</li> <li>• Develop human resources by passing down and updating KAGA-ism</li> </ul>
G	Create a sustainable management base	 	<ul style="list-style-type: none"> <li>• Public calls for more robust corporate governance</li> <li>• Growing need for business resilience against changes in the operating environment</li> </ul>	<ul style="list-style-type: none"> <li>• Further strengthen corporate governance and compliance</li> <li>• Thoroughly practice a profit-focused management approach</li> </ul>
B	Realize sustainable business growth	  	<ul style="list-style-type: none"> <li>• Progress in digital transformation</li> <li>• Coming of a “super-smart” society due to the popularization of ICT, such as IoT and AI</li> <li>• Intensification of global competition</li> </ul>	<ul style="list-style-type: none"> <li>• Provide products and services that contribute to the transition to a digital-driven society</li> <li>• Create new businesses aimed at helping</li> </ul>

## Medium- to long-term sustainability targets and major KPIs

	Key themes	Issues to address and issues to examine	Medium-term targets	Long-term targets
E	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> <li>• Adoption of renewable energy at domestic sales offices</li> <li>• Adoption of renewable energy at domestic manufacturing sites</li> <li>• Adoption of renewable energy at overseas manufacturing sites</li> </ul>	2024: 40% (1%) By 2024: Information gathering/analysis and determination of policy • In-house power generation/external procurement • Solar panel/biomass power generation/renewable energy businesses	2030: 100% 2030: 50% 2050: 100% 2030: 30% 2050: 100%
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> <li>• Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV)</li> </ul>	2024: 85% (78.5%)	2030: 100%
S	Diversity and human resource management	<ul style="list-style-type: none"> <li>• Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires)</li> <li>• Initiatives to employ elderly workers and persons with disabilities</li> </ul>	Percentage of female new graduates in general positions 2023: 30% (5.8%) Percentage of women in management positions 2024: 15% (13.3%)	Percentage of female new graduates in general positions 2028: 40% Percentage of women in management positions 2029: 17%
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> <li>• Enhancement of programs such as childcare/family-care and telework</li> <li>• Acquisition of certification as a Health and Productivity Management Organization</li> </ul>	2022: Implementation of review 2023: Certification	2025: Certification by outside party 2024 onward: Continuation of certification
G	Restructuring the governance structure in response to the revision of the CG Code and the reorganization of TSE	<ul style="list-style-type: none"> <li>• Independent Outside Directors: at least 1/3</li> <li>• Establishment of Nomination and Compensation Committee</li> </ul>	Performed in June 2021	Setting of targets in line with next CG Code revision
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> <li>• Diversification of the Board of Directors</li> </ul>	By June 2022: Determination of policy	
		<ul style="list-style-type: none"> <li>• Full compliance with Corporate Governance Code for Prime Market</li> </ul>	Performed in November 2021	
		<ul style="list-style-type: none"> <li>• Adoption of delegation-based executive officer structure</li> <li>• Transition to structure of company with committees</li> </ul>	April 2022: Enactment By March 2023: Determination of policy	

\*Numbers in parentheses represent current values



## Medium- to long-term sustainability targets: Main activities and progress

	Key themes	Issues to address and issues to examine	Main activities and progress in FY2021
E	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> <li>Adoption of renewable energy at domestic sales offices</li> <li>Adoption of renewable energy at domestic manufacturing sites</li> </ul>	<ul style="list-style-type: none"> <li>Measured the electricity usage (approx. 4.42 million KWh). Started study of when to purchase renewable energy.</li> <li>Measured the electricity usage (approx. 6.72 million KWh). Solar panels, onsite/offsite PPA, etc., are under consideration.</li> </ul>
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> <li>Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV)</li> </ul>	<ul style="list-style-type: none"> <li>80.8% complete (as of March 31, 2022).</li> </ul>
S	Diversity and human resource management	<ul style="list-style-type: none"> <li>Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires)</li> <li>Initiatives to employ elderly workers and persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Started hiring activities in accordance with the plan.</li> <li>Informed group companies to improve percentage of women in management positions. Started setting targets for number of women in management positions at each group company.</li> <li>Employment of persons with disabilities is 100% of the legally mandated rate (as of March 31, 2022).</li> </ul>
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> <li>Enhancement of programs such as childcare/family-care and telework</li> <li>Acquisition of certification as a Health and Productivity Management Organization</li> </ul>	<ul style="list-style-type: none"> <li>Regulations and rules are being revised to make telework a permanent system.</li> <li>Prepared information to be disclosed on the website with an eye to acquisition of certification.</li> </ul>
G	Restructuring the governance structure in response to the revision of the CG Code and the reorganization of TSE	<ul style="list-style-type: none"> <li>Independent Outside Directors: at least 1/3</li> <li>Establishment of Nomination and Compensation Committee</li> </ul>	<ul style="list-style-type: none"> <li>Implemented from June 2021.</li> </ul>
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> <li>Diversification of the Board of Directors</li> <li>Full compliance with Corporate Governance Code for Prime Market</li> <li>Adoption of delegation-based executive officer structure</li> <li>Transition to structure of company with committees</li> </ul>	<ul style="list-style-type: none"> <li>Activities underway to elect female directors in June 2023.</li> <li>TCFD-compliant information to be disclosed from June 2022.</li> <li>Implemented from April 2022.</li> <li>Policy to be determined in FY2022.</li> </ul>

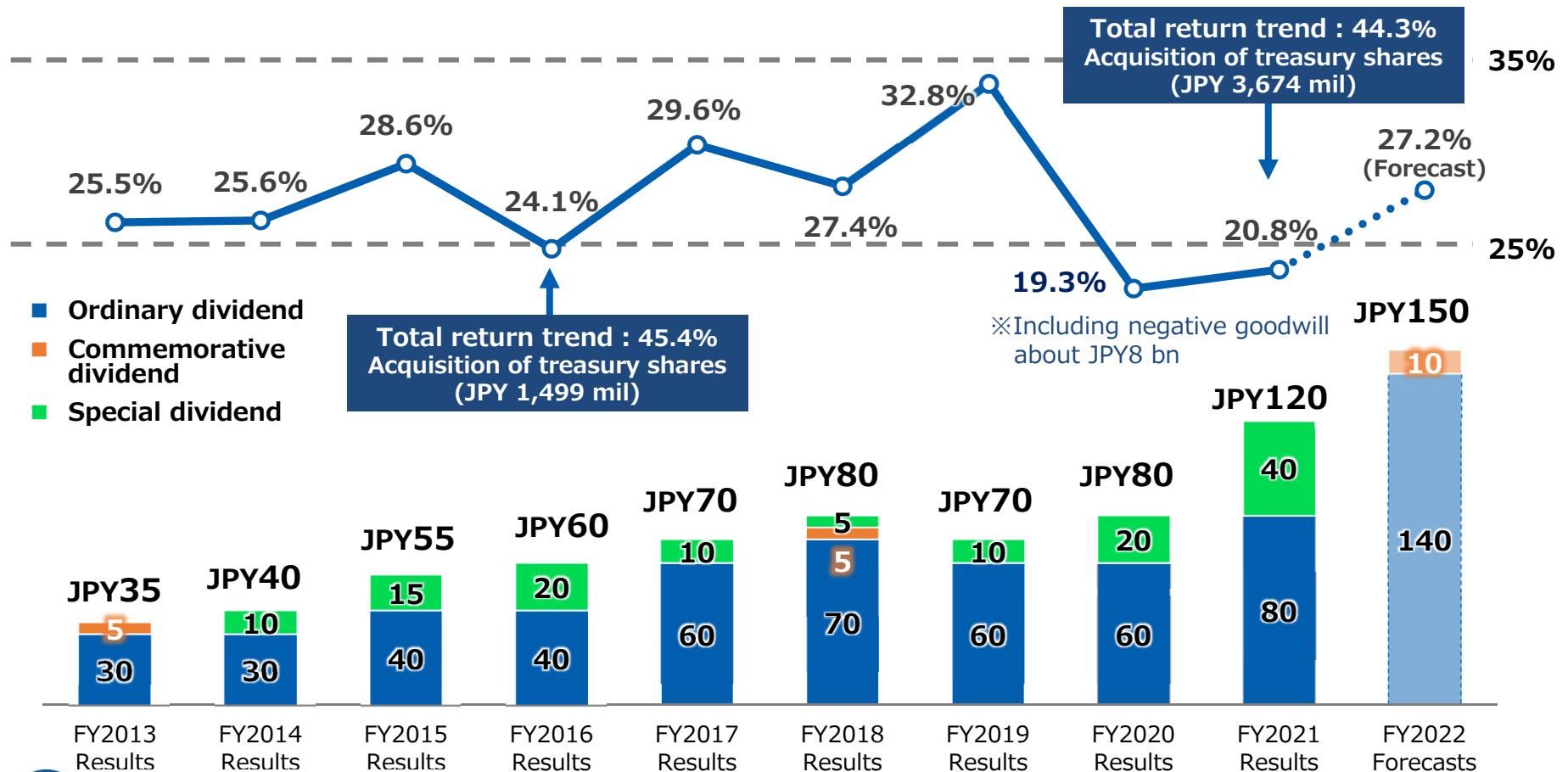
\*Numbers in parentheses represent current values



# Shareholder Return

## Basic Policy on Dividends of Surplus

- We shall perform **stable dividends**, while securing a **consolidated dividend payout ratio of 25 to 35%**.
- We shall use **funds for business investments, capital investments, and M&A**, etc. in order to contribute to future growth.
- Decisions on the **acquisition of treasury shares** shall be made appropriately, in consideration of capital efficiency and share price, etc.

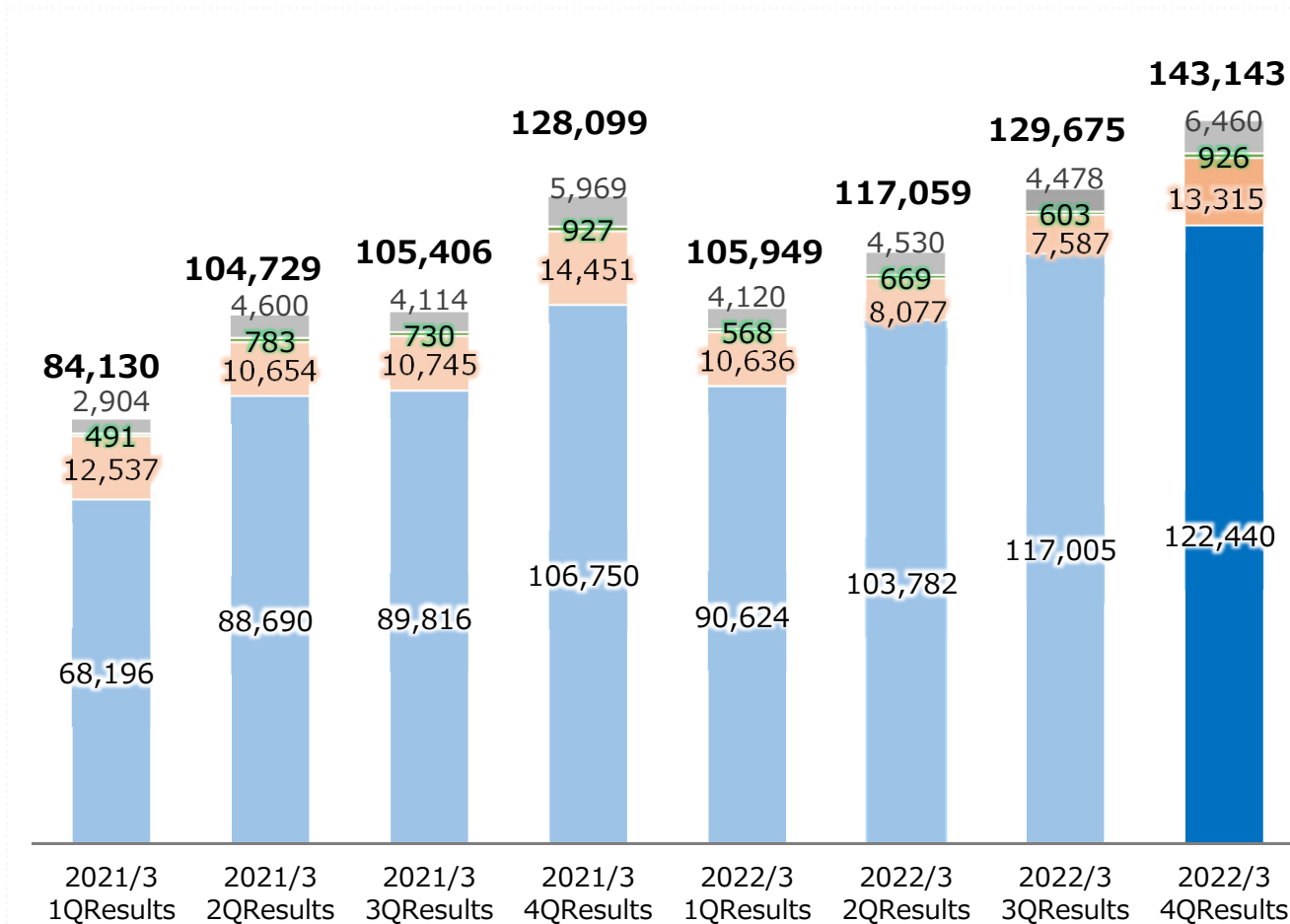


## Reference

## Financial Highlights by Business Segment <Net Sales>

(million yen)

### Net Sales



Total		
YoY	:	+15,043
QoQ	:	+13,467

Other		
YoY	:	+490
QoQ	:	+1,981

Software		
YoY	:	-1
QoQ	:	+322

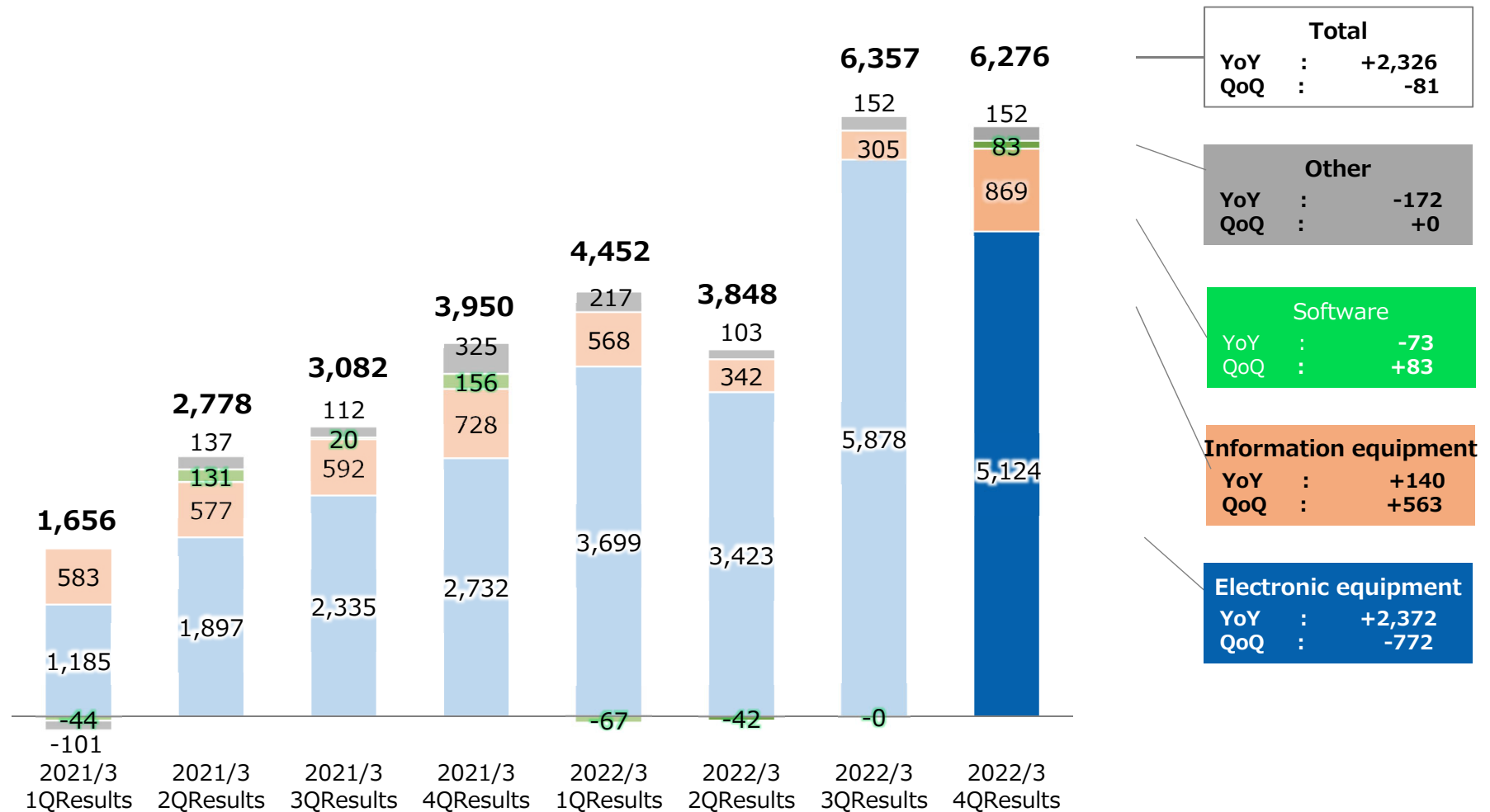
Information equipment		
YoY	:	-1,135
QoQ	:	+5,728

Electronic equipment		
YoY	:	+15,690
QoQ	:	+5,435

## Financial Highlights by Business Segment < Segment Income >

(million yen)

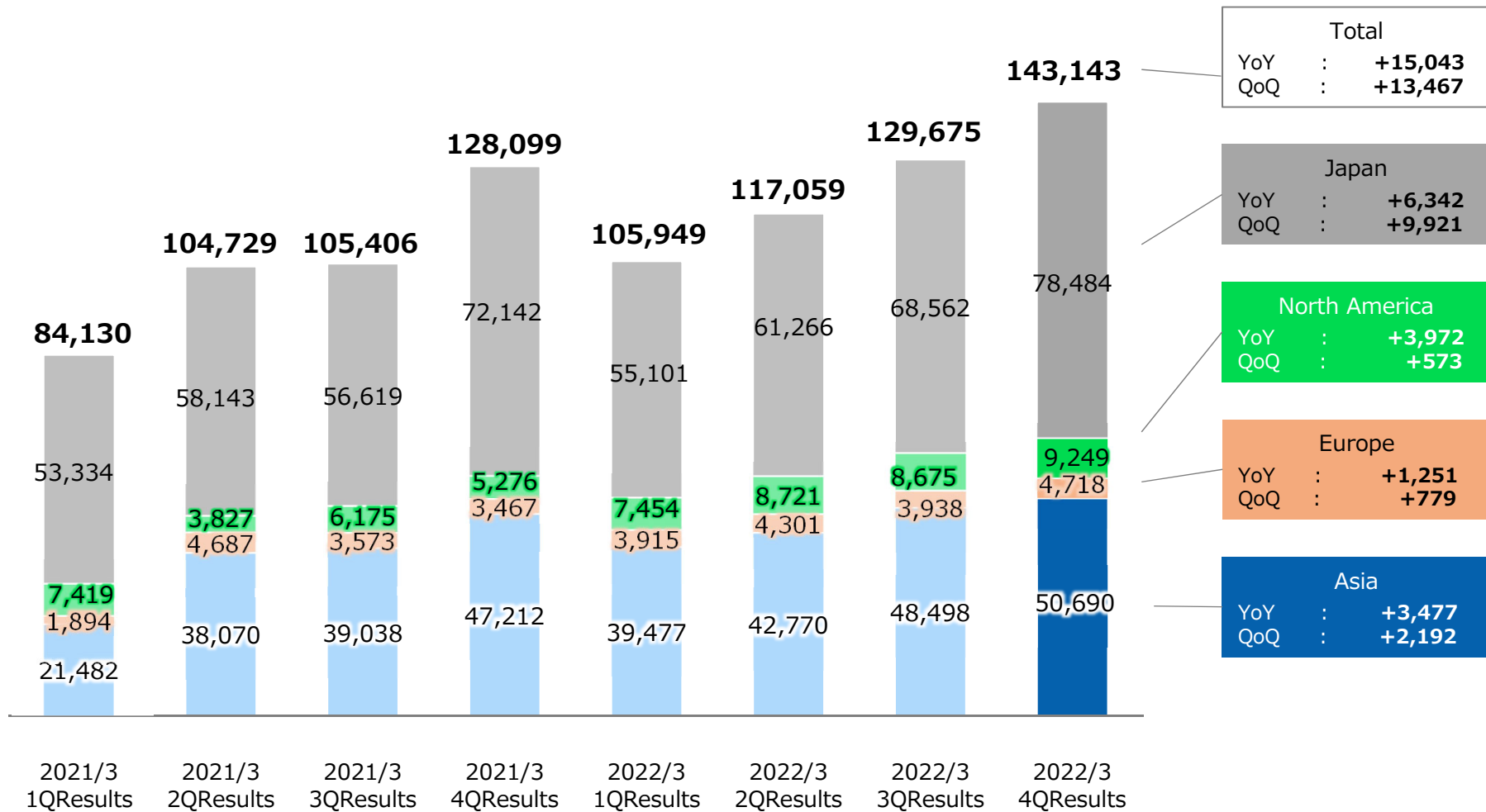
### Segment Income



# Net Sales by Region

(million yen)

## Net Sales



## Exchange Rate/FOREX Sensitivity

	FY2021/3 Results (Yen)	FY2022/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2023/3(yen)
			Net sales	Operating income	
USD	106.06	112.38	1,573	46	116.00
RMB	15.48	17.03	242	9	18.00
THB	3.42	3.44	251	14	3.50
HKD	13.68	14.44	208	6	14.50
EUR	123.70	130.50	10	0	130.00

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for our customers**



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  - Number : Truncated less than the display unit.
  - Ratio : After calculation in yen units, Round down one digit of Display unit.