

The following is an unofficial translation of the Japanese-language original version, and is provided for your convenience only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original version of the notice is the sole official version. If there are any discrepancies between the Japanese original version and the English translation, the Japanese original version prevails and the company disclaims all responsibility for and results of the discrepancies.

Dear shareholders

We will strive to achieve our Medium-term Corporate Strategy “elematec NEXT.”.

We would like to express our sincere gratitude to our shareholders for their continued support.

For the current consolidated fiscal year (FY2022), although the severe situation due to COVID-19 persisted, we focused on the automotive and ODM businesses, and as a result, both sales and profits increased year on year.

The Medium-term Corporate Strategy “elematec NEXT” is in its final year of implementation.

While adapting to changes in the social environment due to the spread of COVID-19, we have steadily promoted each priority measure with an eye on the optimal allocation of management resources. This fiscal year, we will strive to maximize results, and the entire Group will work together to achieve its Medium-term Corporate Strategy. Looking further ahead, we will aim for sustainable growth to be a company that contributes to solving social issues.

We sincerely ask our shareholders for their continued understanding and support.



Akira Yokode,
Chief Executive Officer and Chairman of the Board

Management Principles

Mission

To provide new values by expanding our good relationships.

Management policies

- To provide a multitude of quality products and services globally.
- To constantly strive for self-improvement and to seek sustained growth for betterment of social credibility
- Strive to maximize corporate value while emphasizing corporate governance with due consideration to the environment and safety
- Contribute to creating a sustainable society under the Basic Policy on Sustainability

Action Guidelines

- Respect customer’s needs and be trusted as a manufacturing partner
- Actively exchange views and take on challenges with enthusiasm, speed and teamwork.
- Each employee shall strive for self-improvement and place emphasis on equal opportunities and fair evaluation.
- Pursue happiness and well-being of employees and growth as a group.

June 6, 2022

To Our Shareholders:

Akira Yokode,
Chief Executive Officer and Chairman of the Board

Elematec Corporation

3-5-27 Mita, Minato-ku, Tokyo

Notice of Convocation of the 76th Ordinary General Meeting of Shareholders

First, we would like to express our sincere gratitude for your continued support.

You are cordially invited to attend the 76th Ordinary General Meeting of Shareholders of the Company.

This General Meeting of Shareholders will be held after making every possible effort to prevent the spread of the coronavirus disease (COVID-19) infection at the venue. If we intend to make any significant change to the administration of the General Meeting of Shareholders due to any change in circumstances, we will announce such changes on the Company's website or by any other means.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders that appear later and exercise your voting rights by any of the methods described on this page through pages 3 to 5 of this Notice by 5:30 p.m. (at the close of our business hours) on Monday, June 20, 2022 (Japan time).

Details of the General Meeting of Shareholders

- 1. Date and Time:** Tuesday, June 21, 2022 at 1:30 p.m.
- 2. Venue:** 28F (Emerald 28), Main Tower, Shinagawa Prince Hotel
10-30 Takanawa 4-chome, Minato-ku, Tokyo
(Please note that the floor number and name of the venue differ, although the hotel is the same as last year.)
- 3. Agenda:**
 - Matters to be reported:**
 1. Business Report and Consolidated Financial Statements for the 76th Fiscal Year (from April 1, 2021 to March 31, 2022), results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 76th Fiscal Year (from April 1, 2021 to March 31, 2022)

Proposals to be resolved:

- Agenda Item No. 1:** Partial Amendment to the Articles of Incorporation
- Agenda Item No. 2:** Election of Nine Directors
- Agenda Item No. 3:** Election of Three Audit & Supervisory Board Members
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- If you are attending the Meeting in person, please submit the enclosed Voting Form to the receptionist at the venue.
- If any amendments are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements, such amendments will be posted on the Company's website.
- In connection with all documents required to be provided to you along with the notice of the convocation of this General Meeting of Shareholders, the following matters are posted on the Company's website pursuant to the applicable laws and regulations and Article 17 of the Articles of Incorporation; therefore, they are not contained in the documents provided to you along with this notice. Please kindly note that the documents provided to you along with this notice form part of documents audited by the Audit & Supervisory Board Members or Accounting Auditor for their preparation of the Audit Report.
 1. System for Ensuring Proper Business Operation and Operating Status of Such System
 2. Basic Policy for Control of Company
 3. Notes to Consolidated Financial Statements
 4. Individual Notes to the Financial Statements

The Corporation's Website: <http://www.elematec.com/ir/>

- **All shareholders considering attendance at this General Meeting of Shareholders are kindly requested to take good care of their health and physical condition up to the date of the meeting, and not to force themselves to attend the meeting.**
- **This year, we have again decided not to distribute coffee shop tickets, which were previously distributed on the day of the General Meeting of Shareholders, considering the risks of novel coronavirus (COVID-19) infection. We would appreciate your understanding on this.**

Guidance for Exercising Voting Rights

Exercising voting rights by attending the General Meeting of Shareholders



Please submit the enclosed Voting Form to the receptionist at the venue.

Date & Time Tuesday, June 21, 2022 at 1:30 p.m.

Venue 10-30 Takanawa 4-chome, Minato-ku, Tokyo
28F (Emerald 28), Main Tower, Shinagawa Prince Hotel

Exercising voting rights in writing (by post)



Please indicate your vote for or against each of the proposals on the Voting Form enclosed and return the form to the Company.

Exercise Deadline To arrive by 5:30 p.m. on Monday, June 20, 2022

Exercising voting rights via the Internet, etc.



Enter your vote for or against each proposal in accordance with the guide on pages 4 to 5.

Exercise Deadline Make entry by 5:30 p.m. on Monday, June 20, 2022



Guide to Exercising Voting Rights via the Internet, etc.

Exercise
Deadline

Make entry by 5:30 p.m. on Monday, June 20, 2022

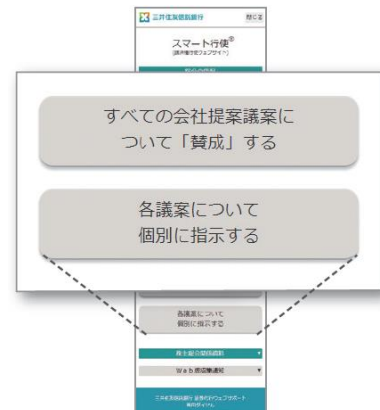
How to scan QR Code “Smart Vote”

You can login to the website to exercise your voting rights without entering your voting code and password.

1. Scan the QR Code printed on the bottom right of your voting form.
* “QR Code is a registered trademark of Denso Wave Incorporated.



2. Follow the instructions on the screen to vote for or against each of the proposals.



*The Voting form uses simulated image.

You may exercise your voting rights only once through “Smart Vote.”

If you wish to make corrections after you have exercised your voting rights, access the PC website, login by entering your voting code and password printed on the voting form, and exercise your voting rights again.

* Rescan the QR Code to access the PC website.

- If you exercise your voting rights both via the Internet, etc. and by returning the Voting Form, the vote received later will be treated as valid. If the votes via the Internet, etc. and the Voting Form are received on the same day, the votes via the Internet, etc. will be treated as valid.
- If you exercise your voting rights more than once via the Internet, etc. the last vote will be treated as valid.

How to Enter Voting Code and Password

Website for exercising voting rights: <https://www.web54.net>

1. Access the website for exercising voting rights.



Click "Proceed to next."

2. Enter the voting code printed on your voting form.



Enter the voting code.

Click "Login."

3. Enter the password printed on the voting form.



Enter the Password.

Please set a new password to actually use.

Click "Register."

4. Follow the instructions on the screen to vote for or against each of the proposals.

*The operation screen uses simulated image.

The website for exercising voting rights may not be available depending on the internet usage environment of PC, Smart phone.

Inquiries about exercising voting rights via the Internet

Stock Transfer Agency Web Support
Sumitomo Mitsui Trust Bank, Limited.
Toll-free (within Japan): 0120-652-031
(Business hour: 9:00 a.m. to 9:00 p.m.)

To institutional investors

Institutional investors can also vote electronically at this General Meeting through the "ICJ Platform" operated by ICJ Inc.

Reference Documents for the General Meeting of Shareholders

Agenda Item No. 1: Partial Amendment to the Articles of Incorporation

1. Reasons for the Amendments

- (1) An option for the form of General Meeting of Shareholders (Virtual General Meeting of Shareholders)

With the enforcement of the “Act for Partially Amending the Industrial Competitiveness Enhancement Act, Etc.” (Act No. 70 of 2021) and the “Ministerial Ordinance Concerning General Shareholders’ Meetings without Venue Based on the Industrial Competitiveness Enhancement Act” (Ordinance of the Ministry of Justice and the Ministry of Economy, Trade and Industry No. 1 of 2021), listed companies that have obtained confirmation from the Minister of Economy, Trade and Industry (“METI”) and the Minister of Justice that meet the requirements specified in the Ordinance of METI and Ministry of Justice Ordinance (“Ministerial Ordinance Requirements”) can now hold a “Virtual General Meeting of Shareholders.”

In the belief that it is in the interest of all shareholders to add an option available for holding the General Meeting of Shareholders, bearing in mind such factors as large-scale disasters, including infectious diseases and natural disasters, and the progress of digitization of society, the Company proposes to amend its Articles of Incorporation to allow the holding of a Virtual General Meeting of Shareholders. In amending the Articles of Incorporation, the Company has obtained confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that the amendment meets the Ministerial Ordinance Requirements.

- (2) Amendment due to introduction of system for providing General Meeting of Shareholders’ Materials in electronic format

Accompanying the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) to be enforced on September 1, 2022, the system of electronic provision of materials for the General Meeting of Shareholders will be introduced. The Company thereby proposes to make the following amendments to the Articles of Incorporation.

- 1) Article 17, Paragraph 1 of the Proposed Amendment shall stipulate that the Company shall take measures to electronically provide information that is the contents of the Reference Documents etc. for the General Meeting of Shareholders.
- 2) Paragraph 2 of Article 17 of the Proposed Amendment shall establish a provision to enable the Company to limit the scope of matters to be included in the documents to be delivered to shareholders who have made a request for the delivery of the paper-based documents.
- 3) Article 17 that stipulates Internet disclosure and deemed provision of Reference Documents, etc. for the General Meeting of Shareholders of the current Articles of Incorporation shall be deleted as it will no longer be necessary.
- 4) Supplementary Provisions shall be established regarding the effect of the above newly established and deleted provisions.

2. Details of the Amendments

Details of amendments of the Articles of Incorporation are as follows.

(Underlines indicate changes.)

Current Articles of Incorporation	Proposed Amendment
<p>(Convening General Meetings) Article 10.</p> <p>1. An ordinary general meeting of shareholders of the Company shall be convened in June of each year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.</p> <p>2. General meetings of shareholders shall be convened at the location of the head office or in the wards of Tokyo.</p> <p style="text-align: center;"><New></p>	<p>(Convening General Meetings) Article 10.</p> <p>1. An ordinary general meeting of shareholders of the Company shall be convened in June of each year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.</p> <p>2. General meetings of shareholders shall be convened at the location of the head office or in the wards of Tokyo. <u>Provided, however, that this shall not apply if the general meeting of shareholders is to be a Virtual General Meeting of Shareholders in accordance with the following paragraph.</u></p> <p>3. <u>The general meeting of shareholders of the Company may be held as a Virtual General Meeting of Shareholders.</u></p>
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders)</u> <u>Article 17.</u> <u>In convening a general meeting of shareholders, if information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements and consolidated financial statements is disclosed through the Internet in accordance with the provisions prescribed by the Ordinance of Ministry of Justice, the Company may be deemed to have provided the information to shareholders.</u></p>	<p style="text-align: center;"><Delete></p>
<p style="text-align: center;"><New></p>	<p><u>(Measures, etc. for Providing Reference Documents, etc. for the General Meeting of Shareholders in Electronic Format)</u> <u>Article 17.</u></p> <p>1. <u>In convening a general meeting of shareholders, the Company shall take measures for electronically providing information on Reference Documents, etc. for the General Meeting of Shareholders.</u></p> <p>2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company shall not be required to state all or part of those items designated by the Ordinance of Ministry of Justice in the paper-based documents to be delivered to shareholders who requested them by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p><New></p>	<p><u>Supplementary Provisions</u> <u>(Transitional Measures for Provision of General Meeting of Shareholders' Documents in Electronic Format)</u></p> <p><u>Article 1. The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders) in the Articles of Incorporation before amendment and the establishment of the new Article 17 (Measures, etc. for Providing Reference Documents, etc. for the General Meeting of Shareholders in Electronic Format) in the Articles of Incorporation after amendment shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the "Date of Enforcement").</u></p> <p><u>Article 2. Notwithstanding the provision of the preceding article, the following provisions (Article 17 of the Articles of Incorporation before amendment) shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement. In convening a general meeting of shareholders, if information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements and consolidated financial statements is disclosed through the Internet in accordance with the provisions prescribed by the Ordinance of Ministry of Justice, the Company may be deemed to have provided the information to shareholders.</u></p> <p><u>Article 3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding article, whichever is later.</u></p>


Agenda Item No. 2: Election of Nine Directors


The term of office of all of the current nine Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we propose the election of nine Directors.

The candidates for Directors are as follows.


No.	Name	Position in the Company	
1	Akira Yokode	Chief Executive Officer and Chairman of the Board	Reappointment
2	Masanori Kitahira	Executive Managing Director, Sales	Reappointment
3	Sei Kawafuji	Executive Managing Director, Corporate & Administration	Reappointment
4	Naohito Tsuji	Managing Director	New appointment
5	Akio Hamada	Member of the Board	Reappointment
6	Yosuke Komatsu	Member of the Board	Reappointment
7	Sosuke Seki	External Member of the Board	Reappointment External Independent officer
8	Tatsumi Maeda	External Member of the Board	Reappointment External Independent officer
9	Yoshiaki Yatsu	External Member of the Board	Reappointment External Independent officer


Reappointment	Reappointed Director candidate
New appointment	Newly appointed Director candidate
External	External Director candidate
Independent officer	Independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc.


	1	Akira Yokode	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: June 18, 1961)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1984 Joined T. CHATANI & Co., Ltd. May 1988 Joined ROHM Co., Ltd. March 2001 Joined Toyota Tsusho Corporation (“Toyota Tsusho”) April 2006 General Manager of Section 1 Electronics Department, Toyota Tsusho June 2006 Managing Director, Assistant to Chief Division Officer of Sales Division, TOMEN DEVICES CORPORATION June 2008 General Manager of Electronics Device Department, Toyota Tsusho April 2011 General Manager of Electronics Department, Toyota Tsusho April 2012 Senior Managing Director, the Company June 2012 Executive Managing Director, the Company April 2018 Executive Managing Director, the Company June 2019 Chief Executive Officer and Chairman of the Board, the Company (to the present)		
	Significant concurrent positions None		
Number of the Corporation’s shares held: 2,140 Tenure: 10 years Status of attendance to Board of Directors meeting: 13/13 (100%)	[Reasons for nomination of the candidate as Director] Akira Yokode has been engaged mainly in electronics businesses since joined Toyota Tsusho Corporation in 2001, and has held positions such as General Manager of Section 1 Electronics Department, and General Manager of Electronics Device Department at Toyota Tsusho. Since the Company entered into a capital and business alliance agreement with Toyota Tsusho in 2012, he has served as Executive Managing Director of the Company. He has currently been Chief Executive Officer and Chairman of the Board (present post) since 2019. The Company has proposed him as a candidate for re-election as Director so that the Company’s management may benefit from his extensive experience of a general trading company and the Group as well as insights into global business operations.		


	2	Masanori Kitahira	<div style="border: 1px solid black; padding: 2px;">Reappointment</div>	
	(Date of birth: July 26, 1963)			
	[Career summary, position and areas of responsibility in the Corporation]			
	<p>April 1986 Joined the Company</p> <p>March 2000 General Manager of Kakogawa Branch, the Company</p> <p>November 2003 General Manager, Elematec Hong Kong Limited and General Manager, Elematec International Trading (Shenzhen) Co., Ltd.</p> <p>April 2009 Managing Director, Director of Sales Division, the Company</p> <p>April 2012 Responsible for China and Director of Sales Division, the Company</p> <p>April 2014 Managing Director, Director of Sales Division and General Representative for China, the Company</p> <p>April 2018 Senior Managing Director, Director of Sales Division, the Company</p> <p>April 2021 Senior Managing Director and Head of Sales Division, the Company</p> <p>June 2021 Executive Managing Director, Sales, the Company</p> <p style="text-align: center;">(to the present)</p>			
Significant concurrent positions				
Number of the Corporation's shares held: 39,800	None			
Tenure: 1 year	[Reasons for nomination of the candidate as Director]			
Status of attendance to Board of Directors meeting: 11/11 (100%) (Status after appointment on June 22, 2021)	Masanori Kitahira has been engaged in domestic and overseas sales-related business activities since he joined the company in 1986. He previously served as Director of the Sales Division, as Managing Director since 2014, and as Senior Managing Director since 2018. He has served as Senior Managing Director/Head of the Sales Division, as Executive Managing Director, Sales of the Company (current position) since 2021. He has extensive business experience within the Group and has knowledge of global business administration. Accordingly, the Company has proposed him as a candidate for re-election as Director.			


	3	Sei Kawafuji	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: February 25,1969)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1991	Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)	
	August 2005	Joined the Company	
April 2012	General Manager of Administrative Department, the Company		
April 2014	Chief Division Officer of Administrative Division and General Manager of Personnel Department, the Company		
April 2016	Managing Director, Chief Division Officer of Administrative Division and General Manager of Personnel Department, the Company		
July 2016	Managing Director, Chief Division Officer of Administrative Division, General Manager of Finance & Business Administrative Department and General Manager of Personnel Department, the Company		
April 2017	Managing Director, Chief Division Officer of Corporate Division, the Company		
April 2018	Senior Managing Director in charge of Overall Personnel Affairs, General Affairs, and Legal Affairs, the Company		
June 2018	Executive Managing Director in charge of Overall Personnel Affairs, General Affairs, and Legal Affairs, the Company		
June 2020	Executive Managing Director, Corporate & Administration, the Company (to the present)		
Significant concurrent positions			None
[Reasons for nomination of the candidate as Director]			Sei Kawafuji has work experience at a major financial institution. He has been engaged in administration divisions in general since he joined the Company in 2005, and has held positions such as General Manager of Finance & Business Administrative Department, General Manager of Personnel Department, Chief Division Officer of Administrative Division, and Chief Division Officer of Corporate Division. Since 2018, he has served as Executive Managing Director (present post) using his extensive experience of the Group's operations and insights into administrative and management operations. Accordingly, the Company has proposed him as a candidate for re-election as Director.
Number of the Corporation's shares held:	15,900		
Tenure:	4 years		
Status of attendance to Board of Directors meeting:	13/13 (100%)		


	4	Naohito Tsuji	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div>
	(Date of birth: September 22, 1970)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1994	Joined Toyota Tsusho Corporation (“Toyota Tsusho”)	
	April 2011	General Manager of Device Solutions Department 4, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)	
April 2012	Assistant General Manager of Marketing & Development Group I , the Company		
January 2013	General Manager, Automotive Group, the Company		
April 2016	Managing Director, Toyota Tsusho (H. K.) Corporation Limited		
April 2017	Managing Director, Toyota Tsusho (H. K.) Corporation Limited Chairman of the Board of Directors, TOYOTA TSUSHO NEXTY ELECTRONICS HONG KONG CO., LIMITED. Chairman of East Asia Region		
April 2021	Managing Director, Director of Sales Division, the Company (to the present)		
Significant concurrent positions			
None			
[Reasons for nomination of the candidate as Director]			
Naohito Tsuji has been engaged mainly in electronics businesses since he joined Toyota Tsusho Corporation in 1994, and has been engaged mainly in automotive-related business since temporary assigned to the Company in 2012. He was temporary reassigned to the Company and served as Managing Director, Director of Sales Division, (present post) since 2021. He has extensive experience and broad knowledge of a general trading company and the Group. Accordingly, the Company has newly proposed making him a candidate for election as Director because it has been judged that such experience and knowledge can be utilized in the management of the Company and that he can appropriately fulfill his duties as Director.			
Number of the Corporation’s shares held:	-		

	5	Akio Hamada	Reappointment
	(Date of birth: June 30, 1966)		
	[Career summary, position and areas of responsibility in the Corporation]		
	<p>April 1989 Joined Toyota Tsusho Corporation (“Toyota Tsusho”)</p> <p>April 2013 Department Manager, HEV Business Department, Toyota Tsusho</p> <p>April 2014 Department Manager, HEV & ITS Business Department, Toyota Tsusho</p> <p>April 2015 Senior Managing Director, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)</p> <p>April 2016 President of Toyota Tsusho (Shanghai) Co., Ltd.; and Director, Toyota Tsusho (China) Co., Ltd.</p> <p>April 2018 Executive Officer, Toyota Tsusho President of Toyota Tsusho (Shanghai) Co., Ltd.; and Head of Next Mobility East Asia, Toyota Tsusho</p> <p>April 2021 Senior Executive Officer, CEO for Chemicals & Electronics Division, Toyota Tsusho (to the present) Representative Director, NEXTY Electronics Corporation (to the present)</p> <p>June 2021 Member of the Board, the Company (to the present)</p>		
<p>Number of the Corporation’s shares held: -</p> <p>Tenure: 1 year</p>	<p>Significant concurrent positions</p> <p>Senior Executive Officer, CEO for Chemicals & Electronics Division, Toyota Tsusho</p> <p>Representative Director, NEXTY Electronics Corporation</p>		
<p>Status of attendance to Board of Directors meeting: 11/11 (100%) (Status after appointment on June 22, 2021)</p>	<p>[Reasons for nomination of the candidate as Director]</p> <p>Akio Hamada has extensive experience and broad knowledge cultivated over many years at Toyota Tsusho Corporation and its Group. He has served as Member of the Board (present post) of the Company since 2021, providing effective advice and recommendations to ensure the adequacy and appropriateness of the Company’s management decision-making. Accordingly, the Company has proposed him as a candidate for re-election as Director.</p>		

	6	Yosuke Komatsu	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: October 3, 1974)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1998 Joined Toyota Tsusho Corporation (“Toyota Tsusho”)	April 2012 General Manager of Sales Division I, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)	April 2013 Assistant General Manager, Sales Department, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)
April 2017 Executive Officer, Toyota Tsusho Electronics Corporation (currently NEXTY Electronics Corporation)	April 2018 General Manager of Electronics Department, Chemicals & Electronics Division, Toyota Tsusho (to the present)	June 2021 Member of the Board, the Company (to the present)	
Number of the Corporation’s shares held:	-	Significant concurrent positions General Manager of Electronics Department, Chemicals & Electronics Division, Toyota Tsusho	
Tenure:	1 year	[Reasons for nomination of the candidate as Director]	
Status of attendance to Board of Directors meeting: 11/11 (100%) (Status after appointment on June 22, 2021)	Yosuke Komatsu has extensive experience and broad knowledge cultivated over many years at Toyota Tsusho Corporation and its Group. He has served as Member of the Board (present post) of the Company since 2021, providing effective advice and recommendations to ensure the adequacy and appropriateness of the Company’s management decision-making. Accordingly, the Company has proposed him as a candidate for re-election as Director.		

	7	Sosuke Seki	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Reappointment</td> <td style="padding: 2px;">External</td> </tr> <tr> <td colspan="2" style="padding: 2px;">Independent officer</td> </tr> </table>	Reappointment	External	Independent officer	
	Reappointment	External					
	Independent officer						
	(Date of birth: June 29, 1966)						
[Career summary, position and areas of responsibility in the Corporation]							
	April 1993 January 2004 June 2007 June 2015 June 2016	Registered as attorney-at-law (member of Tokyo Bar Association) (to the present) Opened Ginza Prime Law Office (to the present) External Audit & Supervisory Board Member, the Company External Member of the Board, the Company (to the present) External Director, Shobunsha Publications, Inc. (to the present)					
	Significant concurrent positions External Director, Shobunsha Publications, Inc.						
Number of the Corporation's shares held: - Tenure: 7 years Status of attendance to Board of Directors meeting: 13/13 (100%)	[Reasons for nominating the candidate as External Director and an overview of expected roles] Sosuke Seki has extensive insights and experience as a lawyer and has given advice and recommendations to ensure the adequacy and appropriateness of management decision-making and execution of duties of Directors from an independent standpoint, although he has not been directly involved in the management of the Company. Accordingly, the Company proposes him as a candidate for re-election as External Member of the Board. He is expected to continue to strengthen governance from the viewpoint of compliance, and to fulfill his responsibilities from the perspective of all shareholders, including minority shareholders.						

	8	Tatsumi Maeda	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Reappointment</td> <td style="padding: 2px;">External</td> </tr> <tr> <td colspan="2" style="padding: 2px;">Independent officer</td> </tr> </table>	Reappointment	External	Independent officer	
	Reappointment	External					
	Independent officer						
	(Date of birth: January 1, 1953)						
[Career summary, position and areas of responsibility in the Corporation]							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;"> March 1975 June 2001 June 2003 April 2007 June 2008 April 2009 April 2013 June 2017 March 2018 June 2019 June 2021 </td> <td style="vertical-align: top;"> Joined Kyoto Ceramic Co., Ltd. (currently KYOCERA Corporation) (“KYOCERA”) Director, KYOCERA Managing Executive Officer, KYOCERA Senior Managing Executive Officer, KYOCERA Director and Senior Managing Executive Officer, KYOCERA Vice President and Representative Director, and Vice President and Executive Officer, KYOCERA Vice Chairman and Representative Director, KYOCERA Advisor, KYOCERA Retired from Advisor, KYOCERA External Member of the Board, the Company (to the present) External Director of TOMEN DEVICES CORPORATION (to the present) </td> </tr> </table>			March 1975 June 2001 June 2003 April 2007 June 2008 April 2009 April 2013 June 2017 March 2018 June 2019 June 2021	Joined Kyoto Ceramic Co., Ltd. (currently KYOCERA Corporation) (“KYOCERA”) Director, KYOCERA Managing Executive Officer, KYOCERA Senior Managing Executive Officer, KYOCERA Director and Senior Managing Executive Officer, KYOCERA Vice President and Representative Director, and Vice President and Executive Officer, KYOCERA Vice Chairman and Representative Director, KYOCERA Advisor, KYOCERA Retired from Advisor, KYOCERA External Member of the Board, the Company (to the present) External Director of TOMEN DEVICES CORPORATION (to the present)			
March 1975 June 2001 June 2003 April 2007 June 2008 April 2009 April 2013 June 2017 March 2018 June 2019 June 2021	Joined Kyoto Ceramic Co., Ltd. (currently KYOCERA Corporation) (“KYOCERA”) Director, KYOCERA Managing Executive Officer, KYOCERA Senior Managing Executive Officer, KYOCERA Director and Senior Managing Executive Officer, KYOCERA Vice President and Representative Director, and Vice President and Executive Officer, KYOCERA Vice Chairman and Representative Director, KYOCERA Advisor, KYOCERA Retired from Advisor, KYOCERA External Member of the Board, the Company (to the present) External Director of TOMEN DEVICES CORPORATION (to the present)						
Significant concurrent positions External Director of TOMEN DEVICES CORPORATION							
Number of the Corporation's shares held: - Tenure: 3 years Status of attendance to Board of Directors meeting: 13/13 (100%)	[Reasons for nominating the candidate as External Director and an overview of expected roles] Tatsumi Maeda has abundant experience gained through long years of service at KYOCERA Corporation and extensive insight into overall management of the Company, and has given advice and recommendations to ensure the adequacy and appropriateness of management decision-making and execution of duties of Directors from an independent standpoint. Accordingly, the Company proposes him as a candidate for re-election as External Member of the Board. He is expected to continue to fulfill his responsibilities for the general business operations of the Company based on this management experience from the perspective of all shareholders, including minority shareholders.						

	9	Yoshiaki Yatsu	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 10px;">External</div>
	(Date of birth: March 13, 1964)		
	[Career summary, position and areas of responsibility in the Corporation]		
	October 1990	Joined Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)	
	June 2005	Partner, Tohmatsu & Co.	
October 2018	Retired from Deloitte Touche Tohmatsu LLC		
November 2018	Established Yatsu Certified Public Accountant Office (to the present)		
March 2019	Outside Auditor, SHIZUOKA GAS Co., Ltd. (to the present)		
June 2020	External Member of the Board, the Company (to the present)		
Significant concurrent positions			
Outside Auditor, SHIZUOKA GAS Co., Ltd.			
[Reasons for nominating the candidate as External Director and an overview of expected roles]			
Number of the Corporation's shares held:	-		
Tenure:	2 years		
Status of attendance to Board of Directors meeting:	13/13 (100%)		
Yoshiaki Yatsu has extensive insights and experience as a certified public accountant and has given advice and recommendations to ensure the adequacy and appropriateness of management decision-making and execution of duties of Directors from an independent standpoint, although he has not been directly involved in the management of the Company. Accordingly, the Company proposes him as a candidate for re-election as External Member of the Board. He is expected to strengthen governance from the viewpoints of finance and accounting, and to fulfill his responsibilities from the perspective of all shareholders, including minority shareholders.			

(Notes)


1. There are no special interests between each candidate for Director and the Company.
2. Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu are candidates for External Member of the Board.
3. Present or the past ten years positions and titles of three Director candidates, Naohito Tsuji, Akio Hamada and Yosuke Komatsu, as executive officers at Toyota Tsusho Corporation and its subsidiaries are described in the above “Career summary, position and areas of responsibility in the Corporation” and “significant concurrent positions.”
4. The term of office of Sosuke Seki as Audit & Supervisory Board Member will be eight years and term of office as External Member of the Board will be seven years at the conclusion of this General Meeting of Shareholders.
The term of office of Tatsumi Maeda as External Member of the Board will be three years at the conclusion of this General Meeting of Shareholders.
The term of office of Yoshiaki Yatsu as External Member of the Board will be two years at the conclusion of this General Meeting of Shareholders.
5. The Company has, pursuant to Article 427 (1) of the Companies Act, concluded agreements with Akio Hamada, Yosuke Komatsu, Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu to limit their respective liabilities for damages under Article 423 (1) of the same Act to the minimum amount provided by Article 425 (1) of the same Act. The Company plans to extend the aforementioned limited liability agreements if reappointment of these candidates is approved.
6. The Company has concluded an officer liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. An overview of the contents of the relevant insurance contract is provided on page 43 of the business report. If the appointment of the candidate for Director is approved, they will be insured based on the relevant insurance contract. The relevant insurance contract is scheduled to be renewed at the next renewal with the same contract contents in accordance with a resolution of the Board of Directors.
7. The Company has designated Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu as independent officers pursuant to the regulations of Tokyo Stock Exchange, Inc. and filed a notice of that with the Exchange. If their re-election is approved, the Company will continue to designate and register them as independent officers.


Agenda Item No. 3: Election of Three Audit & Supervisory Board Members


The term of office of Audit & Supervisory Board Member Atsuo Isogami will expire and Audit & Supervisory Board Member Atsushi Shimizu and Seishi Tanoue will resign at the close of this General Meeting of Shareholders. Accordingly, we propose the election of three Audit & Supervisory Board Members.

The Audit & Supervisory Board's consent has been obtained for this Proposal.

The candidates for Audit & Supervisory Board Members are as follows.

	1	Yoshihito Noguchi <div style="float: right; border: 1px solid black; padding: 2px; font-size: small;">New appointment</div>
	(Date of birth: March 10, 1962)	
	[Career summary, position and areas of responsibility in the Corporation]	
	April 1984 Joined the Company April 2014 General Manager of General Affairs & Legal Affairs Department, the Company April 2017 General Manager of Human Resources & General Affairs Department, the Company April 2022 Assistant General Manager of Human Resources & General Affairs Department, the Company (to the present)	
Significant concurrent positions None		
[Reasons for nomination of the candidate as Audit & Supervisory Board Member]		
Since joining the Company in 1984, Yoshihito Noguchi has been engaged in general administrative operations, including general affairs, personnel and labor affairs, legal affairs, and investor relations, and has served as General Manager of General Affairs & Legal Affairs Department and General Manager of Human Resources & General Affairs Department, equipped with extensive business experience and knowledge of management and administrative operations in the Group. Accordingly, the Company proposes him as a candidate for Audit & Supervisory Board Member because it has been judged that he can fulfill a wide range of audit business activities in overall corporate activities of the Group leveraging such experience and knowledge.		
Number of the Corporation's shares held: 32,802		

	2	Hiroshi Ito	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div>
	(Date of birth: November 5, 1960)		
	[Career summary, position and areas of responsibility in the Corporation]		
	April 1983 April 2007 April 2011 October 2013 March 2018 June 2019 July 2021	Joined Tomen Corporation (currently, Toyota Tsusho Corporation (“Toyota Tsusho”)) General Manager of Financial Planning Department, Toyota Tsusho General Manager of Enterprise Risk Management Department, Toyota Tsusho General Manager, Administration Division, TOYOTA TSUSHO FOODS CORPORATION External Audit & Supervisory Board Member, FIRST BAKING CO., LTD. Managing Director, Administration Division, TOYOTA TSUSHO FOODS CORPORATION General Manager of Enterprise Risk Management & Legal Department, NEXTY Electronics Corporation (to the present)	
	Significant concurrent positions General Manager of Enterprise Risk Management & Legal Department, NEXTY Electronics Corporation		
Number of the Corporation's shares held:	[Reasons for nomination of the candidate as Audit & Supervisory Board Member] Hiroshi Ito joined Tomen Corporation (currently Toyota Tsusho Corporation) in 1983 and since then has been engaged mainly in financial and planning operations, serving as General Manager of Financial Planning Department, General Manager of Enterprise Risk Management Department, and in other positions, equipped with extensive business experience in a general trading company. And he served as External Audit & Supervisory Board Member in FIRST BAKING CO., LTD. and has extensive insight into auditing matters. Accordingly, the Company proposes him as a candidate for Audit & Supervisory Board Member because it has been judged that he can fulfill a wide range of audit business activities in overall corporate activities of the Group leveraging such experience and knowledge.		

	3	Toshio Ohshima	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">New appointment</td> <td style="padding: 2px;">External</td> </tr> <tr> <td colspan="2" style="padding: 2px;">Independent officer</td> </tr> </table>	New appointment	External	Independent officer	
	New appointment	External					
	Independent officer						
	(Date of birth: July 19 1952)						
	[Career summary, position and areas of responsibility in the Corporation]						
<p>April 1976 Joined Toray Industries, Inc.</p> <p>January 2001 General Manager of Films Trading Department, Toray Industries, Inc.</p> <p>April 2005 General Manager of Information Materials Department, Toray Industries, Inc.</p> <p>March 2007 Director of Dow Corning Toray Co., Ltd.</p> <p>March 2009 President and Representative Director of Dow Corning Toray Co., Ltd.</p> <p>June 2013 President of Toray Medical Co., Ltd.</p> <p>June 2016 Audit & Supervisory Board Member of Sanyo Chemical Industries, Ltd.</p>							
Significant concurrent positions None							
[Reasons for nomination of the candidate as External Audit & Supervisory Board Member] Toshio Ohshima has a wealth of experience gained over many years at Toray Industries, Inc. and has extensive insight into general management, serving in key positions at various companies. Mr. Ohshima has also served as a full-time Audit & Supervisory Board Member at Sanyo Chemical Industries, Ltd. and also has extensive insight into auditing matters. Accordingly, the Company proposes him as a candidate for External Audit & Supervisory Board Member because it has been judged that he can fulfill a wide range of audit business activities in overall corporate activities of the Group leveraging such experience and knowledge.							
Number of the Corporation's shares held:	-						

(Notes)

1. There are no special interests between the candidates for Audit & Supervisory Board Member and the Company.
2. Toshio Ohshima is a candidate for External Audit & Supervisory Board Member.
3. Hiroshi Ito has been appointed as a candidate for Auditor of NEXTY Electronics Corporation at the 50th ordinary meeting of shareholders which is scheduled to be held on June 24, 2022.
4. If the elections of Yoshihito Noguchi, Hiroshi Ito and Toshio Ohshima are approved, the Company plans, pursuant to Article 427 (1) of the Companies Act, to enter into an agreements with them to limit their respective liabilities for damages under Article 423 (1) of the same Act to the minimum amount provided by Article 425 (1) of the same Act.
5. The Company has concluded an officer liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. An overview of the contents of the relevant insurance contract is provided on page 43 of the business report. If the appointment of the candidates as Audit & Supervisory Board Member is approved, they will be insured based on the relevant insurance contract of the Company. The relevant insurance contract is scheduled to be renewed at the next renewal with the same contract contents in accordance with a resolution of the Board of Directors.
6. Toshio Ohshima meets the requirements for an independent officer as stipulated by Tokyo Stock Exchange, Inc. If his appointment is approved, the Company will designate him as an independent officer and notify the Tokyo Stock Exchange of his appointment.

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Reference on corporate governance

The basic concept of corporate governance

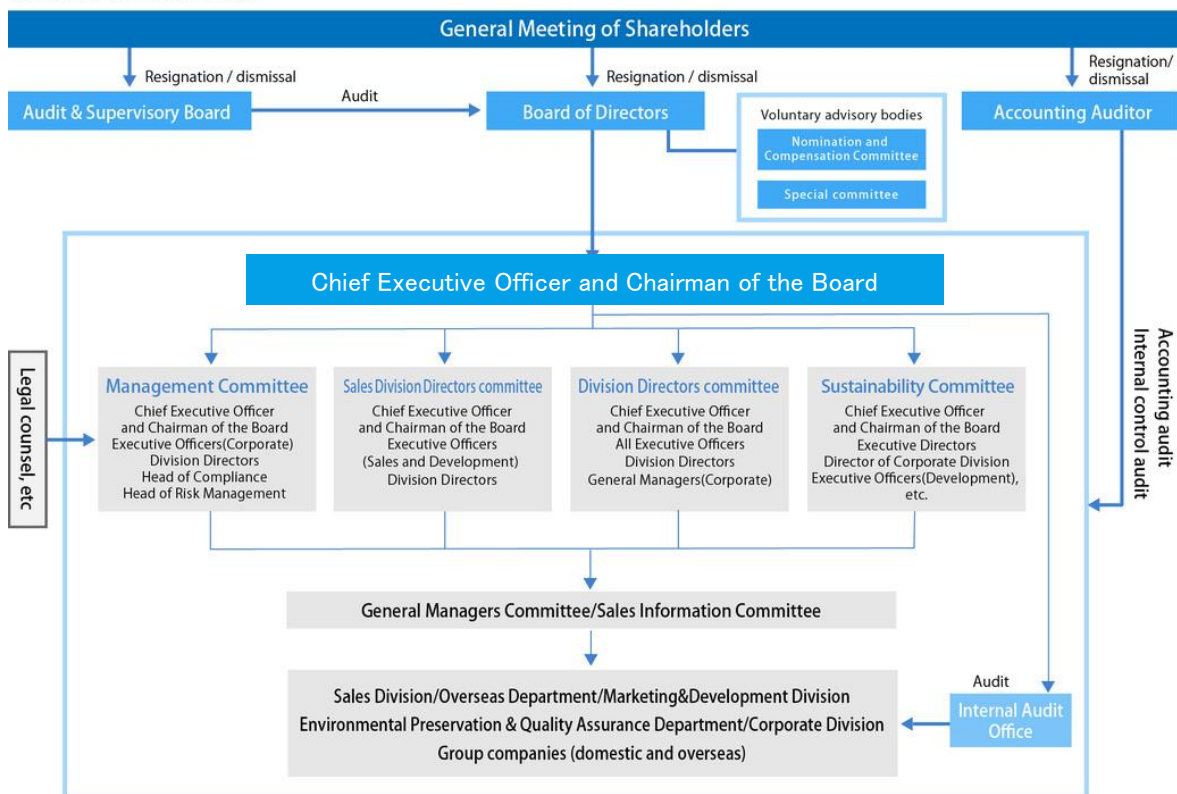
As a prerequisite for the Company's corporate activities, the Company will build smooth relationships with its stakeholders, including "shareholders," "customers and other business partners," "employees" and "community." The Company will also ensure soundness, transparency and efficiency in building such relationships.

Based on these activities, the Company aims to increase profits and continuously increase corporate value, and to fulfill its responsibilities to stakeholders, including ensuring the rights of shareholders, as well as its accountability to them.

To this end, the Company will continuously improve and maintain the internal control framework governing corporate activities, such as the management structure, management organization and management system that support transparent, fair, prompt and decisive decision-making and execution of business.

Taking into account the size of the company, we have set up the Board of Directors and the Audit & Supervisory Board. In addition, The Company has adopted an executive officer system to separate the roles of management oversight and business execution functions. A part of officers including those in charge of domestic subsidiaries and major overseas subsidiaries also concurrently serve as Executive Officers of the Company or senior employees of the Company.

(Management structure image)



Policies and procedures for nominating candidates for Directors and Audit & Supervisory Board Members

Candidates for senior management, Directors and Audit & Supervisory Board Members shall be taken into account the balance of knowledge, experience and capabilities as management team and Directors as a whole, shall be based on the ability to make appropriate and prompt decisions with the certain level of knowledge and insight about corporate management, corporate administration or specific areas of expertise, as well as possessing excellent personality as an individual with insight into compliance with laws, regulations and corporate ethics. Chief Executive Officer and Chairman of the Board shall formulate the drafts of the candidates, deliberate the draft at the Board of Directors to comprehensively appoint and nominate the Directors. For management executives, Directors and Audit & Supervisory Board Members, the Company has defined six skill areas that are considered important for the Group in light of corporate management, and they are listed in the reference materials for the Notice of Convocation as the Skill Matrix.

To further ensure fairness and transparency in the selection and nomination process, upon consultation and reporting procedures at the “Nomination and Compensation Committee” established in April 2022, candidates are selected and nominated after final deliberation by the Board of Directors.

Reference on skill matrix

As an organization that performs a more appropriate and high-level supervisory function for management and business execution in the Group and strives to continuously improve corporate value, Directors and Audit & Supervisory Board Members with extensive experience, as well as high levels of insight and expertise are appointed as members of the Board of Directors and members of the Audit & Supervisory Board, and each member of the Board of Directors and the Audit & Supervisory Board effectively fulfills their roles and responsibilities.

The Company has set up six items in the areas of knowledge and experience, which are regarded as important for the Group, for deliberation and decision-making at meetings of the Board of Directors, from the perspective of corporate management to achieve a well-balanced structure as a whole.

As candidates for Directors and Audit & Supervisory Board Members, we select talented persons who have diverse perspectives, diverse insights, and diverse and advanced skills, regardless of attributes such as gender, nationality, and age, and regard diversity in terms of tasks as important.

Attribute	Name	Skill area					
		Corporate management	Experience in sales and marketing in the business operations of the Company and in the industry	Global	Sustainability (Environment, society, governance)	Finance /accounting	Legal affairs/risk management
Executive Directors	Akira Yokode	●	●	●	●		
	Masanori Kitahira	●	●	●			
	Sei Kawafuji	●			●	●	●
	Naohito Tsuji	●	●	●			
Non-executive Directors	Akio Hamada	●	●	●			
	Yosuke Komatsu		●	●			
	Sosuke Seki *				●		●
	Tatsumi Maeda *	●	●		●		
	Yoshiaki Yatsu *				●	●	
Audit & Supervisory Board Member	Yoshihito Noguchi				●		●
	Hiroshi Mizukami *				●		●
	Hiroshi Ito			●	●	●	●
	Toshio Ohshima *	●	●	●	●		

(Notes)

- * indicates an External Director or an External Audit & Supervisory Board Member.
- The above description is based on the composition of the Board of Directors after the close of this Ordinary General Meeting of Shareholders.

Reference Commitment to Sustainability

Our Group considers sustainability initiatives to be an important management issue. We have formulated the “Basic Policy on Sustainability” to ensure that we properly address the sustainability issues, and have stated in our Management Principles that we will contribute to the realization of a sustainable society. In April 2022, a Sustainability Committee chaired by the President and Representative Director was established to identify materiality, and it will continue to implement sustainability initiatives across the entire company based on the materiality.









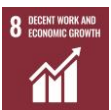


Basic Policy on Sustainability










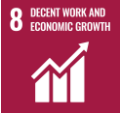





The Elematec Group aims to enhance corporate value by contributing to creating a sustainable society through business activities under its mission to provide new value by expanding our good relationships as a global manufacturing partner. As with addressing risks, we consider efforts to expand business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

Identification of Materiality

Based on the Basic Policy on Sustainability, our Group has identified the following materiality to be addressed with priority through its business activities in response to issues that society and the Company are facing.

Elematec Group materiality

Materiality	Relevant SDGs	Our Initiatives
Realization of a safe and secure society		<ul style="list-style-type: none"> • Realization of a society without traffic accidents • Improvement of proper medical environment
Reduction of environmental burdens and realization of a recycling-oriented society	     	<ul style="list-style-type: none"> • 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	  	<ul style="list-style-type: none"> • Respect for human rights • Expansion of training systems • Promotion of D&I (diversity & inclusion) • Workstyle reform
Construction of governance structures trusted by all stakeholders		<ul style="list-style-type: none"> • Establishment and strengthening of governance structures and compliance systems

	Theme of activity	Individual case	Related SDGs
Environment	Improving automotive energy efficiency	<ul style="list-style-type: none"> • Deliver components for PHEV/EV vehicles 	     
	Efficiently utilizing electricity	<ul style="list-style-type: none"> • Deliver secondary battery components for industrial equipment, etc. 	
	Realizing a decarbonized society	<ul style="list-style-type: none"> • Deliver clean energy-related components 	
	Diffusing clean energy		
	Realizing a circular society	<ul style="list-style-type: none"> • Implement quality/environment management systems • Promote recycling activity 	
	Mitigating environmental burdens	<ul style="list-style-type: none"> • Provide environmentally friendly components • Deliver packaging materials using plant-derived raw materials 	
Society	Eliminating starvation and poverty	<ul style="list-style-type: none"> • Donate through international NPOs, etc. 	        
	Realizing a society without traffic accidents	<ul style="list-style-type: none"> • Plan and develop dashboard cameras and expand sales of components 	
	Preparing and maintaining an appropriate medical environment	<ul style="list-style-type: none"> • Deliver components for various medical devices 	
	Improving productivity in manufacturing processes	<ul style="list-style-type: none"> • Deliver main units of industrial automatic robots and related systems 	
	Eliminating labor shortages		
	Establishing stable infrastructures	<ul style="list-style-type: none"> • Deliver secondary battery components for automobiles, buses, trains, etc. • Deliver components for 5G base stations 	
	Realizing a circular society	<ul style="list-style-type: none"> • Implement quality/environmental management systems • Promote recycling activities 	
	Promoting human resources development	<ul style="list-style-type: none"> • Foster global human resources by establishing systematic training programs 	
	Respecting human rights	<ul style="list-style-type: none"> • Practice based on our ethical code of conduct 	
	Respecting diversity	<ul style="list-style-type: none"> • Promotion of D&I (diversity & inclusion) • Workstyle reform 	
	Governance	Respecting human rights	
Implementing fair business activities		<ul style="list-style-type: none"> • Establish and strengthen a governance framework and a compliance framework 	

Business Report (From April 1, 2021 to March 31, 2022)

Main business activities of the Group (as of March 31, 2022)

The main business activities of the Group are to sell, process, and assemble electronic materials, electronic parts, equipment, etc. in Japan and overseas, as well as to design and manufacture them on assignment.

In recent years, we have also focused on the ODM business, which handles everything from designing to manufacturing other companies' brand products. (We outsource manufacturing.) We can create added value utilizing extensive knowledge of electronic materials, which has been cultivated over a long period.

Elematec is active in familiar areas

Digital Electronics

<Drone>

- Propeller
- Motor
- Camera

<Smart phone>

- Glass
- Optical film
- Tape

<Game machine>

- Heat dissipation parts
- Environmentally friendly packaging materials
- parts for VR
- Harness

Automotive

In the automotive-related business, upon which we have been focusing for some time, we see improving the electrical equipment ratio associated with the shift to connected, autonomous, sharing, and electric (CASE) in automobiles as an opportunity, and we are focusing upon expanding sales of products for electric vehicles and autonomous driving systems.

<Automobiles>

- Headlamp parts
- Heater
- Front plate of car navigation system
- Fireproof sheet assemblies for batteries
- Sensor
- Cockpit module

Broad Market

<Robot>

- Robot main body
- Related systems

<Medical equipment>

- Sub-ASSY* for ultrasonic diagnostic equipment
 - Monitor
 - Probe
- *A unit that combines multiple parts

<IoT home electric appliance (ODM)>

<Dashboard camera(ODM*)>

We have set up a dedicated team focusing upon selling communication-based dashboard cameras.

The Marketing & Development Division and Design Department work together to provide support from the specifications stage.

For commercial vehicles, we have deployed a cloud-based operation management system called "Telema-kun," which can manage routes and driving hours for efficient operation.

*Designing and manufacturing other companies' brand products. (We outsource manufacturing.)

Digital Electronics, Automotive, Broad Market

<Products made from environmentally friendly materials>

We were quick to focus on a global concern of environmental issues caused by plastic waste, and provide environmentally friendly packaging materials that contribute to the prevention of marine pollution.

- Packaging materials
- Molded products made of different materials
- Biodegradable resin

1 The current situation of the Group

(1) Business conditions during the fiscal year under review

1) Trend and results of the business

In the electronics industry during the consolidated fiscal year under review, despite supply shortages of semiconductors and other products and supply chain disruptions in some sectors, the production of electronic components continued to increase due to expanding demand in various fields, including recovery of demand for automobiles, 5G-related areas and industrial equipment.

Under these circumstances, the Group has promoted measures to further increase added value by working on the ODM business, which handles everything from designing to manufacturing other companies' brand products (we outsource manufacturing), new customer acquisition centered on overseas leading customer, expansion of products, etc.

In the automobile business, which has been focused on for some time, we strived to expand sales of finished in-vehicle units, and worked to boost sales of heaters and fireproof sheets for batteries as products for electric vehicles, where demand is expected to grow in the future, and as a result, the business remained strong. In addition, dashboard cameras, which we have been working to strengthen the ODM business for, also performed well. We also strived to expand sales of environmentally friendly products with an awareness of sustainability initiatives.

As a result, net sales for the fiscal year under review increased 11.3% from the previous fiscal year to 200,646 million yen.

Operating income increased 52.8% from the previous year to 8,346 million yen. This was the result of improved gross profit in line with higher net sales. Ordinary profit increased 51.9% from the previous fiscal year to 7,867 million yen, due to an increase in operating income. Net income increased 46.6% from the previous fiscal year to 5,374 million yen. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others were applied from the beginning of consolidated fiscal year under review, resulting in a decrease of 10,467 million yen in net sales for the period.

Net sales by market*1

Based on production items of our customers, we manage net sales by dividing them into three categories: “Digital Electronics,” “Automotive,” and “Broad Market.”

(Unit: million yen)

	FY2019	FY2020	FY2021	FY2022
Digital Electronics	90,240	79,688	80,484	85,961
Automotive	26,780	27,187	24,484	28,103
Broad Market	66,379	68,778	75,249	86,581
Total	183,399	175,654	180,218	200,646

2) Status of assets and profits and losses

	FY2019	FY2020	FY2021	FY2022
Net Sales*1 (million yen)	183,399	175,654	180,218	200,646
Ordinary profit (million yen)	6,188	4,499	5,179	7,867
Net income attributable to owners of parent (million yen)	3,364	3,263	3,666	5,374
Net income per share*2 (Yen)	82.17	79.70	89.55	131.25
Total assets (million yen)	95,667	91,781	101,317	115,332
Net assets (million yen)	50,056	50,896	54,413	59,645
Shareholders' equity ratio (%)	52.3	55.5	53.7	51.7
ROE (%)	6.9	6.5	7.0	9.4

(Note)

*1. As the “Accounting Standard for Revenue Recognition” (Corporate Accounting Standard No.29, March 31, 2020) is to be applied from the beginning of FY2022.

*2. The company implemented a two-for-one stock split of its common stock with the effective date of June 1, 2019. Accordingly, net income per share stated above is calculated on the assumption that the stock split was implemented at the beginning of FY 2019.

3) FY 2022 segment summary

<Japan>

Net sales increased by 5.3% from the previous fiscal year to 109,115 million yen thanks to an increase in various automotive-related materials sales, even though they were negatively affected by the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the fiscal year under review. Operating income increased by 64.4% from the previous fiscal year to 4,060 million yen.

<China>

Net sales increased 36.6% from the previous fiscal year to 50,253 million yen, due to an increase in sales of game console-related materials. Operating income increased 42.8% from the previous fiscal year to 2,034 million yen.

<Other Asian countries>

Net sales increased 2.2% from the previous fiscal year to 32,136 million yen, due to an increase in sales of electronic parts-related materials. Operating income increased 79.6% from the previous fiscal year to 1,534 million yen.

*Other Asia: South Korea, India, Southeast Asia, etc.

<Europe and America>

Net sales increased 9.5% from the previous fiscal year to 9,141 million yen, due to an increase in sales of automotive-related materials. Operating income decreased 46.4% from the previous fiscal year to 140 million yen due to an increase in distribution cost, etc.

*Europe and America: United States, Mexico, Czech Republic

	FY2021		FY2022		Year on Year Change	
	Net Sales (million yen)	Operating Income (million yen)	Net Sales (million yen)	Operating Income (million yen)	Net Sales (%)	Operating Income (%)
Japan	103,634	2,470	109,115	4,060	5.3	64.4
China	36,776	1,424	50,253	2,034	36.6	42.8
Other Asia	31,457	854	32,136	1,534	2.2	79.6
Europe and America	8,350	261	9,141	140	9.5	(46.4)
Adjustment	-	452	-	576	-	-
Total	180,218	5,463	200,646	8,346	11.3	52.8

4) Corporate Strategies and Issues to Be Addressed

Medium-term corporate strategy (FY2021-2023) Elematec NEXT

Business environment

The environment of the electronics industry surrounding the Group is going through dramatic changes against the backdrop of rapid technological innovation (launch of 5G services, spread of IoT, shift to CASE in the automotive market, etc.), the rise of Chinese manufacturers, and the rapid expansion of U.S.-based IT platform companies, in addition to changes in growth fields such as the diffusion of remote and on-line access due to the spread of COVID-19 infections and an increase in demand for working from home. The electronics industry is at the center of these trends.

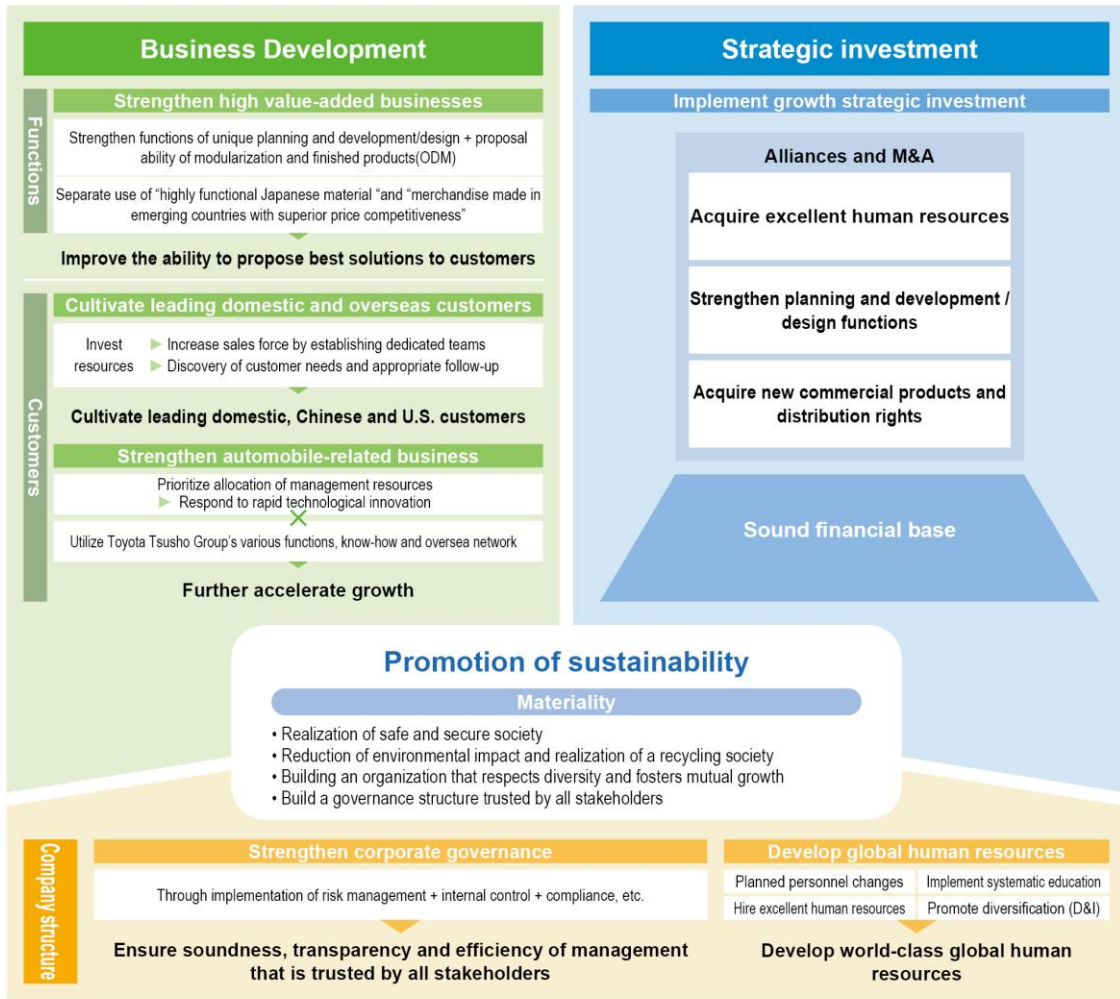
Basic policies

In addition to on-site capabilities cultivated over many years by responding to customer needs, we will promote business strategies that enhance corporate value by integrating service functions including thinking (planning and development and design), collecting (procurement agency services), manufacturing services, supporting (quality/environmental management), and transporting (overseas networks) as an integrated service company that responds to the increasingly diversifying needs of our customers in the future.

Addition of Sustainability Items to issues to be addressed

The Group has long been developing business activities that contribute to the SDGs and ESG initiatives, and in order to ensure sustainable growth of both society and the Group over the medium to long term, we have positioned sustainability initiatives as a key management issue and established the Sustainability Committee and identified materiality. Various issues are being addressed, including the consideration of controlling risk exposure and expanding profit-earning opportunities. We will assign a working group to the materiality identified and proceed to collect and analyze necessary data on the impact on our business activities and earnings in light of the TCFD framework, etc., and disclose information in accordance with the progress of the working groups.

Issues that should be addressed



Major activities during the fiscal year under review (FY 2022)

Strengthening high value-added businesses

- Full-scale operation of ODM business
(Received mass production orders for USB cables for electronics retail stores)
- Establishment of an eco-product promotion team and strengthening of proposals for related products

Acquiring leading domestic and overseas customers

- Received mass production orders for projects to adopt our products for U.S. IT platform companies

Strengthening the automobile-related business

- Sales expansion of products for electric vehicles such as heater assemblies and fireproof sheet assemblies for batteries, and expansion of module business

Execution of growth strategy investments

- Opened a branch office in Germany to capture Tier 1 customers in Europe.
- Opened Elematec Shinyokohama Lab.
(Installation of development facilities for prototype production, reliability test equipment, and analytical equipment)

Strengthening the corporate governance

- Establishment of Nomination and Compensation Committee and Special Committee as voluntary advisory bodies to the Board of Directors (effective April 1, 2022)

Fostering global human resources

- Dispatch for OJT to overseas local subsidiaries
- Conducted selective leadership training for the purpose of developing candidates for management

FY2023 Forecast

In the electronics industry, the global supply shortage of semiconductors and other products continues, and it will take time for the supply-demand balance to recover. But from a medium- to long-term view, the market size is expected to further expand due to rapid technological innovation (such as the spread of 5G smartphones and the IoT, and the shift to CASE (connected, autonomous, shared, and electric) in the automobile market). Under these circumstances, in order to further strengthen our business in areas where demand is expected to grow and enhance added value in the increasingly competitive electronics industry, our Group will promote modularization of sales products and further focus on sales activities of various automotive components and materials, strengthening the ODM business, and developing businesses that consider the global environment.

	FY2022	FY2023 (Forecast)	Year on Year Change (%)
Net Sales (million yen)	200,646	225,500	12.4
Automotive (Automotive-related business)	28,103	35,480	26.2
Digital Electronics (Smart phone-related business, etc.)	85,961	96,105	11.8
Broad Market (Medical, Industry-related business, etc.)	86,581	93,914	8.5
Ordinary profit (million yen)	7,867	8,650	9.9
Net income attributable to owners of parent (million yen)	5,374	6,050	12.6
Net income per share (Yen)	131.25	147.75	-
ROE (%)	9.4	10.3	-

5) Status of capital investment

During the fiscal year under review, we made capital investments totaling 874 million yen. Regarding major items, we invested 610 million yen on tools, equipment, and fixtures and 52 million yen on software for the parent company.

6) Funding status

There are no applicable items.

7) Status of important corporate restructurings, etc.

There are no applicable items.

(2) Status of parent company and important subsidiaries

1) Status of parent company

Our parent company is Toyota Tsusho Corporation. As of March 31, 2022, the said company holds 24,005,000 shares of our company (voting rights ratio: 58.6%). Our company and the said company concluded a “capital and business alliance contract” on August 1, 2011.

Under the contract, in terms of capital, we have agreed that the said company will implement a tender offer for shares of our company and, in terms of business, we will mutually promote alliances in each area of business as business partners.

We have been striving to expand and improve services for customers as well as to increase corporate value as a participant in the electronics area, which is positioned as one of important strategic businesses by the group, and have been creating synergies in various areas since the contract was concluded.

The Company has no material transactions with the parent company. In conducting transactions, the Company applies the same terms and conditions as those of general business partners, considering market prices and other factors, and the Board of Directors of the Company confirms the appropriateness and fairness of such transactions for the protection of minority shareholders.

2) Status of important subsidiaries

Company name	Capital	Voting right ratio	Major business content
Elematec (Shanghai) Trading Co., Ltd.	5,794,000 RMB	100%	Sales of electronic materials, etc.
Elematec Hong Kong Limited	12,000 USD	100%	Same as the above

(Notes)

1. There are 22 consolidated companies including the above-mentioned important subsidiaries.
2. There are no specified wholly-owned subsidiaries as stipulated in Article 118, Item 4 of the Ordinance for Enforcement of the Companies Act.

(3) Major sales offices, etc. (as of March 31, 2022)

Head Office	3-5-27 Mita, Minato-ku, Tokyo		
Branch	Sendai (Wakabayashi-ku, Sendai-shi)	Nasu (Otagawa-shi, Tochigi)	Kumagaya (Kumagaya-shi, Saitama)
	Chiba (Mobara-shi, Chiba)	Hachioji (Hachioji-shi, Tokyo)	Yokohama (Kohoku-ku, Yokohama-shi)
	Nagaoka (Nagaoka-shi, Niigata)	Kanazawa (Kanazawa-shi, Ishikawa)	Ueda (Ueda-shi, Nagano)
	Mishima (Mishima-shi, Shizuoka)	Nagoya (Minami-ku, Nagoya-shi)	Kariya (Kariya-shi, Aichi)
	Kyoto Main (Minami-ku, Kyoto-shi)	Osaka (Suita-shi, Osaka)	Kakogawa (Kakogawa-shi, Hyogo)
	Hiroshima (Higashihiroshima-shi, Hiroshima)	Fukuoka (Onojo-shi, Fukuoka)	
Sales Office	Morioka (Morioka-shi, Iwate)	Mito (Mito-shi, Ibaraki)	Omiya (Omiya-ku, Saitama-shi)
	Hamamatsu (Naka-ku, Hamamatsu-shi)	Yokkaichi (Yokkaichi-shi, Mie)	Kumamoto (Chuo-ku, Kumamoto-shi)

(Notes)

1. The Mito Sales Office was opened on February 1, 2022.

2. The Omiya Sales Office was relocated and promoted to the Omiya Branch on April 1, 2022.

Domestic Subsidiaries	Elematec Logi Serve Corporation (Yokohama Kohoku-ku)
Overseas Subsidiaries	Elematec (Shanghai) Trading Co., Ltd. (Shanghai)
	Elematec Hong Kong Limited (Hong Kong)

(Note) The Company has 18 overseas consolidated subsidiaries in China and Asia, one in Europe, and two in North and Central America, including the above.

(4) Status of employees (as of March 31, 2022)

1) Status of Group employees

Segment name	Number of employees	Change from the end of the previous fiscal year
Japan	494	Up 12
China	430	Down 6
Other Asia	193	Up 1
Europe and Americas	48	Up 1
Total	1,165	Up 8

(Note) The number of employees represents the number of persons at work, excludes one loan employee from the Group to a company outside the Group, and includes two loan employees from companies outside the Group to the Group. Besides, 87 part-timers and contracted employees are not included.

2) Status of the Company employees

Number of employees	Change from the end of the previous fiscal year	Average age (years)	Average length of service
479	Up 12	41.0	12.3 years

(Note) The number of employees represents the number of persons at work. Forty-six loan employees from the Group to outside companies and 23 part-timers and contracted employees are not included.

(5) Status of major lenders (as of March 31, 2022)

Description is omitted as the amount of the loan is not significant.

(6) Other important matters

There are no applicable items.

2 Current status of the Company

(1) Shares (As of March 31, 2022)

1) Total Number of Shares Authorized to Be Issued: 168,000,000

2) Total Number of Shares Outstanding: 42,304,946

3) Number of Shareholders: 3,884

4) Major Shareholders (Top 10):

Name of shareholder	Number of shares owned (thousand Shares)	Ratio of shareholding (%)
Toyota Tsusho Corporation	24,005	58.6
The Master Trust Bank of Japan ,Ltd. (Trust Account)	2,186	5.3
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	2,134	5.2
Elematec Employee Shareholding Association	1,078	2.6
BBH FOR FIDELITY PURITAN TR : FIDELITY SR INTRINSIC OPPORTUNITIES FUND	800	2.0
Custody Bank of Japan, Ltd. (Trust Account)	665	1.6
Osaka Small and Medium Business Investment & Consultation Co., Ltd.	583	1.4
BBH FOR FIDELITY GROUP TRUST BENEFIT (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	301	0.7
RE FUND 107-CLIENT AC	300	0.7
BNYM AS AGT/CLTS 10 PERCENT	262	0.6

(Notes)

1. Regarding the number of shares held, fractions of less than one thousand shares are rounded off.
2. The Company holds 1,358,737 treasury shares, but this holding is excluded from the major shareholders above.
3. The shareholding ratio is calculated by rounding to the first decimal place after deducting treasury stock.

(2) Share Warrants and Others

There are no applicable items.

(3) Executive Officers

1) Directors and Corporate Audit & Supervisory Board Member (As of March 31, 2022)

Position	Name	Responsibility and significant concurrent positions
Chief Executive Officer and Chairman of the Board	Akira Yokode	
Executive Managing Director, Sales	Masanori Kitahira	Executive Managing Director
Executive Managing Director, Corporate & Administration	Sei Kawafuji	Executive Managing Director in charge of Corporate Planning, Overall Personnel Affairs, General Affairs, and Legal Affairs
Member of the Board	Akio Hamada	Senior Executive Officer, CEO for Chemicals & Electronics Division, Toyota Tsusho Representative Director, NEXTY Electronics Corporation
Member of the Board	Yasuhiro Kakihara	Executive Officer, COO for Chemicals & Electronics Division, Toyota Tsusho Director, TOMEN DEVICES CORPORATION
Member of the Board	Yosuke Komatsu	General Manager of Electronics Department, Chemicals & Electronics Division, Toyota Tsusho
External Member of the Board	Sosuke Seki	Attorney at Law External Director, Shobunsha Publications, Inc.
External Member of the Board	Tatsumi Maeda	External Director of TOMEN DEVICES CORPORATION
External Member of the Board	Yoshiaki Yatsu	Certified public accountant Outside Auditor, SHIZUOKA GAS Co., Ltd.
Audit & Supervisory Board Member (Full-Time)	Atsuo Isogami	
External Audit & Supervisory Board Member	Hiroshi Mizukami	Attorney at Law Outside Director, Sanyei Corporation External Director, GMO GlobalSign Holdings K.K. External Director, NAKANO REFRIGERATORS CO., LTD
Audit & Supervisory Board Member	Atsushi Shimizu	Auditor, NEXTY Electronics Corporation
External Audit & Supervisory Board Member	Seishi Tanoue	

(Notes)

- At the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 22, 2021, Jun Kato, Chairman and Nobuo Suzuki and Mitsuhiro Tsubakimoto, Director retired due to expiration of their term of office, and Masanori Kitahira, Akio Hamada, and Yosuke Komatsu were newly appointed and assumed office as Director.
- Atsuo Isogami, Audit & Supervisory Board Member(full-time), Atsushi Shimizu, Audit & Supervisory Board Member, and Seishi Tanoue, Audit & Supervisory Board Member, have considerable knowledge of finance and accounting as mentioned below;
 - Atsuo Isogami, full-time Audit & Supervisory Board Member, has business experience in finance and accounting within the Company, etc.
 - Atsushi Shimizu, Audit & Supervisory Board Member, has served as General Manager of the related business department and General Manager of the Finance Department at Toyota Tsusho Corporation.
 - Seishi Tanoue, Audit & Supervisory Board Member, has served as full-time Audit & Supervisory Board Member at Toppan Printing Co., Ltd.

3. The Company has designated Directors Sosuke Seki, Tatsumi Maeda and Yoshiaki Yatsu and Audit & Supervisory Board Members Hiroshi Mizukami and Seishi Tanoue as independent officers pursuant to the regulations of Tokyo Stock Exchange, Inc. and filed a notice of that with the Exchange.

2) Overview of contents of Contracts for Limitation of Liability

The Company has concluded a contract for limitation of liability to limit liability for damages to the minimum total liability as set forth in Article 425 (1) of the Companies Act for liability for damages under Article 423 (1) of the law based on the provisions of Article 427 (1) of the law with Akio Hamada, Yasuhiro Kakihara, Yosuke Komatsu, Atsuo Isogami, and Atsushi Shimizu, as well as all external officers.

3) Overview of the contents of the liability insurance contract for officers, etc.

The Company has concluded a liability insurance contract for officers, etc. with an insurance company as stipulated in Article 430-3 (1) for Directors, Audit & Supervisory Board Members, and employees of the Company and subsidiaries of the Company as the insured, and the Company pays all the insurance premiums.

The relevant insurance contract covers damages including compensation for damages and costs of legal action for disputes, which the insured is to bear, if a claim for damages is filed against the insured in a shareholders' representative action. However, there are certain exclusions such as damages caused by acts carried out while being aware that they are in violation of laws and regulations, which are not covered.

4) Remuneration, etc. of Directors and Audit & Supervisory Board Members

a. Total amount of remuneration, etc. for the fiscal year under review

Category	Total amount of remuneration (million yen)	Total amount of remuneration by Type (million yen)			The number of eligible persons
		Monthly fixed remuneration	Performance-linked remuneration (Bonus)	Retirement bonuses	
Directors (External)	131 (18)	101 (18)	29 (-)	- (-)	8 (3)
Audit & Supervisory Board Members (External)	32 (12)	32 (12)	- (-)	- (-)	3 (2)
Total (External Officers)	163 (30)	133 (30)	29 (-)	- (-)	11 (5)

(Notes)

1. The reason why the number of Directors in the table above is different from the number of Directors as of the end of the fiscal year under review is that two Directors, who retired at the conclusion of the 75th Ordinary Meeting of Shareholders held on June 22, 2021, is included and three unremunerated Directors are excluded.
2. The reason why the number of Audit & Supervisory Board Members in the table above is different from the number of Audit & Supervisory Board Members as of the end of the fiscal year under review is that one unremunerated Audit & Supervisory Board Member is excluded.

b. Retirement bonuses for Directors, which were paid in the fiscal year under review

There are no applicable items.

c. Matters related to performance-linked remuneration

Since the main responsibility of Executive Directors is to secure and improve earnings in each fiscal year and for the medium to long term and to increase corporate value, consolidated net income is used as an indicator for calculating the performance-linked portion of the remuneration (bonus) of Executive Directors. The actual consolidated net income for the term under review is 5,374 million yen.

d. Contents of non-monetary remuneration, etc.

There are no applicable items.

e. Matters related to resolutions of shareholders meeting regarding remuneration, etc. of Directors and Audit & Supervisory Board Members

At the 63rd Ordinary General Meeting of Shareholders held on June 19, 2009, the remuneration of Directors was resolved to be no more than 800 million yen per year. The number of Directors at the conclusion of the General Meeting of Shareholders was seven.

At the 54th Ordinary General Meeting of Shareholders held on June 30, 2000, the remuneration of Audit & Supervisory Board Members was resolved to be no more than 100 million yen per year.

The number of Audit & Supervisory Board Members at the conclusion of the General Meeting of Shareholders was two.

f. Policies for determining the contents of remuneration of officers, etc.

At the Board of Directors meeting held on June 22, 2021, the Company resolved the following policies for determining the contents of remuneration, etc. for each individual Director;

a) The method of determining policies for deciding remuneration, etc. for each individual Director

Compensation for Directors shall be determined by the Board of Directors after deliberation annually within the scope of the total annual amount of compensation for officers approved by resolution at a General Meeting of Shareholders. The level of compensation shall be set for each position using objective benchmarks, such as by referring to survey data from outside expert organizations, in order to contribute to securing and promoting excellent human resources and raising awareness of contribution to raising corporate value.

The compensation system shall take into account the following points, as well as incentives for execution of the Company's management policy and improvement of business performance.

- Compensation structure that raises awareness of contribution to medium- to long-term business performance and improvement of corporate value.
- The calculation of performance-linked compensation shall use indicators that ensure transparency, objectivity and continuity.

The compensation system shall be reviewed as necessary to provide an incentive to enhance corporate value over the medium- to long-term.

b) Overview of contents of relevant policies

Compensation items shall be determined according to the attributes of officers, and the breakdown and calculation method shall be determined as follows;

- Executive Director

Monthly compensation shall be fixed based on “Basic compensation for directors” and “Additional compensation by position.”

Bonuses are performance-linked based on the consolidated profits, with a standard bonus amount set for each position and the full amount quantitatively evaluated.

The policy for determining the amount of payment is that the percentage of monthly fixed compensation decreases gradually with a higher position, while the percentage of bonuses linked to performance increases gradually.

<Model percentage>

Compensation structure	Monthly fixed compensation	Performance-linked compensation (Bonus)			Total
Structure items	Basic compensation for directors + additional compensation by position	Consolidated net income			
		70% of bonus (short-term performance-link)	30% of bonus (medium-term performance-link)	Subtotal	
Percentage of the amount based on the standard bonus amount	74 - 78%	16 - 18%	6 - 8%	22 - 26%	100%
Increase/decrease in percentage by position	Gradual decrease	Gradual increase			-

As for bonuses, which are performance-linked compensation, 70% of the bonus amount is linked to short-term performance and is calculated as the percentage of year-on-year change in consolidated profits, while 30% of the bonus amount is linked to medium-term performance and is calculated as the three-year average change in consolidated profits multiplied by the actual bonus amount in the previous year.

• Independent External Directors

From the viewpoint of properly demonstrating the supervisory role from an independent standpoint and not executing business, independent External Directors shall be paid only the fixed basic compensation for Directors, which shall be 50% of the model basic compensation for Directors.

<Model Percentage>

Compensation structure	Monthly fixed compensation	Performance-linked compensation (Bonus)			Total
Structure items	Basic compensation for directors + additional compensation by position	Consolidated net income			
		70% of Bonus (short-term performance-link)	30% of bonus (medium-term performance-link)	Subtotal	
Percentage of the amount	100%	-	-	-	100%

• Independent external Audit & Supervisory Board Member and Audit & Supervisory Board Member

Compensation for Audit & Supervisory Board Members shall be limited to fixed compensation that is not dependent on changes in business performance and shall be determined through discussions between Audit & Supervisory Board Members within the scope of the total annual amount of compensation for officers approved by resolution at the 54th Ordinary General Meeting of Shareholders held on June 30, 2000.

• Non-executive officers dispatched from the parent company

Non-executing executive officers dispatched from the parent company shall be unpaid.

c) Reason why the Board of Directors has judged that the contents of remuneration, etc. of each individual Director for the fiscal year under review is in line with the relevant policies
It has been judged to be appropriate because the remuneration for officers is appropriate within the range of the annual total amount resolved at the General Meeting of

Shareholders in the light of the contents, authority, and discretion of the policies in b) above,

g. Matters related to delegation for determining the remuneration, etc. of each individual Director

The Board of Directors has authority to make decisions on policies concerning the determination of the amount of compensation for Directors or the calculation method thereof. The details and the scope of the authority of the Chief Executive Officer and Chairman of the Board (Akira Yokode) shall be as follows;

- Draft and submit to the Board of Directors a proposed policy for determining the method of calculating Directors' remuneration.
- Every fiscal year, the amount of individual compensation for each Director shall be calculated in accordance with the details of the policy, within the scope of the annual total amount resolved by the General Meeting of Shareholders as mentioned in e. above.
- After going through the prescribed procedures based on the capital and business alliance agreement concluded with the parent company Toyota Tsusho Corporation, it is presented to the Board of Directors as the agenda.

Board of Directors decides the compensation for Directors by deliberating on the content.

In order to ensure fairness, transparency, and objectivity of the procedures for nomination and remuneration of senior management and Directors, and to strengthen corporate governance, the Company established the Nomination and Compensation Committee in April 2022, with a majority of its members consisting of independent Outside Directors, as an advisory body to the Board of Directors. An outline of the procedures is as follows.

- President and Representative Director (Akira Yokode) shall review the proposed policy regarding the determination of the method of calculating Directors' remuneration, and each fiscal year, in accordance with the policy, shall formulate and propose to the Board of Directors a draft proposal for individual remuneration of each Director within the annual total amount approved at the General Meeting of Shareholders.
- The Board of Directors shall receive an explanation of the draft and agree to consult with the Committee.
- The Committee shall make recommendation to the Board of Directors after deliberating on the matters consulted by the Board of Directors.
- The President and Representative Director shall perform the prescribed procedures pursuant to the Capital and Business Alliance Agreement with Toyota Tsusho Corporation.
- Upon completion of such procedures, the President and Representative Director shall make a final report to the Committee, and then propose matters as the agenda of the Board of Directors of the Company.

Following the above procedures, the Board of Directors will make final deliberations and determine the remuneration of the senior management and Directors.

h. The total amount of officers' remuneration, etc. received by external officers from the parent company, etc. or subsidiaries, etc. of the parent company, etc. (excluding our company)

The total amount of remuneration, etc. received by outside officers from the parent company, etc. or subsidiaries, etc. of the parent company, etc. (excluding the Company) as officers during the period under review was 4 million yen.

5) Outside Executive Officers

- a. The situation of important part-time jobs at another corporation, etc. and relation between the Company and the relevant corporation, etc.
- Director Sosuke Seki serves as External Director of Shobunsha Publications, Inc. There is no special relation between the Company and the said company.
 - Director Tatsumi Maeda concurrently serves as an External Director of Tomen Devices Corporation. There is no special relationship between the Company and the said company other than personnel exchange in which one person is seconded from the company.
 - Director Yoshiaki Yatsu serves as Outside Auditor of SHIZUOKA GAS Co., Ltd. There is no special relation between the Company and the said company.
 - Audit & Supervisory Board Member Hiroshi Mizukami also serves as External Director of GMO GlobalSign Holdings, K.K., Outside Director of Sanyei Corporation, and External Director of Nakano Refrigerators Co., Ltd. There is no special relation between the Company and the respective companies.
- b. Status of major activities during the fiscal year under review
- Status of attendance at meetings of the Board of Directors and meetings of the Audit & Supervisory Board

	Status of attendance to Board of Directors meeting	Status of attendance to Audit & Supervisory Board meeting	Status of remarks and overview of discharged duties for the expected roles of External Director
Director Sosuke Seki	13/13 (100%)	-	Mainly based on his extensive experience and high level of insights as a lawyer, he makes observations to ensure the adequacy and appropriateness of decision-making and the execution of duties of the management, such as by asking questions and making recommendations from the perspective of governance and compliance in the deliberation of agendas, to fulfill his duties.
Director Tatsumi Maeda	13/13 (100%)	-	Mainly based on his extensive experience and broad knowledge of management in general, which he has cultivated over many years as an executive, he makes observations to ensure the adequacy and appropriateness of decision-making and the execution of duties of the management, such as by asking questions and making recommendations from various perspectives including sales and management in the deliberation of agendas, to fulfill his duties.
Director Yoshiaki Yatsu	13/13 (100%)	-	Mainly based on his extensive experience and high level of insights as a certified public accountant, he makes observations to ensure the adequacy and appropriateness of decision-making and execution of duties of the management, such as by asking questions and making recommendations from the perspective of finance and accounting in general in the deliberation of agendas, to fulfill his duties.
Audit & Supervisory Board Member Hiroshi Mizukami	13/13 (100%)	13/13 (100%)	He makes necessary observations as appropriate mainly from objective and broad-ranging perspectives as a lawyer, and demonstrates his auditing function, such as by giving advice and recommendations to ensure the adequacy and appropriateness of decision-making and the execution of duties of the Directors.
Audit & Supervisory Board Member Seishi Tanoue	13/13 (100%)	13/13 (100%)	He makes necessary observations as appropriate mainly from objective and broad-ranging perspectives on the preparation and improvement of audits and internal controls, and demonstrates his auditing function, such as by giving advice and recommendations to ensure the adequacy and appropriateness of decision-making and execution of duties of the Directors.

6) Evaluation of effectiveness of the Board of Directors

The Board of Directors of the Company conducted a questionnaire about the structure, administration, agendas, and support system, etc. of the Board of Directors with all Directors and all Audit & Supervisory Board Members as per every year in order to analyze and evaluate the effectiveness of the Board of Directors in general.

In addition, answers to the questionnaire submitted by each person were collated and the results of an evaluation of the effectiveness of the Board of Directors were reported to the Board of Directors.

We value the overall evaluation results, judging that corporate governance has been strengthened because there are open discussions to provide a basis for the Board of Directors to fulfill its supervisory function and because the framework of the Board of Directors has been established, etc. among other factors.

As a result of our consideration based on the opinions expressed in last year's questionnaire, the Company established the "Nomination and Compensation Committee" and "Special Committee" as voluntary advisory bodies under the Board of Directors as of April 1, 2022, in line with the principles required by the Corporate Governance Code, and is promoting efforts to enhance corporate governance accordingly. This year, there were also opinions that ensuring diversity among the members of the Board of Directors is an ongoing issue for the Company. Considering the above, we will continue to promote active discussion at the Board of Directors meetings, taking into account the opinions of the voluntary committees, and will make further efforts to meet the requirements of recent corporate governance reforms and strengthen our governance system.

(4) Accounting Auditor

1) Name of Accounting Auditor PricewaterhouseCoopers Aarata LLC

2) Compensations and Other Amounts to the Accounting Auditor for the Current Fiscal Year

	Compensations and other amounts
Compensations and other amounts to the Accounting Auditor for the current fiscal year	39 million yen
Total amount of cash and other property benefits paid to the Accounting Auditor by the Company and its subsidiaries	39 million yen

(Notes)

1. In the audit contract between the Company and the Accounting Auditor, the amount the fees for audits based on the Companies Act and for audits based on the Financial Instruments and Exchange Act are not separated, and they cannot be separated in practice. Therefore, their total amount is stated in the amount of remuneration, etc. of the Accounting Auditor for the fiscal year under review.
2. The Board of Auditors has agreed to the amount of remuneration for the Accounting Auditor after carrying out the necessary verifications based on the contents of the audit plans of the Accounting Auditor, by comparing the plans with the audit results of the previous fiscal year, based on the status of the performance of the Accounting Auditor and by comparing the amount of remuneration with that of other companies belonging to similar industries.
3. Elematec (Shanghai) Trading Co., Ltd and Elematec Hong Kong Limited, which are important subsidiaries, are audited by audit firms other than our Accounting Auditor.

3) Policy for Determining the Dismissal or Non-reappointment of the Accounting Auditor

In addition to dismissal of the Accounting Auditor by the board of Audit & Supervisory Board Members, which is stipulated in Article 340 of the Companies Act, the Company proposes an agenda regarding the dismissal or non-reappointment of the Accounting Auditor following a decision of the Audit & Supervisory Board if it is judged that it is necessary to change the Accounting Auditor considering the status of the execution of duties of the Accounting Auditor and the framework of the Company.

4) Outline of Liability Limitation Agreement

There are no applicable items.

(5) Policy on decision on dividends of surplus, etc.

As we position the redistribution of profits to our shareholders as an important management issue, our basic principle is to set a dividend payout ratio of 40% or more (consolidated), taking into account the status of cash flow based on the medium-term performance outlook and investment plan. Based on this policy, the year-end dividend for the fiscal year under review (FY 2022) is 36 yen per share, and the annual dividend is 53 yen. For the next fiscal year (FY 2023), we forecast an annual dividend of 60 yen per share.

The Company stipulates in the Articles of Incorporation that a resolution of the Board of Directors shall be used instead of a resolution of the General Meeting of Shareholders for dividends of surplus, etc. stipulated in each item of Article 459, Paragraph 1 of the Companies Act unless otherwise stipulated by laws and regulations.

We would like to effectively invest internal reserves in order to respond to changes in the business environment expected in the future.

Besides, in order to improve the capital efficiency and implement flexible capital policies according to the business environment, we would like to appropriately acquire treasury stock taking into consideration the financial situation and stock price trends.

Dividend per share * · Changes in the dividend payout ratio

	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Interim dividend (Yen)	15	17	13	17	27
Year-end dividend (Yen)	18	15	23	36	33
Annual dividend (Yen)	33	32	36	53	60
Dividend payout ratio (%)	40.2	40.1	40.2	40.4	40.6

*The company implemented a two-for-one stock split of its common stock with an effective date of June 1, 2019. Accordingly, net assets per share stated above are calculated on the assumption that the stock split was implemented at the beginning of FY 2019.

Consolidated Balance Sheet

(As of March 31, 2022)

(Unit: Million yen)

Item	FY 2022	(Reference) FY 2021	Item	FY 2022	(Reference) FY 2021
(ASSETS)			(LIABILITIES)		
[Current Assets]	108,996	95,333	[Current Liabilities]	54,109	45,619
Cash and deposits	30,753	27,877	Notes and accounts payable - trade	47,910	41,637
Notes and accounts receivable - trade	61,224	54,678	Short-term borrowings	403	138
Inventories	15,767	11,676	Income taxes payable	1,366	787
Other	1,267	1,122	Provision for bonuses	406	359
Allowance for doubtful accounts	(16)	(21)	Other	4,022	2,696
[Non-current Assets]	6,336	5,984	[Non-current Liabilities]	1,578	1,284
(Property, Plant and Equipment)	3,276	3,190	Retirement benefit liability	120	128
Buildings and structures	620	649	Deferred tax liabilities	1,210	946
Land	1,110	1,208	Other	248	208
Other	1,545	1,333	Total Liabilities	55,687	46,903
(Intangible Assets)	323	394	(NET ASSETS)		
Software	320	353	[Shareholders' Equity]	57,079	53,343
Selling rights	2	41	Share capital	2,142	2,142
Other	0	0	Capital surplus	3,335	3,335
(Investments and Other Assets)	2,736	2,398	Retained earnings	52,296	48,560
Investment securities	555	587	Treasury shares	(694)	(694)
Deferred tax assets	1,061	765	[Accumulated Other Comprehensive Income]	2,565	1,069
Investment property	312	322	Valuation difference on available-for-sale securities	189	221
Distressed receivables	3,341	2,927	Foreign currency translation adjustment	2,174	662
Retirement benefit asset	322	277	Remeasurements of defined benefit plans	200	185
Other	501	464	Total Net Assets	59,645	54,413
Allowance for doubtful accounts	(3,359)	(2,945)			
Total Assets	115,332	101,317	Total Liabilities and Net Assets	115,332	101,317

(Note) The listed figures do not show amounts less than one million yen.

Consolidated Statements of Income

[From April 1, 2021
to March 31, 2022]

(Unit: Million yen)

Item	FY 2022	(Reference) FY 2021
Net sales	200,646	180,218
Cost of sales	179,085	162,781
Gross profit	21,560	17,437
Selling, general and administrative expenses	13,214	11,974
Operating income	8,346	5,463
Non-operating income	201	158
Interest income	25	27
Dividend income	9	6
Lease revenue	91	94
Investment association investment profit	12	-
Gain on sales of Property, Plant and Equipment	29	-
Other	32	28
Non-operating expenses	680	442
Interest expenses	24	26
Rental expenses	36	26
Foreign exchange losses	558	380
Other	60	9
Ordinary profit	7,867	5,179
Extraordinary losses	207	-
Impairment losses	207	-
Income before income taxes	7,660	5,179
Income taxes - current	2,238	1,553
Income taxes - deferred	48	(41)
Profit	5,374	3,666
Profit attributable to owners of parent	5,374	3,666

(Note) The listed figures do not show amounts less than one million yen.

Consolidated Statements of Changes in Equity

From April 1, 2021
to March 31, 2022

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	2,142	3,335	48,560	(694)	53,343
Changes of items during the fiscal year					
Dividends of surplus			(1,637)		(1,637)
Profit attributable to owners of parent			5,374		5,374
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	-	3,736	(0)	3,736
Balance as of March 31, 2022	2,142	3,335	52,296	(694)	57,079

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2021	221	662	185	1,069	54,413
Changes of items during the fiscal year					
Dividends of surplus					(1,637)
Profit attributable to owners of parent					5,374
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(31)	1,511	15	1,495	1,495
Total changes of items during the fiscal year	(31)	1,511	15	1,495	5,231
Balance as of March 31, 2022	189	2,174	200	2,565	59,645

(Note) The listed figures do not show amounts less than one million yen.

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Unit: Million yen)

Item	FY 2022	(Reference) FY 2021	Item	FY 2022	(Reference) FY 2021
(ASSETS)			(LIABILITIES)		
[Current Assets]	87,292	78,120	[Current Liabilities]	46,835	39,467
Cash and deposits	20,452	19,770	Notes payable - trade	448	238
Notes and accounts receivable - trade	272	293	Electronically recorded obligations - operating	10,087	8,912
Electronically recorded monetary claims - operating	8,820	6,174	Accounts payable - trade	32,621	27,881
Accounts receivable - trade	50,051	45,906	Income taxes payable	1,011	627
Merchandise	6,894	5,204	Provision for bonuses	278	264
Consumption taxes receivable	283	386	Other	2,389	1,542
Other	532	398	[Non-current Liabilities]	19	37
Allowance for doubtful accounts	(15)	(13)	Total Liabilities	46,854	39,505
[Non-current Assets]	5,999	6,278	(NET ASSETS)		
(Property, Plant and Equipment)	2,606	2,453	[Shareholders' Equity]	46,247	44,672
Buildings	611	629	Share capital	2,142	2,142
Land	1,110	1,208	Capital surplus	3,335	3,335
Other	885	616	Legal capital surplus	2,017	2,017
(Intangible Assets)	317	389	Other capital surplus	1,317	1,317
Software	315	348	Retained earnings	41,463	39,888
Selling rights	2	41	Legal retained earnings	91	91
Other	0	0	Other retained earnings	41,372	39,797
(Investments and Other Assets)	3,075	3,435	General reserve	38,119	35,079
Investment securities	555	587	Reserve for tax purpose reduction entry	39	40
Shares of subsidiaries and associates	628	645	Retained earnings brought forward	3,214	4,678
Investments in capital of subsidiaries and associates	749	1,302	Treasury shares	(694)	(694)
Deferred tax assets	449	249	[Valuation and translation adjustments]	189	221
Investment property	312	322	Valuation difference on available-for-sale securities	189	221
Other	398	347	Total Net Assets	46,436	44,893
Allowance for doubtful accounts	(19)	(19)			
Total Assets	93,291	84,399	Total Liabilities and Net Assets	93,291	84,399

(Note) The listed figures do not show amounts less than one million yen.

Non-consolidated Statements of Income

[From April 1, 2021
to March 31, 2022]

(Unit: Million yen)

Item	FY 2022	(Reference) FY 2021
Net sales	154,185	143,097
Cost of sales	141,229	132,286
Gross profit	12,956	10,811
Selling, general and administrative expenses	8,909	8,329
Operating income	4,047	2,482
Non-operating income	1,220	3,437
Non-operating expenses	194	228
Ordinary profit	5,073	5,690
Extraordinary losses	569	110
Loss on valuation of shares of subsidiaries and associates	16	110
Loss on valuation of investments in capital of subsidiaries and associates	552	-
Income before income taxes	4,504	5,579
Income taxes - current	1,478	1,085
Income taxes - deferred	(186)	(59)
Profit	3,212	4,553

(Note) The listed figures do not show amounts less than one million yen.

Non-consolidated Statements of Changes in Equity

From April 1, 2021
to March 31, 2022

(Unit: Million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
					General reserve	Reserve for tax purpose reduction entry	Retained earnings brought forward		
Balance as of April 1, 2021	2,142	2,017	1,317	3,335	91	35,079	40	4,678	39,888
Changes of items during the current fiscal year									
Provision of general reserve						3,040		(3,040)	-
Reversal of reserve for tax purpose reduction entry							(1)	1	-
Dividends of surplus								(1,637)	(1,637)
Profit								3,212	3,212
Purchase of treasury shares									
Net changes in items other than shareholders' equity									
Total changes of items during the current fiscal year	-	-	-	-	-	3,040	(1)	(1,463)	1,575
Balance as of March 31, 2022	2,142	2,017	1,317	3,335	91	38,119	39	3,214	41,463

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2021	(694)	44,672	221	221	44,893
Changes of items during the current fiscal year					
Provision of general reserve		-			-
Reversal of reserve for tax purpose reduction entry		-			-
Dividends of surplus		(1,637)			(1,637)
Profit		3,212			3,212
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			(31)	(31)	(31)
Total changes of items during the current fiscal year	(0)	1,574	(31)	(31)	1,543
Balance as of March 31, 2022	(694)	46,247	189	189	46,436

(Note) The listed figures do not show amounts less than one million yen.

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