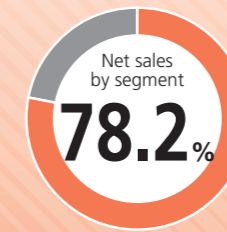


Business Overview

- Automotive Equipment Business 36
- Electronic Components Business 37
- Applied Electronic Products Business 38
- Investment Activities and Return to Shareholders..... 39

Business Strategies

Automotive Equipment Business



With autonomous driving progressing significantly, Stanley's automotive lamps have evolved into lamp systems which allow for improved vision and recognition, thus contributing to safety and security. Light sources have evolved from light bulbs to LEDs, and then to lasers, realizing new designs and power savings.

- Headlamps (LED, HID, halogen)
- Turn signal lamps
- Fog lamps
- Rear combination lamps
- Automotive bulbs (LED, light bulbs), etc.



Strengths of the Business

- Provision of lamp systems that contribute to safety and security by amalgamating our unique light source device technology and system control technology
- Reliable supply of high-quality lamp systems to global markets while maximizing the use of overseas production, sales, and development bases to meet the market and customer needs in each region

Opportunities and Risks

- Acceleration of systematization as represented by CASE (Connectivity, Autonomous, Sharing, and Electrification) in the automotive industry
- Entry of new players such as IT and software companies
- Response to carbon neutrality and climate change risks

Initiatives for Business Growth

Strategy policy

By integrating our light source device technology, which is one of our strengths, with control technology strengthened through alliances with other companies, we aim to provide lamp systems with higher safety and functionality than ever before, thereby contributing to autonomous driving and electrification.

FY2021 review (Major achievements)

- Acceleration of global expansion by increasing transactions with non-Japanese automotive manufacturers (motorcars and motorcycles)
- Offer of system products through improvement of a lamp system development environment and alliance with other companies
- Product proposals based on TADAS concept to our customers

Future major initiatives

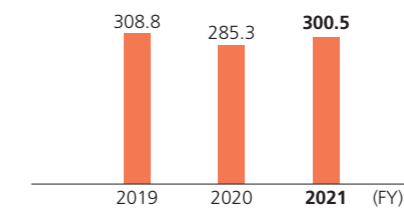
- Strengthening of the development environment towards expanding our global market share
- Collaboration activities with other companies
- Planning, proposing and receiving new orders of next generation lamp systems
- Global expansion of our lamp system factories (First step: expansion of Hiroshima Factory)

FY2021 Results

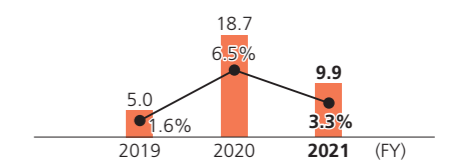
Automobile production volume increased in Asia and slightly increased in the Americas, but decreased in Japan, Europe and China, resulting in a slight decline globally. Motorcycle production volume decreased in Europe, but increased in all other regions, resulting in a global increase. Under these market conditions, the Group's automotive equipment business saw a positive impact due to a steady progress in conversion of lamps to LEDs, an increase in motorcycle production volume and foreign currency exchange rates. On the other hand, the automotive equipment business was affected by an increase in fixed costs incurred due to the fact that there was a sudden change in the automobile production plans because of the semiconductor shortage and other factors, an increase in costs of procuring resin materials, parts and components, and an increase in expenses related to the quality assurance problems recorded in the past.

As a result, net sales for the automotive equipment business for the fiscal year under review were 300,517 million yen, an increase of 5.3% from the previous fiscal year, and operating income was 9,955 million yen, a decrease of 47.0% from the previous fiscal year. Due to the adoption of the revenue recognition accounting standard, etc., net sales increased by 92 million yen, and operating income increased by 45 million yen.

Net sales (billions of yen)



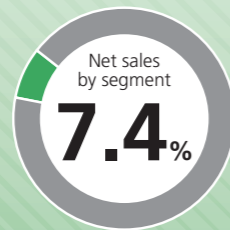
Operating income (billions of yen) / Operating margin



Electronic Components Business

Our electronic devices, manufactured with the quality to withstand the severe environmental conditions of automotive applications, are used in various social scenes. LED, our key technology, is expanding to ultraviolet and infrared ranges in addition to visible light, and will contribute to a safe and secure society.

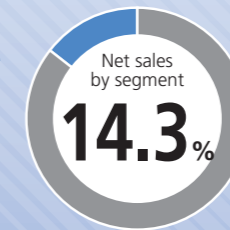
- LEDs (ultraviolet, visible light, infrared)
- Optical sensors
- Liquid crystal display (LCD) devices
- UV cold cathode lamps (UV-CCLs)
- Subminiature lamps, etc.



Applied Electronic Products Business

Combining optical design, light distribution technology, durability and reliability cultivated in the automotive business, and light source technology in the component segment, as well as manufacturing knowhow, Stanley provides applied electronic products that meet a wide range of needs, such as on-board equipment, sensors, operating panels, backlighting units, and various LED lighting.

- Backlighting units for LCDs
- Operating panels
- LED lighting products (for landscape, roads, etc.)
- Sensors for automobiles
- UV sterilizers, etc.



Strengths of the Business

- Provision to society with a wide range of high-performance, long-life devices that meet automotive quality requirements as functional devices that are also suitable for fields other than automotive
- Flexible response according to the situation, with a production system that enables stable supply in response to any changes in the environment

Opportunities and Risks

- Changing needs for devices due to trends such as miniaturization, power saving, and increased design freedom of automobile lamps
- Increasing needs for sterilization due to the COVID-19 pandemic
- Intensifying price competition caused by commoditization of existing products

Initiatives for Business Growth

Strategy policy

We will develop devices that are at the forefront of market needs and create products that will become the de facto standard by identifying the needs and trends ahead of the market through the global sales network and applying the technology and know-how cultivated for automotive applications to them. We will expand our business domain by providing safety, security, comfort, and convenience functions with products created by combining the production, technological, and sales expansion capabilities of this business.

FY2021 review (Major achievements)

- Launch of mass production of high-power infrared VCSELs for automotive applications
- Release of MEMS Mirror Starter Kits
- Commencement of operation of the new factory at Tsuruoka Works

Future major initiatives

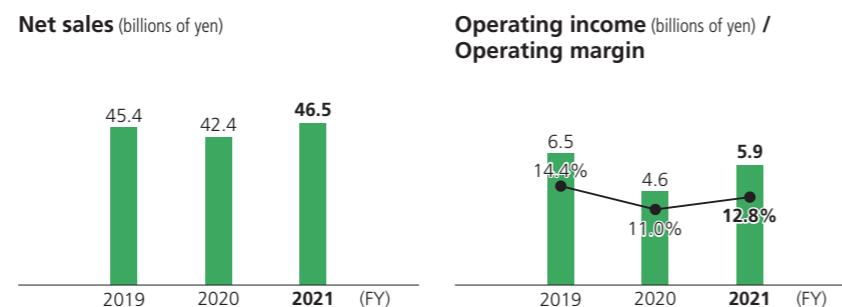
- Further evolution and strengthening of sales expansion of highly competitive invisible light devices
- Further promoting of the UV business (Establishment of the UV Division)
- Acceleration of development and mass production of products which serve as a pillar of the next generation business (MEMS Mirror, etc.)

FY2021 Results

Among the markets related to this segment (main products: LEDs, LCDs, etc.), although the vehicle equipment and AV home appliance markets were flat, the LED lighting market grew.

Under these market conditions, the Group's electronic components business saw a positive impact due to an increase in LEDs for vehicle interiors and LCDs compared to the previous fiscal year and foreign currency exchange rates.

As a result, net sales for the electronic components business for the fiscal year under review were 46,569 million yen, an increase of 9.6% from the previous fiscal year, and operating income was 5,953 million yen, an increase of 27.2% from the previous fiscal year. Due to the adoption of the revenue recognition accounting standard, etc., net sales increased by 48 million yen, and operating income increased by 12 million yen.



Strengths of the Business

- Meeting of social needs with unrivaled applied products incorporating a wealth of optical technologies and proposals for control systems that utilize them
- Maximization of added value through our unique manufacturing and provision of highly reliable products cultivated for automotive applications

Opportunities and Risks

- Changing needs in new lifestyles such as telecommuting
- Obtaining new certification in new areas of entry (medical device industry, etc.)
- Growing complexity and diversity of systems and functions caused by changes in social needs

Initiatives for Business Growth

Strategy policy

By further evolving our proprietary technologies, we will maximize the value we provide, expand into new markets, and increase adoption in existing markets. In addition, we will create new products through the amalgamation of market-oriented product planning and electronic application technology to develop new markets.

FY2021 review (Major achievements)

- Increase in received orders for backlighting units for PCs
- Sale of A&NUV products most suitable for the purpose and situation of use (water/air/surface sterilization)
- Development of products for medical devices

Future major initiatives

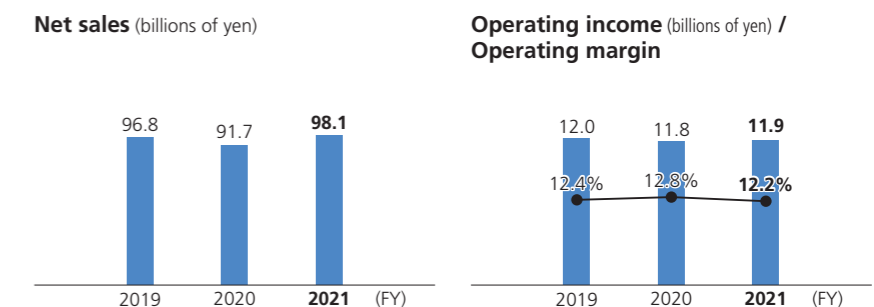
- Expansion of the backlight business
- Rolling out of water sterilizers and new usage of ultraviolet light
- Expansion of the business for medical devices
- Strengthening of the system for new product development and new market development (establishment of the Electronic Sales Control Division)

FY2021 Results

Among the markets related to this segment (main products: backlighting units for LCDs, operating panels, LED lighting, electronic substrates, etc.), although the PC/tablet and office automation markets contracted, the vehicle interior market was flat and the LED lighting market grew.

Under these market conditions, the Group's applied electronic products business saw a positive impact due to an increase in electronic substrates used for controlling automotive lamps and panel products compared to the previous fiscal year, and foreign currency exchange rates, although fixed costs increased due to the fact that there was a sudden change in the automobile production plans because of the semiconductor shortage and other factors.

As a result, net sales for the applied electronic products business for the fiscal year under review were 98,148 million yen, an increase of 7.0% from the previous fiscal year, and operating income was 11,956 million yen, an increase of 1.1% from the previous fiscal year. Due to the adoption of the revenue recognition accounting standard, etc., net sales increased by 40 million yen, and operating income increased by 4 million yen.

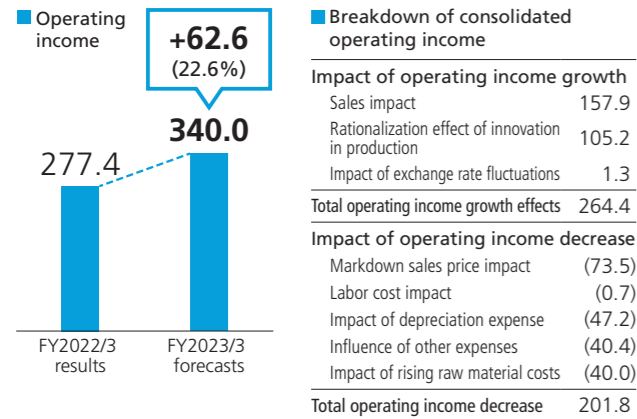


Investment Activities and Return to Shareholders

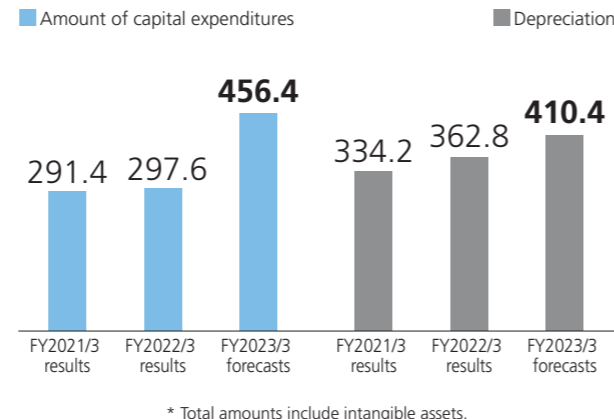
In FY2022, we plan to invest a record 45.6 billion yen in capital expenditures.

For the fiscal year ending March 2023, we will make consolidated capital expenditures of 45.64 billion yen, a year-over-year increase of 15.88 billion yen (up 53.4%). The amount of 45.64 billion yen represents record-high capital expenditures to be made by the Group for a single fiscal year. Approximately 35.0 billion yen out of the total amount will be used for existing ordinary investments, and the remaining amount of approximately 10.0 billion yen will be allocated to funding for the future growth as "strategic investment". This strategic investment, which was specifically defined in the capital expenditure plan for the fiscal year ending March 2023, has five main pillars: (1) cost reduction, (2) portfolio consolidation by expanding the electronics business, (3) computerization, (4) development and restructuring of bases, and (5) addressing environmental issues such as carbon neutrality.

Consolidated Business Forecasts factors affecting operating income [Year-over-year basis] (Hundred million yen)

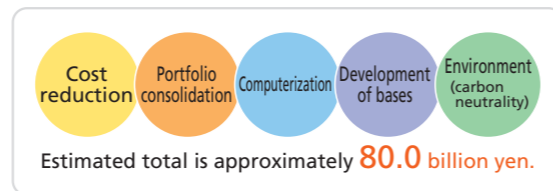


Consolidated Business Forecasts: Capital Expenditures (Hundred million yen)



By FY2025, we will carry out strategic investments amounting to 80 billion yen and promote measures related to cost reduction and portfolio consolidation.

Concerning the five pillars of "strategic investment" added in FY2022, we plan to make investments of approximately 80.0 billion yen for the four fiscal years until FY2025. This is because the Group needs to establish measures to support our sustainable growth from the perspective of "reform" which anticipates not "improvement" of business models but restructuring of businesses and creation of new businesses with fresh eyes, and to invest our capital in those measures. In particular, we will make necessary and sufficient capital investments to support measures concerning cost reduction and portfolio consolidation, thereby further accelerating and implementing our initiatives.



In FY2022, we plan to pay interim dividend of 25 yen per share and year-end dividend of 25 yen per share, totaling 50 yen per share for the full fiscal year.

With our basic policy of maintaining stable dividend payments and appropriate return of profit to our shareholders, while working to strengthen our financial position and business foundation, we set a consolidated payout ratio target of 20% or more and a consolidated total return ratio target, including the acquisition of treasury stock, of 35% or more.

■ Medium- to long-term management index			
Item	Targets	2021/3 results	2022/3 results
Consolidated payout ratio	20%	31.6%	37.4%
Total return ratio	35%	40.3%	46.7%

For FY2021, we paid interim dividend of 25 yen per share and year-end dividend of 25 yen per share, resulting in the annual dividend of 50 yen per share. For FY2022, we plan to pay same dividends as in the previous fiscal year. In addition, we retired 400 thousand shares worth 992 million yen of our treasury stock on December 6, 2021. We effectively use internal reserves as investment funds to bolster corporate value such as new product/business development and more streamlined management structure from the medium- to long-term perspective, and work to further strengthen our corporate structure and competitiveness.



Sustainability

- Sustainability Management 41
- Environment 42
- Quality Assurance and Intellectual Property 47
- Supply Chain Management 49
- Risk Management 50
- Governance and Compliance 53
- Communication with Stakeholders 56

Sustainability Management

► Basic Sustainability Policy

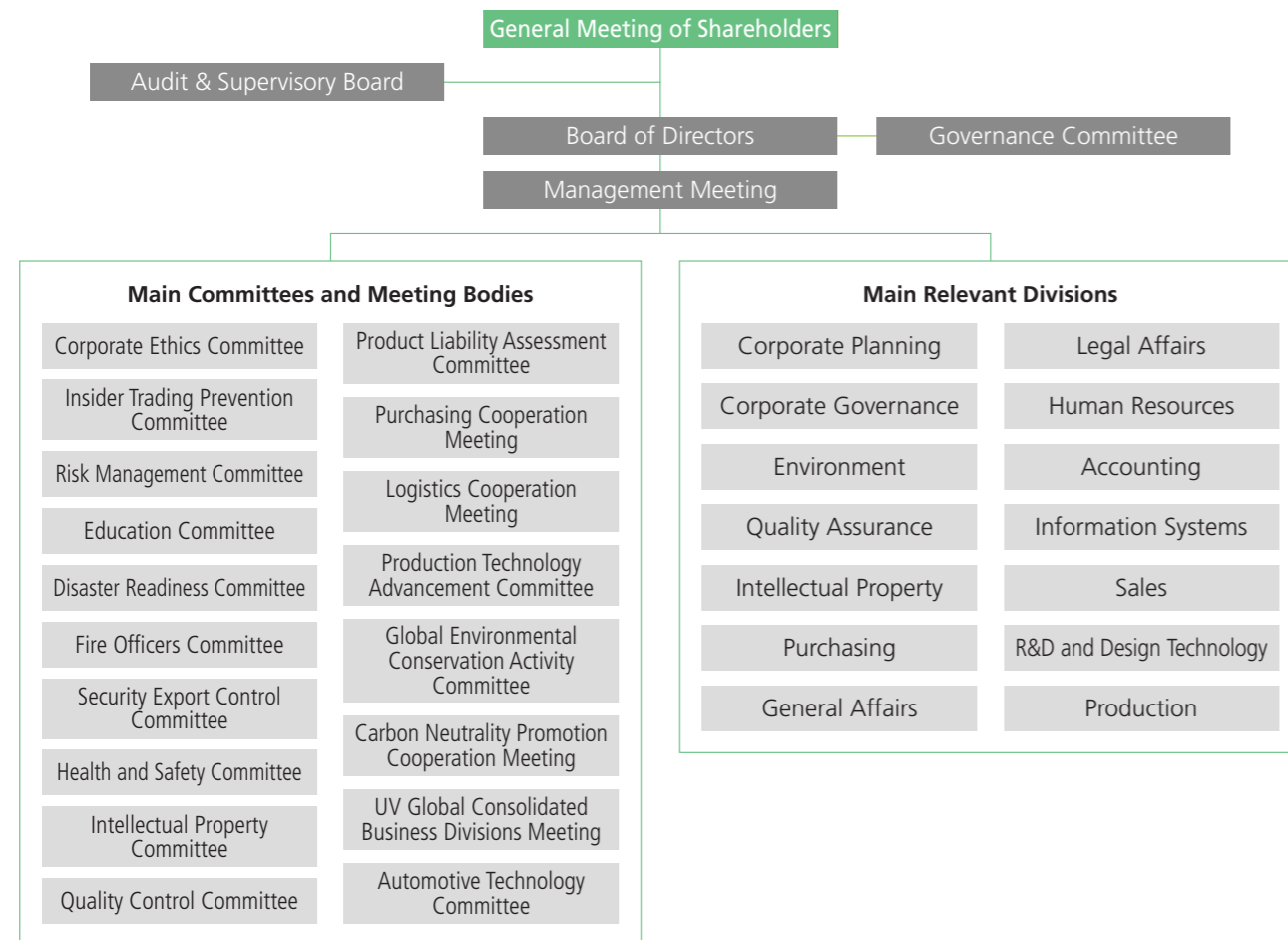
The Group conducts its business activities based on its Business Philosophy, "Pursuit of infinite possibilities of light" and "Being committed to manufacturing". Our aim is that the products and technologies we create contribute to the safety and security of people's life.

What is important to the Group's sustainability initiatives is that each employee of the Group observes laws, regulations and social norms, promotes a healthy workplace environment, contributes to society through business activities, cares for people and nature, and acts under the premises of communication and coexistence with society.

We have set out these standards in "Stanley Group's Code of Conduct" to contribute to sustainable society development and global environment protection.

► Sustainability Framework

To promote the Group's sustainability, we deliberate on and approve basic policies and measures for initiatives at the Management Meeting through main committees, meeting bodies and relevant divisions. In addition, the details thereof are reported to the Board of Directors from time to time.



» Please refer to our website for other sustainability data. <https://www.stanley.co.jp/e/sustainability/policy/policy.html>

Environment

► Environmental Management

Aiming the sustainable development of society and business, the Group provides products considered necessary by society with our business base in manufacturing. We also have enacted our Basic Environmental Philosophy, Environmental Proclamation and Environmental Policies, and is pursuing measures to protect the global environment.

Basic Environmental Philosophy

Stanley Group strives to "create new values in harmony with the environment" through all our corporate activities by reducing the environmental impact to a bare minimum, so that we can pass on the immeasurably rich blessings of our earth and its ecosystem to the next generation in a healthy state.

Environmental Proclamation

We, Stanley, strive to become an earth-friendly corporation by practicing the "non-use, non-emission and non-disposing" of environmentally harmful substances.

Environmental Policies

In our corporate activities, which primarily consist of our businesses for automotive devices, components, and applied electronics products, Stanley Group will follow our Basic Environmental Philosophy, with each member of our company aware of his or her roles and responsibilities regarding our efforts for environmental protection.

1. Throughout the lifecycle of our business operations, products and services, we set environmental targets and promote environmental protection that includes preventing contamination, mitigating climate change, and making use of sustainable resources globally.
2. In addition to observing the environmental laws and regulations of each country and region, as well as other environmental agreements we conclude with other parties, when necessary, we undertake management by setting voluntary standards of our own on the basis of those regulations and agreements.
3. We make continuous improvements to our environmental management systems in order to improve environmental performance.
4. We communicate our Basic Environmental Philosophy and Environmental Policies to all the persons working for Stanley Group, and we also gain the understanding and cooperation of our suppliers through informational efforts.
5. We make our Basic Environmental Philosophy and Environmental Policies accessible to the general public, and we report the progress of our environmental activities in order to increase communication with the local community, when requested.
6. We actively participate in the environmental conservation activities of the local communities in collaboration with governmental agencies or other local or affiliated organizations.

Environment

Results of Environmental Activities carried out in FY2021

The Group's major targets for FY2021 and their achievement status are listed below.

We evaluate, by using basic units, whether energy, raw materials and water are utilized effectively with no waste.

Item	Target	Results
Initiatives for environmental regulations	Comply with regulations related to the business activities	Continue complying with regulations related to the environment
Design for the environment	Offer products designed for the environment that will contribute to the Earth's environment (continuously)	100% implementation of Designs for the Environment Checklists Provide training for design-related departments
Prevention of global warming (reduction of CO ₂ emissions)	Domestic Basic added value units of CO ₂ : 71.7t-CO ₂ /1 billion yen or less (reduction of 2% or more relative to FY2019)	Basic added value units of CO ₂ : 76.0t-CO ₂ /1 billion yen (increase of 3.8% relative to FY2019)
	Overseas Basic added value units of CO ₂ : 295.9t-CO ₂ /1 billion yen or less (reduction of 2% or more relative to FY2019)	Basic added value units of CO ₂ : 307.6t-CO ₂ /1 billion yen (increase of 1.9% relative to FY2019)
	Domestic Distribution region Sales basic units: 2.16t-CO ₂ /1 billion yen or less (reduction of 2% or more relative to FY2019)	Distribution region Sales basic units: 2.11t-CO ₂ /1 billion yen (reduction of 4.1% relative to FY2019)
Resource recycling (waste reduction) (water consumption reduction)	Domestic Basic added value units for the amount of waste generated: 2.83t/1 billion yen or less (reduction of 2% or more relative to FY2019)	Basic added value units for the amount of waste generated: 1.46t/1 billion yen (reduction of 38.9% relative to FY2019)
	Overseas Basic added value units for the amount of waste generated: 3.59t/1 billion yen or less (reduction of 2% or more relative to FY2019)	Basic added value units for the amount of waste generated: 2.78t/1 billion yen (reduction of 24.0% relative to FY2019)
	Domestic Achieve landfill disposal rate zero emissions (landfill disposal rate of 0.5% or less)	Continue with zero emissions (landfill disposal rate of 0.1%)
	Domestic Basic added value units for the amount of water consumption: 450m ³ /1 billion yen or less (reduction of 2% or more relative to FY2019)	Basic added value units for the amount of water consumption: 410m ³ /1 billion yen (reduction of 6.3% relative to FY2019)
	Overseas Basic added value units for the amount of water consumption: 1,090m ³ /1 billion yen or less (reduction of 2% or more relative to FY2019)	Basic added value units for the amount of water consumption: 1,050m ³ /1 billion yen (reduction of 5.4% relative to FY2019)
Pollution Prevention/Product Environment	Domestic Basic added value units for the amount of chemical substances used: 0.61t/1 billion yen or less (reduction of 2% or more relative to FY2019)	Basic added value units for the amount of chemical substances used: 0.52t/1 billion yen (reduction of 17.5% relative to FY2019)
	Continue with zero environmental defects	We verify the content of substances of environmental concern through X-ray fluorescence inspections and other means to continue with zero environmental accidents
Initiatives for biodiversity	Contribute to regional ecosystem conservation activities	Institute social contribution activities and volunteer activities

Scope of aggregation for environmental data Domestic: Stanley Electric Co., Ltd. and group companies (8 companies) Overseas: Manufacturing group companies (15 companies)

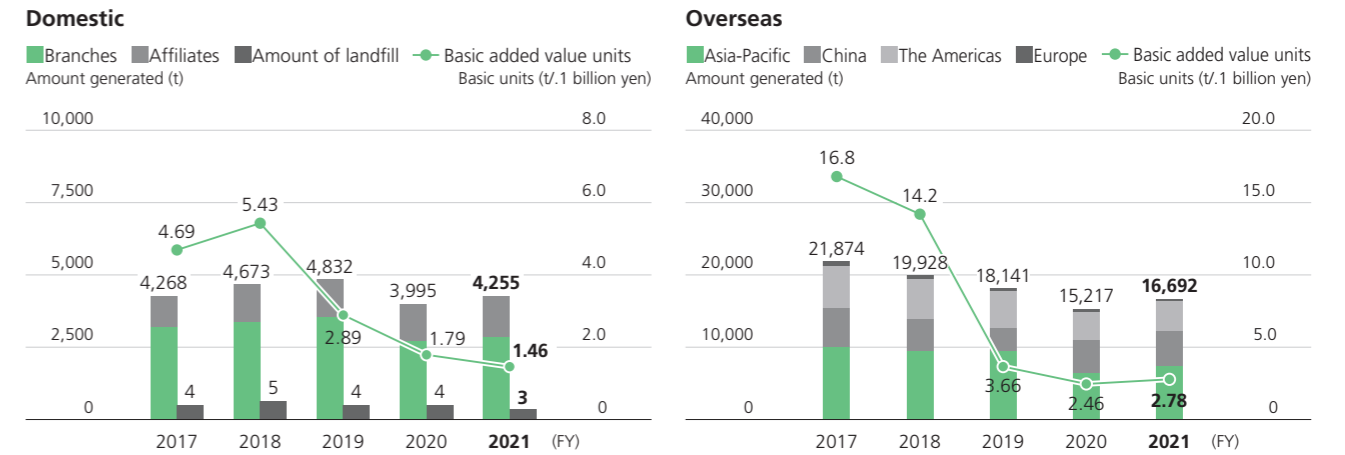
» Please refer to our website for other environmental data. <https://www.stanley.co.jp/e/sustainability/environment/>

Reduction of Waste Emissions

Since waste reduction activities help reduce energy used in transporting and processing, this initiative is also expected to reduce CO₂ emissions from a life cycle perspective.

Tsuruoka Works changed the rinse solution used in removing flux residues after soldering, thereby reducing effluent generated during the removing process by 22 tons per year.

Changes in the Amount of Total Waste Generated and Basic Units

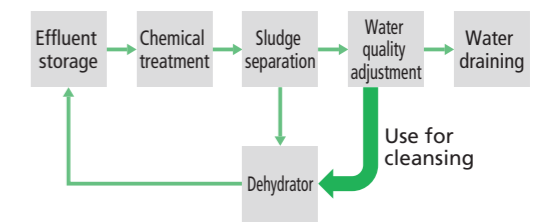


Domestic/Overseas: Because of the review of the evaluation method, the basic unit for FY2019 was changed.

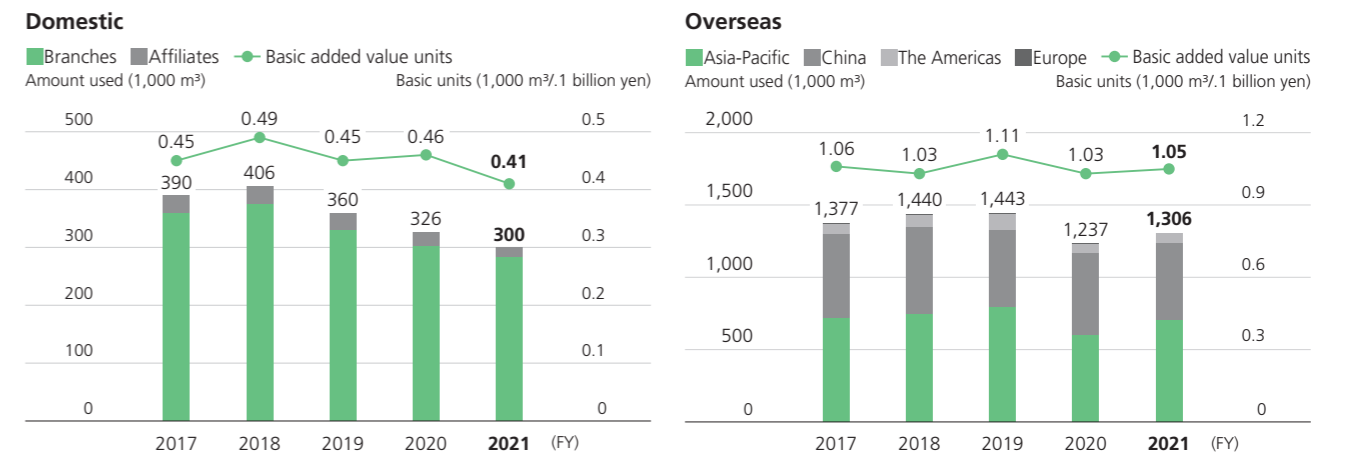
Reduction of Water Consumption

There are risks with water resources, such as drought due to climate change and consumption limitation due to population growth. Reuse of water used within the company helps us reduce the impact on the environment and be prepared for the risks.

Vietnam Stanley used treated water to cleanse sludge dehydrator for wastewater treatment, thereby reducing the amount of water consumption by 3,000 m³ per year.



Changes in Water Consumption and Basic Units



Domestic: Because of the review of the evaluation method, the basic unit for FY2019 was changed.

Quality Assurance and Intellectual Property

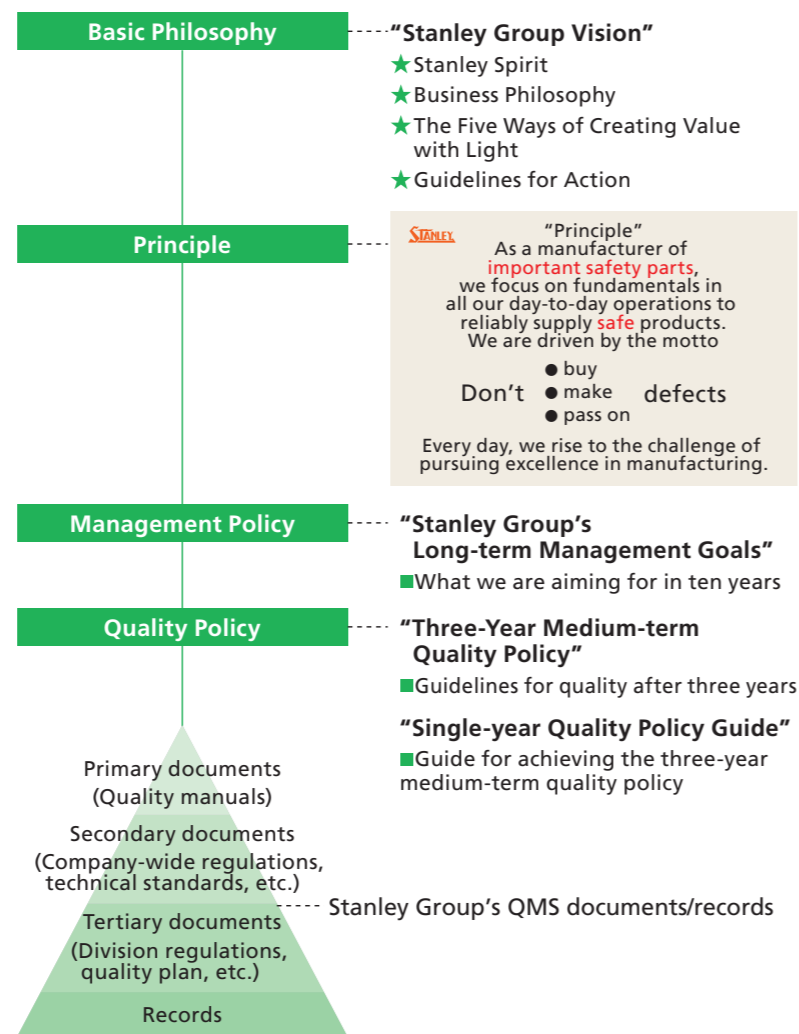
► Fully Safety-Conscious Product Development

Framework to Implement Quality Management Activities

Our automotive equipment products are important safety components whose failure may be life-threatening. Any failure to ensure the safety of end users will result in a product recall or other market action. After some serious quality problems in the past, we formulated the "Principle" which is important next to our Basic Philosophy. The Principle defines the basic principles of decisions and actions of all employees of the Group, which should be followed as a top priority in our quality management. As described above, "Quality and Safety" is the most important and fundamental precept to the Group, which is given priority over our management policy. We offer education and training sessions to ensure this Principle is made known to not only new hires but also all employees. The Principle is also recited every day.

Furthermore, we have established "Quality Control Committee" which reviews, deliberates on and makes decisions on the Group's quality management issues, to ensure all business divisions and Group companies conduct PDCA as quality management activities, thereby promoting and developing quality measures, and reviewing the management system.

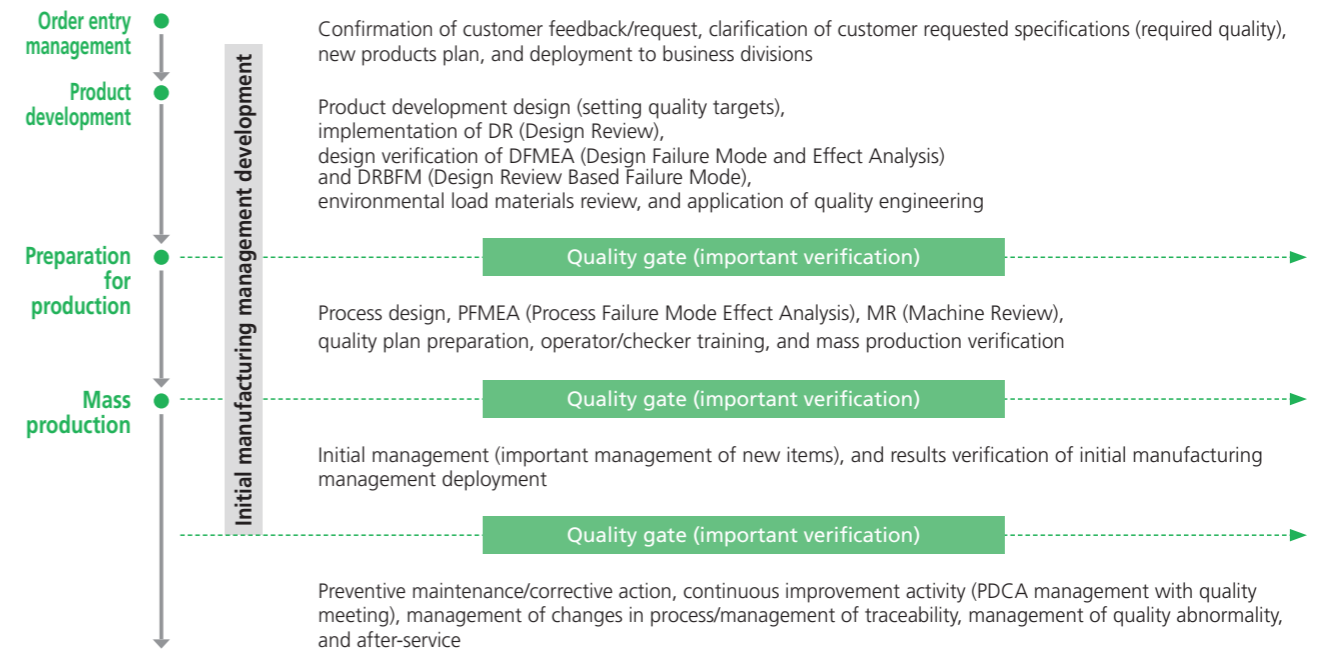
In addition, all employees working in the development and design divisions and factories, including head office functions, are participating in QE (Quality Education) activities and engaged in bottom up quality improvement efforts.



Thorough Initial Manufacturing Management to Guarantee Product Safety

The Group develop products with due consideration to safety and provide customers with such products.

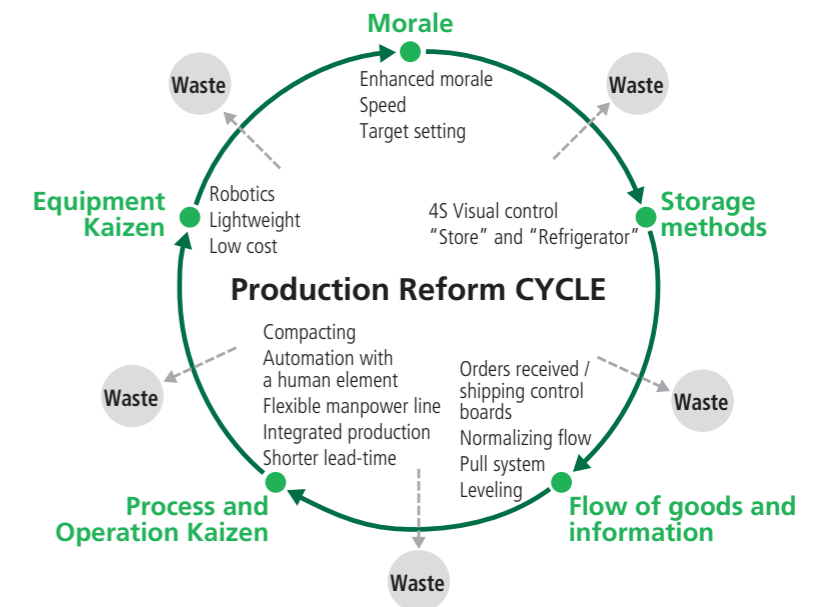
We have in place processes to promote the design and/or development of new products in a systematical and organizational manner. To be more specific, we ensure quality by organizing an inter-divisional initial manufacturing management team and conducting an "important verification" (which functions as a checkpoint) at each development phase to determine whether or not to move forward to the next phase based on what is actually observed on the actual site. In cases when we receive any safety-related information, we immediately confirm the fact, and if it turns out that any safety issue is present, we report it to the internal and external departments and people concerned, identify the cause, prevent accidents from spreading, and work on upstream improvement to take rapid and sincere measures to prevent recurrence.



Promoting SNAP with the Aim to Improve Customer Satisfaction

The Group has an ideal of a "manufacturing structure in which products required by customers are manufactured in the quantity needed, exactly when they are needed", and is putting into practice its unique production innovation activity, "SNAP", throughout the Group. By thoroughly eliminating waste, the Group realizes shortened lead-times, lower costs, improved quality and satisfied deadlines, strengthening the trust and satisfaction of customers.

In back-office divisions, we thoroughly pursue operational efficiency. We are also working on improvements in production technologies through in-house manufacturing of facilities and research of new materials.



► Intellectual Property Management

The Group is engaged in research and development to pursue the possibilities of light, and striving to expand intellectual properties which are a source of business competitiveness with the spirit of "Outshining Light". In order to make the most use of newly created intellectual properties for business activities, we have established "Intellectual Property Regulations" and "Intellectual Property Committee", thereby promoting intellectual property management toward enhancing competitiveness. The Intellectual Property Committee consists of IP officer and representatives of the Intellectual Property Division, Legal Affairs Division and Technical/Development Divisions, and holds monthly regular meetings, where various matters concerning intellectual properties of the entire Group are deliberated on, recommended and reported.

Supply Chain Management and Risk Management

The Group partners with suppliers on equal and fair relationships and is engaged in sincere transactions in compliance with relevant laws, regulations, and agreements. Specifically, we welcome both domestic and foreign partners with equal opportunities for transactions and select suppliers in accordance with fair and rational standards based on such items as quality, price, delivery, safety, and the environment. We also strive for mutual prosperity through transactions and under trust and cooperation, making efforts to maintain and strengthen long-term growth and competitive edge.

► Enhance Awareness of Human Rights across the Supply Chain

Identifying the Current Status Using the CSR Check Sheet

Every year, we distribute the CSR check sheets to suppliers and ask them to examine their own activities as part of strengthening CSR in the supply chain. In FY2021, we distributed the sheets to more than 1,000 suppliers globally and collected the results of their examinations, and confirmed that there were no problems in terms of respect for human rights, working conditions, working environment, etc. In addition, we found from their examination results that they had common issues such as “deployment of their CSR initiatives to their suppliers (sub-suppliers from our viewpoint)” and “promotion of in-house education”. Cooperating with our suppliers, we will continue to work to solve these issues.

Items to be checked in the CSR check sheet

1. Safety and quality assurance
2. Human rights and labor
3. Environment
4. Compliance
5. Information disclosure
6. Risk management
7. Social contributions
8. Deployment of CSR initiatives internally or to suppliers

Confronting the Problem of Conflict Minerals

We are deeply concerned about the problems of human rights abuses and environmental damage by armed groups in not only the Democratic Republic of the Congo (DRC) and neighboring countries but also the countries included in the latest CAHRAs list*1 published by the EU under the EU Conflict Minerals Regulation. Because these groups appear to be financed by dealings in conflict minerals, we are taking measures to ensure supply chain transparency so as to avoid abetting these problems, and are promoting responsible procurement of minerals. In addition, to respond to the applicable list items in the recently accelerating “responsible minerals survey” and related laws and regulations, the Group conducted surveys which included cobalt and mica in addition to 3TG*2 as conflict minerals starting from this fiscal year.

Other ESG risks (Labor, safety and health, etc.)	Scope of examination for this fiscal year							Further expansion →
Environmental risk								
Child labor, bribery, money-laundering, tax evasion, etc.	(Framework of EU regulations)							
Funding for armed groups (Other than DRC and neighboring countries)								
Funding for armed groups (DRC and neighboring countries)	DRC	DRC	DRC	DRC				Scope of examination for the previous fiscal years (framework of DF-Act*3)
ESG risks	Minerals	Gold	Tin	Tantalum	Tungsten	Cobalt	Mica	

*Quoted from JEITA “Responsible Mineral Procurement Survey Briefing 2022” materials

*1 The latest version was updated on March 30, 2022 and covers 210 areas over 29 countries.
 *2 Tin, tantalum, tungsten and gold
 *3 Dodd-Frank Act, the US financial regulation reform act, Section 1502 of which is a regulation to control the trade of conflict minerals.

Initiatives for Enhancing the Quality of Purchased Goods and Environmental Protection

As a manufacturer of important safety components, we regularly work together with our suppliers to improve quality under the motto, “Don’t buy, make, or pass on defects”, and hold a purchasing policy briefing, and other briefings at various locations to assist them in strengthening quality control.

Based on our Green Procurement Guidelines, we ask suppliers to acquire a certificate for environmental management systems and to manage and reduce the use and emission of environmental concern substances. We regularly conduct supplier surveys on the environment and enter transactions with companies that are certified as “eco partners”.



FY2022 purchasing policy briefing

Initiatives for Stable Procurement

To maintain and strengthen stable and uninterrupted procurement system, we ensure that suppliers use the Group’s “fire and disaster prevention and response check sheet” to inspect their own measures, reflect the results in their own fire and disaster prevention and response activities, and strengthen their quality and structure. We also ask secondary suppliers, their suppliers, and sub-suppliers to carry out these activities in the same way. In FY2021, we asked about 100 suppliers to submit the results of inspection of their own measures to check their current status, and we provided information and advice for their further improvement.

As for raw materials procurement, we avoid risks by having multiple sources (diversification of suppliers) which we have been working on, and even during the lockdown period due to the COVID-19 pandemic, we globally maintained raw material supplies. In response to the continuous hike in resin raw material prices since 2021, we work on cost reduction through selection and concentration while maintaining the diversification of raw material procurement sources.

► Risk Management

Basic Approach and Promotion System

We anticipate specific risks surrounding the entire group from normal times and establish preventive measures against the losses caused by those risks. Furthermore, we take post-treatment measures and recurrence prevention measures to ensure the safety of employees’ lives and bodies and minimize losses even when risks become apparent.

Specifically, we create an environment in which preparations and measures necessary for business continuity and stable development can be taken effectively and efficiently by formulating risk management regulations and clarifying the definition of risk, management system, information management policy, etc. in Stanley.

In addition, we implement company-wide risk management such as risk analysis/identification and preparation of a risk aversion manual with the Risk Management Committee chaired by a Director playing a key role. Risk Management Committee is held regularly irrespective of whether or not an incident has occurred, and promotes the formulation and approval of “key risks” and “risk scenarios” and communications of them to relevant business divisions and supervising departments.

If a risk were to materialize, the Risk Management Committee would set up a BCP (Business Continuity Plan) Headquarters to take an integrated response to the occurrence of an incident.

Assumed Major Risks and Examples of Countermeasures

We regard events that have an unfavorable impact on management and business when they become apparent as “risk”.

Examples of major risks we assume			
● Natural disasters (earthquakes, typhoons, etc.)	● Spread of infectious disease	● Product liability	● On-the-job accidents
● Fire, explosion, and other unexpected incidents	● Environmental pollution	● Compromise and leakage of information	● Bankruptcy of suppliers
● Human resources and labor issues	● Violation of laws and regulations (violation of Antimonopoly Act, product regulations, etc.), etc.		

Specific Risks Surrounding the Company

In recent years, natural disasters due to climate change caused by global warming have become more frequent in many areas. There are inherent risks, such as insufficient supply of raw materials and parts from suppliers and a decrease in customer production capacity, that may have a negative impact on our performance and financial conditions. In preparation for the possibility of such risks becoming apparent, we are working to minimize the impact by taking necessary measures for business continuity, such as a preliminary examination of the installation of disaster prevention equipment and relocation of production sites, implementation of disaster drills/BCP training, and others.

Risk Management

Safety Check System

We have introduced the "Safety Check System" with the aim to ensure the safety of our employees and their family members and the business continuity and early restoration of operations in the event of an emergency such as a large-scale disaster. This is a tool for ensuring that we can communicate with individual employees using the text message function of a mobile phone, etc. To be prepared for an emergency, we carry out "safety check drills" twice a year using this system.

Information Security

Considering "information security" to be one of our important business challenges, we have in place the Information Security Basic Policy to protect personal information and other confidential information, and implement appropriate information security measures to ensure secure management.

Information Security Basic Policy

Stanley Group appropriately protects and manages important information based on the Stanley Group's Code of Conduct. In doing so, we set activity targets with the goal of achieving the appropriate level of information security and work to improve the Stanley Group's level of information security. Our Information Security Basic Policy is set out below.

(1) Scope of application

The information security management system (the "ISMS") applies to all information assets related to our business activities.
This policy applies to all of those who handle information assets owned by our employees, etc.

(2) Handling of information assets

Information assets refer to information and machines and structures that process information (including information systems and materials for system development, operation, maintenance and information services provided by service providers). They shall be maintained and managed in a well-balanced manner from the three perspectives of confidentiality, integrity and availability, and be effectively utilized.

(3) Establishment, maintenance and improvement of the ISMS

In order to establish and continuously maintain the ISMS, we shall establish relevant organizations and systems and carry out regular reviews, thereby ensuring continual improvement.

(4) Implementation of information security measures

We shall identify and quantify the threat and the vulnerability against the confidentiality, integrity and availability of information assets. Thereafter, we shall carry out regular risk assessments, and evaluate and continuously review our risk treatment.

(5) Compliance with applicable laws and regulations

Our employees shall comply with laws, regulations, social norms, contracts and internal regulations applicable in respect of handling information assets.

(6) Education about information security

We shall provide education and awareness necessary to ensure that the Information Security Basic Policy is complied with and information security measures are thoroughly implemented.

(7) Incident prevention and response

We work to prevent an information security incident from occurring, and in the event of the occurrence of an incident, we shall investigate the cause and promptly implement response measures. In addition, in the event of any breach of the information security, we will impose a severe punishment pursuant to applicable internal regulations, and shall take appropriate measures to prevent a recurrence.

Framework for Implementing Information Security Activities

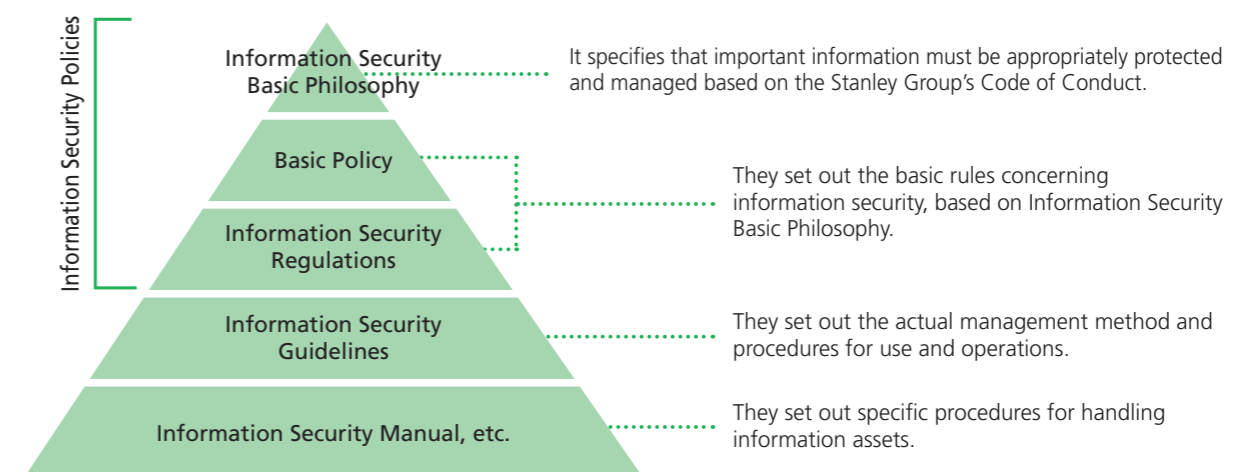
At Stanley Electric, overall information security activities are supervised by the Information security secretariat established within the Information Systems Department.

General Managers of relevant departments assume a role of Management representative for information security, and implement information security activities of their own department together with information security personnel, network administrators and system administrators they appoint.

At the Group's affiliates, they have the Information security secretariat in place, with their presidents as Supervising representatives for information security.

As is in the case of Stanley Electric, General Managers of their relevant departments assume a role of Management representative for information security, and implement information security activities of their own department together with information security personnel, network administrators and system administrators they appoint.

Information Security System



Governance and Compliance

► Basic Approach to Corporate Governance

Our Business Philosophy is “the boundless pursuit of the Value of Light”, “business innovation by maximizing our potential as a manufacturer”, and “ensuring the welfare of those who truly support our mission”, based on the Stanley Group Vision, the basic values shared throughout the Group. We aim to create social value and contribute broadly to society through our global business activities, as well as our pursuit of “the Five Ways of Creating Value with Light”: creating light, sensing and recognizing with light, processing information with light, harnessing light’s energy, and producing feeling with light.

We strive to meet the expectations of all our stakeholders by pursuing transparency and fairness in management and striving to establish world-class corporate governance.

Corporate Governance System

We strive to ensure effective governance through collaboration between “audits” conducted by the Audit & Supervisory Board Members (the Audit & Supervisory Board), which includes two or more outside members who maintain independence and have expertise in such areas as the law and financial accounting, and with active coordination with Accounting Auditors and internal audit department; and the “establishment of management strategies” and “supervision of business execution” by the Board of Directors, which makes swift and accurate management decisions regarding business management through lively discussions by Directors who are familiar with the Group’s businesses. We strive to further strengthen our governance functions by adding Outside Directors who maintain independence and have high levels of experience and knowledge regarding management.

► Officer Compensation

The process for determining the policy regarding compensation, etc. for Directors and Audit & Supervisory Board Members of the Company, as well as that policy, are as follows:

Basic Policy

As described below, the policy for compensation, etc. of Directors and Audit & Supervisory Board Members (“officers”) are determined by the Board of Directors for Directors and by the Audit & Supervisory Board for Audit & Supervisory Board Members, respectively, with the purpose of determining officer compensation, etc. in a fair and appropriate manner.

- The compensation system shall be objective when viewed by shareholders and employees.
- The compensation system shall be partially linked to performance, in order to clarify responsibility for business execution.
- The policy is determined appropriately in light of economic trends, the Company’s business environment, performance, and trends of other companies in the same industry, etc.

Overview of the Officer Compensation System

Compensation consists of the following elements. It is calculated using a coefficient set for each element of the system.

	Monetary compensation	Non-monetary compensation
Performance-linked compensation	Performance-based compensation/ Consolidated ROA standard compensation/Bonus	Shareholder value-linked compensation/ Regular stock options
Other compensation	Fixed compensation	None

- We have introduced a transfer-restricted stock compensation system for Directors (excluding Outside Directors) as shareholder value-linked compensation, with the purpose of increasing their motivation to contribute to increasing stock prices, shareholder value, and corporate value, compared with the status quo.
- We provide share subscription rights as regular stock options to Directors (excluding Outside Directors) and managers free of charge, in order for them to share the risks and rewards of fluctuations in stock prices with shareholders, and to increase their motivation to contribute to increasing stock prices and corporate value, compared with the status quo.
- Regarding the time of payment, fixed compensation, performance-based compensation, and consolidated ROA standard compensation will be paid monthly. Other compensation will be paid (allocated) at a certain time.

Policy for Determination of Compensation for Each Individual by Type of Compensation as Well as Their Percentage

The Company’s performance-linked compensation (including non-monetary compensation) for officers is intended to establish fair and appropriate officer compensation, each of which is calculated as follows.

- Performance-based compensation and shareholder value-linked compensation: Mainly calculated based on the Company’s performance
- Consolidated ROA standard compensation: Calculated by a payment coefficient based on consolidated ROA
- Bonus: Calculated based on net income and the officer bonus calculation coefficient
- Regular stock options: Mainly calculated based on stock price

Based on the premise that corporate management from a medium- to long-term perspective is important, we, after giving due consideration to the two perspectives of motivating Directors to contribute to the enhancement of corporate value and pursuing the interests of shareholders, decide on the percentage of these two factors in the total.

Fixed compensation is calculated after comprehensively considering positions, responsibilities, etc.

Matters related to the organization for determining the content of compensation for each Director and its verification

The Board of Directors will make a resolution to delegate the authority to determine the amount to be allocated to each Director according to the predefined calculation method to the Representative Director. Furthermore, regarding the appropriate exercise of this authority by the Representative Director, we will consult with the Governance Committee and obtain their view for reference.

Total compensation, etc. per officer category, total compensation, etc. by type, and the number of eligible officers (FY2021)

Officer category	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of eligible officers (Persons)
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors (excluding Outside Directors)	381	163	173	44	7
Audit & Supervisory Board Members (excluding outside members)	67	51	15	—	2
Outside officers	35	26	8	—	6

► Compliance

Compliance Education

In addition to compliance education at the beginning of each fiscal year, we provide compliance education as part of training programs for officers, each hierarchy level and each department, selecting topics necessary for each target group. These programs explain to officers and employees the rules they respectively need to comply with regarding the Antimonopoly Act, bribery, harassment and other aspects to ensure their understanding.

Each group company and department also promotes and plans compliance autonomously, and they validate these initiatives each quarter.



Training session for executives on human rights and harassment by an outside attorney

Governance and Compliance

Whistleblowing System

We have established whistleblower hotlines, including the Corporate Ethics Improvement Proposal Office, which is staffed by attorneys. Through these hotlines, we practice thorough early detection and prevention of issues. The whistleblower hotlines dealt with 36 cases in FY2021. Through posters, internal newsletters, a monthly compliance magazine and other media, we keep informing employees how to use them as well as that people contacting the hotlines will not receive disadvantageous treatment and the system provides confidentiality and anonymity for whistleblowers against corruption and bribery.

In accordance with the revised Whistleblower Protection Act, we have enhanced the system's confidentiality by providing education for officers and personnel engaging in the hotline operation to ensure greater peace of mind for whistleblowers.

We are also setting up whistleblower hotlines at our overseas locations, which are currently in operation in China, Asia-Pacific, the Americas and Europe respectively. To ensure that global employees can use the system feeling assured, the system encourages users to call basically in local languages.



Compliance magazine

Corporate Ethics Committee

We have established the Corporate Ethics Committee, chaired by the Director in charge of compliance and corporate ethics and comprised of members including at least one attorney. The purview of the committee working to enhance compliance across the entire Group includes 1) planning and implementing activities to prevent compliance violations, 2) determining policies for responding to compliance issues, 3) studying measures to prevent recurrence, and 4) validating the operational status of such whistleblower hotlines as the Corporate Ethics Improvement Proposal Office.

Internal Audits

Internal Audit Organization, etc.

The Company has established the Corporate Governance Promotion Department as an internal audit department under the direct control of the Representative Director. It is a dedicated independent organization comprising 10 people including certified internal auditors, and strives to maintain and improve the soundness of business execution by auditing the Group's operations as a whole in accordance with the internal audit regulations, from the perspective of the effectiveness of internal controls, compliance, etc.

Coordination between Internal Audits, Audits by the Audit & Supervisory Board Members, and Accounting Audits, etc.

The General Manager of the internal audit department attends the monthly meetings of the Audit & Supervisory Board to report on audit plans and the results of audits as well as to collect information, which facilitates collaboration between the two parties.

The above General Manager also attends meetings with the Audit & Supervisory Board Members and Accounting Auditor, receives reports on the Accounting Auditor's audit plans, the results of accounting audits during the fiscal year and at fiscal year-end, and of internal control audits, and additionally exchanges information.

If the results of audits by the Audit & Supervisory Board Members, internal audit department, or Accounting Auditor are relevant to the internal control department, they notify the internal control department of the relevant information and mutually coordinate.

Communication with Stakeholders

► Constructive Dialogue with Stakeholders: IR Activities

The Corporate Planning Division and other departments within the Group work together to conduct IR activities aiming to enhance our corporate value. In the current fiscal year FY2022, we strengthened our IR function by appointing an executive officer in charge of IR and establishing a new department dedicated to IR. By engaging in constructive dialogue with our stakeholders, we will continue to strive to fully recognize society's needs and ensure our business management reflect them to create sustainable social value.

Basic Policy

- In order to ensure accountability to our shareholders and the capital market, and in order to increase management transparency, we disclose information properly according to fair disclosure rules and stock exchange disclosure rules.
- We strive to "disclose correct information on an equitable and timely basis, and endeavor to obtain understanding and support from shareholders, investors and so forth" as we declared in the Stanley Group's Code of Conduct.
- Decisions on information disclosure and the method of disclosure are to be made by the Executive General Manager of the Corporate Planning Division after deliberation at the Management Meeting or the Board of Directors, or upon consultation with the Representative Directors, the Director in charge, and the department in charge.
- We strive to strengthen our internal checking system by establishing the Corporate Governance Promotion Department as an internal audit department and conducting audits regarding compliance with laws and regulations and appropriate disclosure of information.
- We have a one-month silence period during which dialogue is suspended before releasing the financial results. In addition, we manage insider information appropriately in accordance with the "Rules to Prevent Insider Trading" established internally.

Execution Framework

- The Executive General Manager of the Corporate Planning Division has general oversight of dialogue with stakeholders as the Executive Officer in charge of IR.
- The IR Section of the Corporate Planning Division is in charge of specific IR activities.
- In information gathering, in addition to the Corporate Planning Division, the Accounting & Finance Control Division takes charge of matters concerning financial results, the Human Resources Division of matters concerning human resource management and policies, the Legal Affairs Division of matters concerning head office functions and insider trading prevention, the General Affairs Division of risk management and other matters, and each business division of matters related to respective business areas, and all divisions closely cooperate in sharing information.
- Opinions and concerns identified during the dialogue with stakeholders will be reported to Management Meeting, Board of Directors and relevant divisions as necessary, in order to share information.

Main IR Activities

- Financial results briefings attended by Representative Directors (twice a year, in May and November)
- Webcast of interviews with Outside Directors (as appropriate)
- ESG briefing*
- Meetings with investors and securities analysts (as appropriate)
- SR (Shareholder Relations) Meetings with shareholders (as appropriate)
- Preparation and publication of the Integrated Report (October)
- Posting and updating news releases and other IR information on our website (as appropriate)

*Scheduled to be held from FY2022.

Communication with Stakeholders

► Involvement with International and Local Communities

The Group is proactively working to contribute to society based on the Stanley Group's Code of Conduct, which stipulates that as a global company, the Group will observe the rules of international society in harmony with local cultures and customs, and contribute to the development of each country in which we operate.

Humanitarian Assistance in Light of the Situation in Ukraine

To support the livelihood of people who have evacuated from Ukraine to neighboring countries, the Group provides employment opportunities and partially covers housing costs (equivalent to 100,000 euros per year) through Stanley Electric Hungary Kft., a consolidated subsidiary in Hungary. Some of the evacuees from Ukraine started to assemble automotive lighting components with our Ukrainian-speaking employees at the company in May 2022.

The Group also makes donations to the people of Ukraine through the International Committee of the Red Cross and other organizations.

Support for Pakistan

Stanley Electric Co., Ltd. and Thai Stanley Electric Public Co., Ltd., an affiliate in Thailand accounted for by the equity method, have donated a combined total of approximately 10 million yen through the United Nations High Commissioner for Refugees to support restoration efforts following the flooding in the Islamic Republic of Pakistan in the summer of 2022.

Looking to the future development of the automotive market in Pakistan, the two companies invested in Electropolymers (Private) Limited (Head Office: Karachi) in 2019, which manufactures automotive lamps in the country.

Hosting the Stanley Ladies Honda Golf Tournament

In order to develop a sports culture and social contributions, we have sponsored a professional golf tournament for women since 1980 (suspended between 1996 and 2002).

We have supported the development of sports culture by donating to the JLPGA Kids Foundation, operated by the Japan Ladies Professional Golfers' Association (JLPGA), provided support to schools in Kenya through donations to Plan International Japan, and donated saplings to the Shizuoka Prefecture Federation of Forest Associations, aside from various other activities.

In 2021, we received the "Award for Meritorious Good Conduct" from the host city of Susono for contributing to the city's endeavor to promote health and culture and improvement of the welfare of its citizen by making long-term donations to the city.

We will continue to conduct various charitable activities through the tournament.

*The tournament has been renamed to the "Stanley Ladies Honda Golf Tournament" with the participation of Honda Motor Co., Ltd. as a special sponsor starting from the 2022 tournament.



Stanley Ladies Honda Golf Tournament

Hinako Shibuno, winner of the 2021 Stanley Ladies Golf Tournament

Award for Meritorious Good Conduct from Susono City

► External Awards and Recognitions

The Group endeavors to gain trust by quickly and accurately identifying society's needs, and continuously providing products with added value. As a result, the following activities were recognized.

Received Global Quality Award from Nissan Motor Co., Ltd. for the second consecutive year

Nissan Motor Co., Ltd. recognized our quality activities in FY2020 and awarded us the "Global Quality Award" for the second consecutive year as the top supplier in the global quality index (Supplier Scorecard) in the category of interior and exterior parts. The good quality of parts upon delivery as well as in the market with the fewest occurrence of defects earned high marks. The smooth development of parts for models launched in FY2020 was also taken into account. The quality improvement activities that our domestic and overseas locations have pursued in collaboration over the past three years have borne fruit.



Our employee received Industrial Standardization Activity Award from the Ministry of Economy, Trade and Industry

Mr. Fumio Ogawa, a Manager of the Company, received the "Director-General of the Industrial Science and Technology Policy and Environment Bureau Award" of the 2021 Industrial Standardization Activity Awards, for his contribution to the development of international standards for LEDs. The Industrial Standardization Activity Awards are given to individuals and organizations that have made outstanding achievements in standardization activities, including those of the International Organization for Standardization (ISO).



(From left) Mr. Ogawa, Manager, and Mr. Hiratsuka, former President

Employee of STANLEY WELL Corp. received Gold Medal at Abilympics Kanagawa

Mr. Ryota Torihara of STANLEY WELL Corp. won the Gold Medal in the Product Packing Division at the Abilympics Kanagawa. The Abilympics Kanagawa is held to encourage the improvement of vocational skills of people with disabilities they have cultivated in their daily work through competition, as well as to promote the employment of people with disabilities by helping to increase the industry and public understanding and awareness of employment of the people with disabilities.



(From left) Mr. Torihara and Mr. Mitsuhashi, President of STANLEY WELL Corp.

TOPICS Entering the SUPER GT 500 class races to promote motor sports

We have a long history of involvement in motorsports, starting with the 24 Hours of Le Mans in 1995, and we have supported motorsports for a quarter of a century.

This year, we are again sponsoring STANLEY NSX-GT and aiming to win the series championship for the first time in two years.





Directors & Executive Officers (as of October 1, 2022)

Directors



Yasuaki Kaizumi
President
(Chief Engineering Officer)

Attendance at Board of Directors meetings 100%



Toru Tanabe
Executive Vice President
(Chief Quality Assurance Officer, Chief Human Resources and General Affairs Officer, Chief Asian & Oceanian Business Officer)

Attendance at Board of Directors meetings 100%



Keisuke Ueda
Managing Director
(Chief Financial Officer, Chief Accounting Officer, Chief European Business Officer)

Attendance at Board of Directors meetings 100%



Tatsuaki Tomeoka
Director
(Chief Purchasing Officer, Cost Competitiveness Officer, Chief Chinese Business Officer)

Attendance at Board of Directors meetings 100%



Satoshi Oki Newly appointed
Director
(Chief Manufacturing Officer, Chief Compliance Officer, Chief SNAP Officer, Chief Domestic Subsidiary Officer)

Attendance at Board of Directors meetings —



Kazuki Takano Newly appointed
Director
(Chief Sales Officer, Chief American Business Officer)

Attendance at Board of Directors meetings —



Masakatsu Mori
Director
(Outside)

Attendance at Board of Directors meetings 100%



Hirokazu Kono
Director
(Outside)

Attendance at Board of Directors meetings 100%



Yoizo Takeda
Director
(Outside)

Attendance at Board of Directors meetings 100%



Satoko Suzuki Newly appointed
Director
(Outside)

Attendance at Board of Directors meetings —

Audit & Supervisory Board Members



Ryuta Yamaguchi
Audit & Supervisory Board Member
(Standing)

Attendance at Board of Directors meetings 100%
Attendance at Audit & Supervisory Board meetings 100%



Koji Shimoda
Audit & Supervisory Board Member
(Standing)

Attendance at Board of Directors meetings 100%
Attendance at Audit & Supervisory Board meetings 100%



Mitsuhiro Amitani
Audit & Supervisory Board Member
(Outside)

Attendance at Board of Directors meetings 100%
Attendance at Audit & Supervisory Board meetings 100%



Hiroshi Kanno
Audit & Supervisory Board Member
(Outside)

Attendance at Board of Directors meetings 100%
Attendance at Audit & Supervisory Board meetings 100%



Koichi Uehira
Audit & Supervisory Board Member
(Outside)

Attendance at Board of Directors meetings 100%
Attendance at Audit & Supervisory Board meetings 100%

Executive Officers

Yoshitsugu Matsushita
Executive General Manager,
Motorcycle Division

Tomohiro Ota
Executive General Manager,
Purchasing Control Division

Toshie Endo
Executive General Manager,
Business Management Control Division

Takaaki Kitano
President of Stanley Electric U.S. Co., Inc.

Mitsuaki Misugi
Executive General Manager,
Electronic Sales Control Division

Tetsuya Hojo
Executive General Manager,
Automotive Division II

Masahiro Yasutake
Executive General Manager,
R&D Control Division

Ikuo Kuwata
Executive General Manager,
Accounting & Finance Control Division

Isofumi Fukumoto
Executive General Manager,
Corporate Planning Division

Masao Endo
Executive General Manager,
Engineering Technology Control Division

Operating Executives

Shinichiro Kojima
Executive General Manager,
Automotive Sales Control Division

Ken Sasakura
Deputy Executive General Manager,
R&D Control Division

Norihisa Sato
Executive General Manager,
Production Control Division

Yusuke Iwase
Executive General Manager,
Lighting Application Division

Keisuke Fukunaga
Executive General Manager,
Display Device Division

Naofumi Oshima
Executive General Manager,
Accessory & Device Division

Hiroyasu Shioda
Executive General Manager,
UV Division

Tatsuya Suzuki
Executive General Manager,
Automotive Division III

Shigeru Kawasumi
Executive General Manager,
Integrated Components Division

Masahiko Akimoto
Executive General Manager,
Automotive Division I

Hiroyuki Oshita
Deputy Executive General Manager,
Engineering Technology Control Division

Ken Takatori
Executive General Manager,
Quality Assurance Control Division

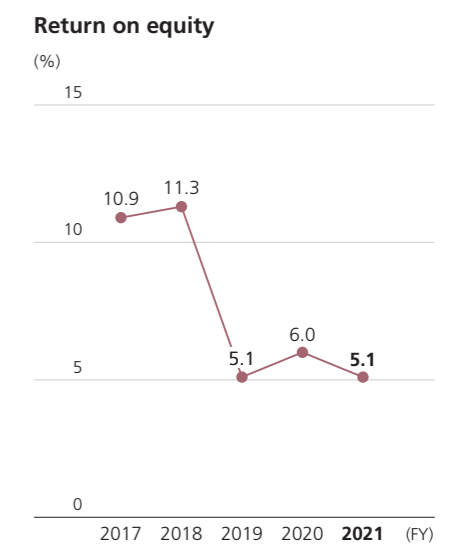
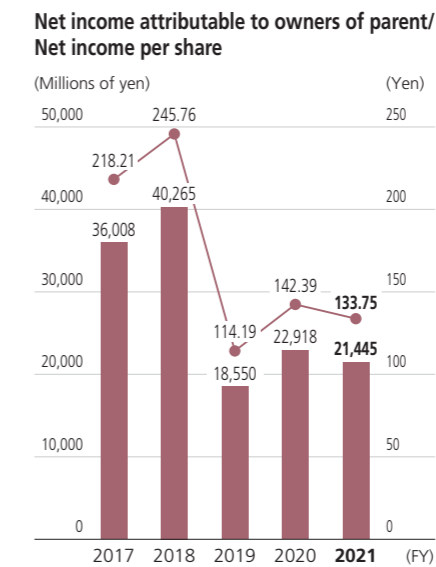
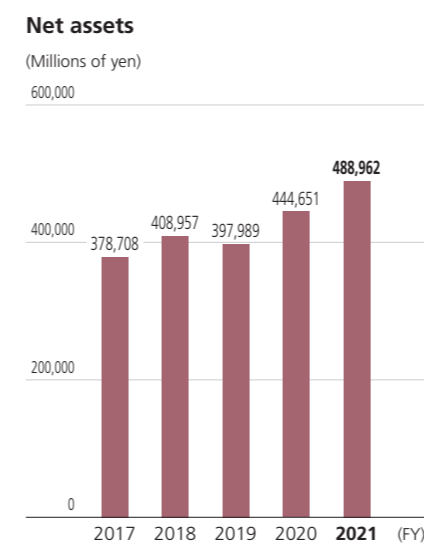
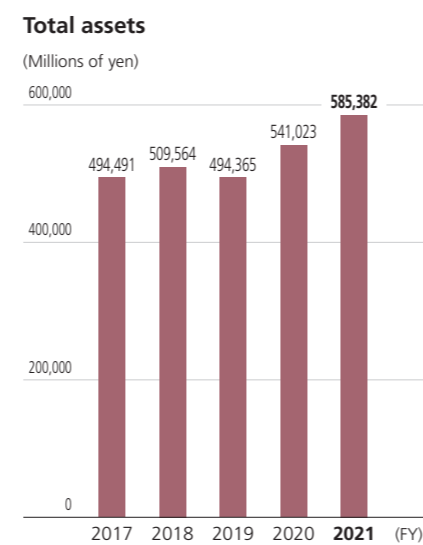
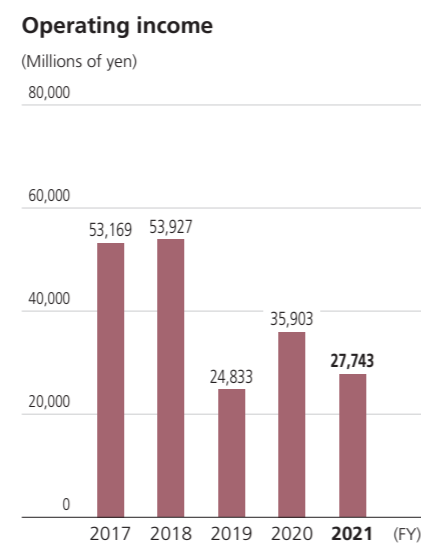
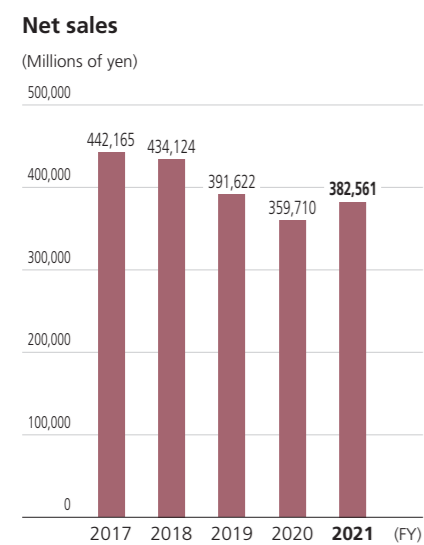
Norihide Oshima
Executive General Manager,
Optoelectronic Device Division

Information

- Directors & Executive Officers 60
- Key Financial Data
for Eleven-Year Period 61
- Consolidated Financial Statements 63
- Stock Information 67
- Global Network 68

Key Financial Data for Eleven-Year Period

FY	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Results of operations/financial position (Millions of yen)											
Net sales	243,108	263,119	329,292	359,840	404,148	388,560	442,165	434,124	391,622	359,710	382,561
Operating income	26,439	27,475	36,864	38,054	36,774	42,305	53,169	53,927	24,833	35,903	27,743
Ordinary income	28,580	30,148	40,097	40,610	39,402	45,720	57,657	61,015	30,034	41,283	36,714
Net income attributable to owners of parent	13,822	17,760	24,345	25,198	25,537	28,685	36,008	40,265	18,550	22,918	21,445
Comprehensive income	16,102	38,358	38,952	58,133	(173)	36,203	44,109	42,602	4,035	58,765	56,971
Capital expenditures	23,358	31,164	27,652	38,834	39,003	34,440	32,770	36,619	39,427	29,141	28,056
Total assets	316,262	354,741	392,199	448,652	431,104	458,042	494,491	509,564	494,365	541,023	585,382
Net assets	225,596	256,172	282,296	332,174	321,631	348,240	378,708	408,957	397,989	444,651	488,962
Interest-bearing debt	15,907	19,191	20,802	22,795	21,446	19,884	15,650	16,743	12,930	12,724	12,583
Total equity attributable to owners of parent	208,553	234,906	257,799	301,616	292,987	316,864	342,939	369,436	358,519	399,200	434,461
Financial indicators (Yen)											
Net income per share	80.69	104.67	144.10	149.83	152.88	172.66	218.21	245.76	114.19	142.39	133.75
Diluted net income per share	—	104.67	143.84	149.67	152.80	172.54	217.90	245.54	114.16	142.37	133.73
Cash dividends per share	26.00	28.00	30.00	32.00	34.00	36.00	45.00	50.00	45.00	45.00	50.00
Net income to net sales ratio (%)	5.7	6.8	7.4	7.0	6.3	7.4	8.1	9.3	4.7	6.4	5.6
Return on equity (%)	6.7	8.0	9.9	9.0	8.6	9.4	10.9	11.3	5.1	6.0	5.1
Operating income to net sales ratio (%)	10.9	10.4	11.2	10.6	9.1	10.9	12.0	12.4	6.3	10.0	7.3



Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)		FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	138,084	150,454	Notes and accounts payable-trade	37,419	39,246
Notes and accounts receivable-trade	65,155	68,027	Current portion of long-term loans payable	110	—
Securities	500	300	Lease obligations	673	802
Inventories	34,214	49,308	Income taxes payable	2,570	3,153
Other	23,813	31,240	Provision for product warranties	10,216	10,478
Allowance for doubtful accounts	(9)	(34)	Provision for bonuses	4,490	4,650
Total current assets	261,760	299,295	Provision for directors' bonuses	178	177
Noncurrent assets			Other	19,349	16,131
Property, plant and equipment			Total current liabilities	75,009	74,641
Buildings and structures, net	69,860	74,891	Noncurrent liabilities		
Machinery, equipment and vehicles, net	58,828	62,365	Bonds payable	10,000	10,000
Tools, furniture and fixtures, net	20,374	24,101	Lease obligations	1,940	1,780
Land	15,081	15,238	Deferred tax liabilities	7,772	8,356
Lease assets, net	2,397	2,398	Provision for directors' retirement benefits	51	51
Construction in progress	21,167	15,894	Net defined benefit liability	848	950
Total property, plant and equipment	187,709	194,890	Asset retirement obligations	489	494
Intangible assets			Other	259	145
Goodwill	772	748	Total noncurrent liabilities	21,362	21,779
Other	9,098	8,181	Total liabilities	96,372	96,420
Total intangible assets	9,870	8,930	Net assets		
Investments and other assets			Shareholders' equity		
Investment securities	70,130	74,681	Capital stock	30,514	30,514
Net defined benefit asset	1,440	890	Capital surplus	29,878	29,869
Deferred tax assets	2,585	2,772	Retained earnings	342,360	354,782
Other	7,527	3,922	Treasury stock	(31,403)	(32,313)
Total investments and other assets	81,683	82,265	Total shareholders' equity	371,349	382,854
Total noncurrent assets	279,263	286,086	Accumulated other comprehensive income		
Total assets	541,023	585,382	Valuation difference on available-for-sale securities	23,726	25,658
			Foreign currency translation adjustment	340	23,739
			Remeasurements of defined benefit plans	3,784	2,209
			Total accumulated other comprehensive income	27,850	51,607
			Subscription rights to shares	434	478
			Non-controlling interests	45,016	54,022
			Total net assets	444,651	488,962
			Total liabilities and net assets	541,023	585,382

Consolidated Statements of Income

(Millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net sales	359,710	382,561
Cost of sales	284,735	311,684
Gross profit	74,975	70,876
Selling, general and administrative expenses	39,072	43,133
Operating income	35,903	27,743
Non-operating income		
Interest income	1,482	1,703
Dividends income	1,118	1,558
Equity in earnings of affiliates	1,303	2,089
Foreign exchange gains	—	1,448
Royalty income	1,227	1,445
Miscellaneous income	1,350	1,204
Total non-operating income	6,483	9,449
Non-operating expenses		
Interest expenses	97	90
Foreign exchange losses	479	—
Foreign withholding tax	142	134
Miscellaneous loss	383	252
Total non-operating expenses	1,102	477
Ordinary income	41,283	36,714
Extraordinary income		
Gain on sales of noncurrent assets	78	72
Gain on sales of investment securities	9	536
Total extraordinary income	87	609
Extraordinary losses		
Loss on retirement of noncurrent assets	1,480	1,550
Loss on valuation of investment securities	503	—
Early extra retirement payments	1,476	—
Loss on litigation, etc.	248	—
Total extraordinary losses	3,708	1,550
Income before income taxes	37,663	35,774
Income taxes-current	8,352	7,975
Income taxes-deferred	2,024	819
Total income taxes	10,377	8,794
Net income	27,285	26,979
Net income attributable to non-controlling interests	4,366	5,533
Net income attributable to owners of parent	22,918	21,445

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net income	27,285	26,979
Other comprehensive income		
Valuation difference on available-for-sale securities	9,613	1,909
Foreign currency translation adjustment	15,292	28,537
Remeasurements of defined benefit plans	5,319	(1,554)
Share of other comprehensive income of affiliates accounted for using equity method	1,255	1,100
Total other comprehensive income	31,480	29,991
Comprehensive income	58,765	56,971
Comprehensive income attributable to owners of parent	50,782	45,202
Comprehensive income attributable to non-controlling interests	7,983	11,768

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

(Millions of yen)

FY2020 (From April 1, 2020 to March 31, 2021)	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance at April 1, 2020	30,514	29,878	327,781	(29,643)	358,532	
Changes of items during the year						
Dividends from surplus	—	—	(6,459)	—	(6,459)	
Net income attributable to owners of parent	—	—	22,918	—	22,918	
Purchase of treasury stock	—	—	—	(4,004)	(4,004)	
Disposal of treasury stock	—	—	2	31	34	
Retirement of treasury stock	—	—	(1,935)	1,935	—	
Exercise of subscription rights to shares	—	—	51	277	329	
Net changes of items other than shareholders' equity	—	—	—	—	—	
Total changes during the year	—	—	14,578	(1,760)	12,817	
Balance at March 31, 2021	30,514	29,878	342,360	(31,403)	371,349	
FY2021 (From April 1, 2021 to March 31, 2022)	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance at April 1, 2021	30,514	29,878	342,360	(31,403)	371,349	
Cumulative effects of changes in accounting policies	—	—	(29)	—	(29)	
Restated balance	30,514	29,878	342,330	(31,403)	371,320	
Changes of items during the year						
Dividends from surplus	—	—	(8,028)	—	(8,028)	
Net income attributable to owners of parent	—	—	21,445	—	21,445	
Purchase of treasury stock	—	—	—	(2,003)	(2,003)	
Disposal of treasury stock	—	—	6	20	26	
Retirement of treasury stock	—	—	(992)	992	—	
Exercise of subscription rights to shares	—	—	20	81	102	
Capital increase of consolidated subsidiaries	—	(8)	—	—	(8)	
Net changes of items other than shareholders' equity	—	—	—	—	—	
Total changes during the year	—	(8)	12,452	(909)	11,533	
Balance at March 31, 2022	30,514	29,869	354,782	(32,313)	382,854	
FY2020 (From April 1, 2020 to March 31, 2021)	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans			
Balance at April 1, 2020	14,112	(12,619)	(1,506)	457	39,012	397,989
Changes of items during the year						
Dividends from surplus	—	—	—	—	—	(6,459)
Net income attributable to owners of parent	—	—	—	—	—	22,918
Purchase of treasury stock	—	—	—	—	—	(4,004)
Disposal of treasury stock	—	—	—	—	—	34
Retirement of treasury stock	—	—	—	—	—	—
Exercise of subscription rights to shares	—	—	—	—	—	329
Net changes of items other than shareholders' equity	9,613	12,960	5,290	(23)	6,004	33,844
Total changes during the year	9,613	12,960	5,290	(23)	6,004	46,662
Balance at March 31, 2021	23,726	340	3,784	434	45,016	444,651
FY2021 (From April 1, 2021 to March 31, 2022)	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans			
Balance at April 1, 2021	23,726	340	3,784	434	45,016	444,651
Cumulative effects of changes in accounting policies	—	—	—	—	—	(29)
Restated balance	23,726	340	3,784	434	45,016	444,621
Changes of items during the year						
Dividends from surplus	—	—	—	—	—	(8,028)
Net income attributable to owners of parent	—	—	—	—	—	21,445
Purchase of treasury stock	—	—	—	—	—	(2,003)
Disposal of treasury stock	—	—	—	—	—	26
Retirement of treasury stock	—	—	—	—	—	—
Exercise of subscription rights to shares	—	—	—	—	—	102
Capital increase of consolidated subsidiaries	—	—	—	—	—	(8)
Net changes of items other than shareholders' equity	1,932	23,399	(1,575)	44	9,006	32,806
Total changes during the year	1,932	23,399	(1,575)	44	9,006	44,340
Balance at March 31, 2022	25,658	23,739	2,209	478	54,022	488,962

Consolidated Statements of Cash Flows

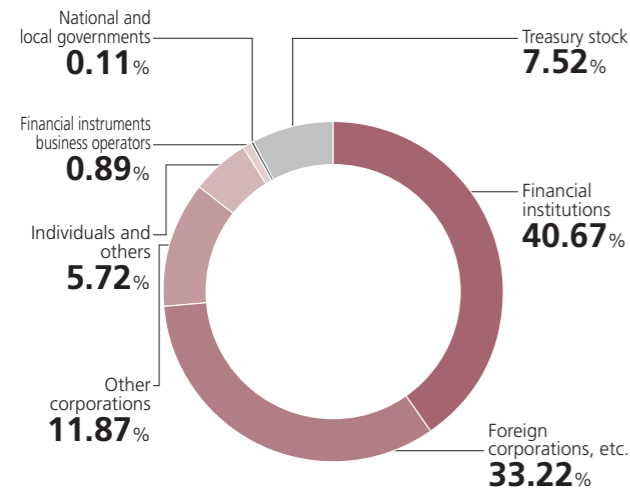
(Millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	37,663	35,774
Depreciation and amortization	33,425	36,317
Increase (decrease) in allowance for doubtful accounts	2	22
Increase (decrease) in provision for bonuses	(198)	23
Increase (decrease) in provision for product warranties	(7,578)	(23)
Increase (decrease) in net defined benefit liability	(351)	(1,656)
Interest and dividends income	(2,601)	(3,261)
Interest expenses	97	90
Equity in (earnings) losses of affiliates	(1,303)	(2,089)
Net loss (gain) on sales and retirement of noncurrent assets	1,402	1,477
Loss (gain) on sales of investment securities	(9)	(536)
Loss (gain) on valuation of investment securities	503	—
Early extra retirement payments	1,476	—
Decrease (increase) in notes and accounts receivable-trade	(9,373)	3,019
Decrease (increase) in inventories	(1,084)	(11,323)
Increase (decrease) in notes and accounts payable-trade	3,844	(2,781)
Other, net	(2,955)	(13,910)
Subtotal	52,957	41,141
Interest and dividends income received	3,275	3,591
Interest expenses paid	(75)	(112)
Payments for early extra retirement payments	(980)	(495)
Income taxes (paid) refund	(8,533)	(7,241)
Net cash provided by (used in) operating activities	46,643	36,881
Net cash provided by (used in) investing activities		
Payments into time deposits	(55,451)	(48,206)
Proceeds from withdrawal of time deposits	45,198	55,511
Purchase of property, plant and equipment	(29,372)	(28,443)
Proceeds from sales of property, plant and equipment	207	105
Purchase of intangible assets	(1,820)	(461)
Proceeds from sales and redemption of marketable securities and long-term investment securities	209	1,854
Other, net	(622)	(618)
Net cash provided by (used in) investing activities	(41,651)	(20,257)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(4,004)	(2,003)
Cash dividends paid	(6,459)	(8,027)
Dividends paid to non-controlling interests	(1,861)	(2,509)
Other, net	(695)	(944)
Net cash provided by (used in) financing activities	(13,021)	(13,485)
Effect of exchange rate change on cash and cash equivalents	4,251	7,466
Net increase (decrease) in cash and cash equivalents	(3,777)	10,604
Cash and cash equivalents at beginning of period	105,176	101,399
Cash and cash equivalents at end of period	101,399	112,004

Stock Information (as of September 30, 2022)

Total number of shares authorized	750,000,000
Total number of shares issued	173,000,000
Total number of shareholders	9,021

Distribution of shares by holder



Major shareholders

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	24,575	15.36
Custody Bank of Japan, Ltd. (Trust account)	9,893	6.18
Honda Motor Co., Ltd.	9,235	5.77
Sumitomo Mitsui Banking Corporation	8,017	5.01
Nippon Life Insurance Company	6,886	4.30
JP MORGAN CHASE BANK 385635	6,210	3.88
JP MORGAN CHASE BANK 380072	6,040	3.78
The Nomura Trust and Banking Co., Ltd. (MUFG Bank, Ltd. Retirement benefit trust account)	5,440	3.40
JP MORGAN CHASE BANK 385632	3,778	2.36
SSBTC CLIENT OMNIBUS ACCOUNT	3,746	2.34

*As of September 30, 2022, the Company holds 13,015 thousand shares of treasury stock, but is excluded from the list of major shareholders above.
 *The shareholding ratio is calculated minus treasury stock (13,015 thousand shares).

Corporate Overview (as of March 31, 2022)

Company name	STANLEY ELECTRIC CO., LTD.	Fiscal year	April 1 of each year to March 31 of following year
Head Office Address	2-9-13 Nakameguro, Meguro-ku, Tokyo 153-8636, Japan	Stock exchange listing	The First Section of the Tokyo Stock Exchange *Transferred to the Prime Market of the Tokyo Stock Exchange on April 4, 2022.
Phone	+81-3-6866-2222	Securities code	6923
Founded	December 29, 1920	Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Incorporated	May 5, 1933	Audit corporation	KPMG AZSA LLC
Capital stock	¥30,514 million		
Employees	Consolidated: 17,022 Non-consolidated: 3,699		
Key businesses	1. Manufacture, sales and import/export of automotive and other light bulbs 2. Manufacture, sales and import/export of semiconductors, electronic components and other electrical equipment 3. Manufacture, sales and import/export of automotive electrical components and other automotive accessories 4. Manufacture, sales and import/export of measuring instruments, medical equipment and other equipment 5. Development and sales of software 6. Investment in various businesses 7. Any and all other activities relating to the preceding items		

Global Network

Head Office

STANLEY ELECTRIC CO., LTD.
 2-9-13 Nakameguro, Meguro-ku, Tokyo, Japan

Laboratories

Research & Development Laboratory
 1-3-1 Edanishi, Aoba-ku, Yokohama-shi, Kanagawa, Japan

Utsunomiya Technical Center
 2-797-1 Miyanouchi, Utsunomiya-shi, Tochigi, Japan

Yokohama Technical Center
 2-14-1 Edanishi, Aoba-ku, Yokohama-shi, Kanagawa, Japan

Opto Technical Center
 1-3-3 Edanishi, Aoba-ku, Yokohama-shi, Kanagawa, Japan

Minatomirai Technical Center
 5F, Minatomirai Center Bldg, 3-6-1 Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa, Japan

Hatano Technical Center
 242 Soya, Hadano-shi, Kanagawa, Japan

Branches

Sendai Office
 2-1-27 Oroshimachihigashi, Wakabayashi-ku, Sendai-shi, Miyagi, Japan

Omiya Office
 2-372 Mihashi, Omiya-ku, Saitama-shi, Saitama, Japan

Sayama Office
 2-22-11 Kashiinodai, Kawagoe-shi, Saitama, Japan

Asaka Office
 7F Asakadai-Ekimae Bldg, 1-3-4 Higashibenzeai, Asaka-shi, Saitama, Japan

Nagoya Branch
 4F Newzack Bldg, 3-22-8 Aoi, Higashi-ku, Nagoya-shi, Aichi, Japan

Suzuka Office
 3-9-15 Oike, Suzuka-shi, Mie, Japan

Osaka Branch
 8F Tatsuno-Shinosaka Bldg, 7-1-5 Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka, Japan

Mizushima Office
 1-5-13 Matsue, Kurashiki-shi, Okayama, Japan

Fukuoka Office
 6F Tenjin front square, 2-1-10 Maizuru, Chuou-ku, Fukuoka-shi, Fukuoka, Japan

Kumamoto Office
 1510-2 Yoshida, Minamiasomura, Aso-gun, Kumamoto, Japan

Factories

Hatano Factory
 400 Soya, Hadano-shi, Kanagawa, Japan

Okazaki Factory
 3-33 Aza-Iwata, Makihiracho, Okazaki-shi, Aichi, Japan

Hamamatsu Factory
 1705 Nakagawa, Hosoecho, Kita-ku, Hamamatsu-shi, Shizuoka, Japan

Hiroshima Factory
 1866 Okuya, Shiwacho, Higashihiroshima-shi, Hiroshima, Japan

Yamagata Factory
 271-6 Nihonkoku, Aza-Daihouji, Tsuruoka-shi, Yamagata, Japan

Domestic Group Companies

Stanley Iwaki Works Co., Ltd.
 3-1 Chubukogyodanchi, Iwaki-shi, Fukushima, Japan
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business, Others

Stanley Tsuruoka Works Co., Ltd.
 45 Aza-Otsubo, Watamae, Tsuruoka-shi, Yamagata, Japan
 Electronic Components Business

Stanley Miyagi Works Co., Ltd.
 20-2 Aza-Kawadonuma, Kitakata, Hasama-cho, Tome-shi, Miyagi, Japan
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

STANLEY WELL Corp.
 434 Soya, Hadano-shi, Kanagawa, Japan
 Others

Stanley Ina Works Co., Ltd.
 7302-1 Matsuoteradoko, Iida-shi, Nagano, Japan
 Electronic Components Business, Applied Electronic Products Business

Stanley Niigata Works Co., Ltd.
 497-28 Aza-Miyashita, Kitatanaka, Minami-ku, Niigata-shi, Niigata, Japan
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

Matsuo Electric Co., Ltd.
 10392-2 Kamitokura, Daiwacho, Mihara-shi, Hiroshima, Japan
 Others

Stanley Pal Co., Ltd.
 2-5-26 Nakameguro, Meguro-ku, Tokyo, Japan
 Electronic Components Business, Others

The Americas

Stanley Electric U.S. Co., Inc. (SUS)
 Ohio, U.S.A.
 Automotive Equipment Business, Applied Electronic Products Business

HexaTech, Inc. (HXT)
 North Carolina, U.S.A.
 Electronic Components Business

I I Stanley Co., Inc. (IIS)
 Michigan, U.S.A.
 Automotive Equipment Business, Applied Electronic Products Business

Stanley Electric Sales of America, Inc. (SSA)
 California, U.S.A.
 Electronic Components Business, Applied Electronic Products Business

Stanley Electric Holding of America, Inc. (SEAM)
 Michigan, U.S.A.
 Holding company

Stanley Electric do Brasil Ltda. (SEB)
 São Paulo, Brazil
 Automotive Equipment Business

Stanley Electric Manufacturing Mexico S.A. de C.V. (SMX)
 Jalisco, Mexico
 Automotive Equipment Business

Europe

Stanley Electric Hungary Kft. (SEH)
 Gyongyos, Hungary
 Automotive Equipment Business

STANLEY-IDESS S. A. S. (SID)
 Nanterre, France
 Electronic Components Business, Applied Electronic Products Business

Stanley Electric GmbH (SED)
 Mör felden-Walldorf, Germany
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

Stanley Electric (U.K.) Co., Ltd. (SEU)
 Berkshire, U.K.
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

Stanley Electric Holding Europe Co., Ltd. (SEEU)
 Berkshire, U.K.
 Holding company

Asia-Pacific

Stanley Electric Philippines Inc. (SEP)
 Cavite, Philippines
 Automotive Equipment Business

Asian Stanley International Co., Ltd. (ASI)
 Pathumthanee, Thailand
 Electronic Components Business, Applied Electronic Products Business

PT. Indonesia Stanley Electric (ISE)
 Banten, Indonesia
 Automotive Equipment Business, Applied Electronic Products Business, Others

Vietnam Stanley Electric Co., Ltd. (VNS)
 Hanoi, Vietnam
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

Stanley Electric (Asia Pacific) Ltd. (SAP)
 Hong Kong
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

Stanley Electric Korea Co., Ltd. (SEK)
 Seoul, Korea
 Electronic Components Business, Applied Electronic Products Business

Stanley Electric Sales of India Pvt. Ltd. (SSI)
 Tamil Nadu, India
 Electronic Components Business

Stanley Electric Holding Asia-Pacific Pte.Ltd. (SEAP)
 Singapore
 Holding company

Lumax Industries Ltd.* (LMX)
 New Delhi, India
 Automotive Equipment Business

Thai Stanley Electric Public Co., Ltd.* (THS)
 Pathumthanee, Thailand
 Automotive Equipment Business, Electronic Components Business, Others

Hella-Stanley Holding Pty Ltd* (HESA)
 Victoria, Australia
 Holding company

China

Suzhou Stanley Electric Co., Ltd. (SEZ)
 Suzhou
 Electronic Components Business, Applied Electronic Products Business

Shenzhen Stanley Electric Co., Ltd. (SSZ)
 Shenzhen
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

Tianjin Stanley Electric Co., Ltd. (TSE)
 Tianjin
 Automotive Equipment Business

Tianjin Stanley Electric Technology Co., Ltd. (TST)
 Tianjin
 Automotive Equipment Business

Wuhan Stanley Electric Co., Ltd. (WSE)
 Wuhan
 Automotive Equipment Business

Guangzhou Stanley Electric Co., Ltd. (GSE)
 Guangzhou
 Automotive Equipment Business

Shanghai Stanley Electric Co., Ltd. (SSE)
 Shanghai
 Automotive Equipment Business, Electronic Components Business, Applied Electronic Products Business

Stanley Electric Trading (Shenzhen) Co., Ltd. (SST)
 Shenzhen
 Electronic Components Business, Applied Electronic Products Business

Stanley Electric (China) Investment Co., Ltd. (SECN)
 Shanghai
 Holding company

*Affiliates accounted for by the equity method



STANLEY ELECTRIC CO., LTD.

2-9-13 Nakameguro, Meguro-ku, Tokyo 153-8636, Japan

Phone: +81-3-6866-2222

<https://www.stanley.co.jp/e/>