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# INTEGRATED REPORT 2024

TACHIBANA ELETECH  
Year ended March 31, 2024

TACHIBANA ELETECH INTEGRATED REPORT 2024

# TACHIBANA SOLUTIONS

Engineering

M2M

Technology

Network

Consulting

Product Range

## Corporate Philosophy

A technology-driven trading company dealing in electrical, mechanical, electronic, and information products to contribute to the development of society through the delivery of superior products together with the latest technologies to our industrial customers



### Company Principles

#### A Spirit of Service

We shall do business to benefit customers and help society advance more than to attain profits.

#### A Spirit of Enterprise

We shall provide useful products and services to customers while always looking a few steps ahead.

#### A Spirit of Harmony

We shall maintain an environment where employees are family, everyone helps each other, and we all can grow.

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### Editorial Policy / About This Report

This integrated report is a valuable communication tool for Tachibana Eletech to reach its stakeholders. This report presents the company's financial strategy and includes information on environmental, social, and governance (ESG) topics to help stakeholders understand the steps being taken to build corporate value sustainably. It is part of the company's proactive, ongoing efforts to disclose information, and its content is guided by the International Integrated

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Tachibana Eletech’s History

Tachibana Eletech was founded in Osaka over 100 years ago as Tachibana Shokai. The company has tread a remarkable path, evolving in tandem with electrical products that have supported people’s lives and industry from one era to the next, from Osaka to the rest of Japan and to the wider world. Ready to take on any challenge, and with amassed wisdom, creativity, and effort, the company fulfills a wide spectrum of needs and will continue to refine its capabilities moving forward.

1921–

**Wishing to illuminate Osaka and the future through the power of electricity**

The company’s founder, Norimitsu Tachibana, saw the potential for doing business in electrical products after returning to Japan from his travel to the United States, and with his assistant, Norishige Satake, established Tachibana Shokai in September 1921. With a firm conviction that the world was about to enter a new age based on electricity, Tachibana began to sell wiring accessories, lamps, fans, and other products to distant companies as well as residents in the greater Osaka area, expanding the domestic market. Meanwhile, the company took care of its employees based on “a spirit of harmony”—the company principles that live on today.

Mitsubishi Fan  
Three-wire guard model  
(1924)

1925–

**Order to build the elevator for Osaka Castle’s main tower puts Tachibana on the map in Osaka’s business world**

Befitting a company aiming to expand the use of electricity in Osaka, an electrical equipment installation division is established, and Tachibana begins selling products made by Mitsubishi Electric. Despite the Great Depression, business operations are kept stable. In 1931, the company receives a significant first order—to build an elevator inside Osaka Castle’s main tower. The second president, Norishige Satake, works hard to build the foundations of Kinki Electrical Construction Co., Ltd. (today Kinden Co., Ltd.), establishing a solid presence in Osaka’s business community.

Order received to build the elevator for Osaka Castle’s main tower, our first elevator construction order (1931)

1948–

**With the emergence of household appliances, Tachibana expands east and west across Japan**

Tachibana Shokai Ltd. is established after the end of WWII. The emergence of household electrical appliances, such as electric washing machines, provides a tailwind for rapid growth. Riding this wave of high economic growth across Japan, the company opens the Tokyo Office in 1957. Additional sales offices are established within Osaka Prefecture to further develop the home appliance sales network. The company also expands into new cities, such as Nagoya, Kobe, and Machida (now the Kanagawa Office), laying the foundation for a network of 19 domestic locations.

Mitsubishi Electric’s 3Cs (color TV, room cooler and cooking range)

1975–

**Expanding internationally with a focus on Asia, competing as a technology-driven trading company**

Despite the impact of the 1973 oil crisis, the company transitions from selling products to selling technologies, hosting the highly successful Tachibana Fair ’75 to showcase this strength. It pioneers sales in semiconductors, which furthers its transformation into a technology-driven trading company specializing in electrical and electronic technologies. The company also expands its focus internationally, opening a representative office in Singapore to extend its semiconductor business to Southeast Asia. Tachibana enters the Chinese market in 1987.

Tachibana Fair ’75 commemorative speech

2000–

**Major reforms in anticipation of digitalization build a new Tachibana Eletech**

In 2001, upon the company’s 80th anniversary, management foresees that information technologies will play a significant role in industry and people’s lives. To adapt to this coming era, a broad range of products and technologies are developed across business sectors. The company name is changed to Tachibana Eletech Co., Ltd. and is listed on the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange in 2005. In 2008, work begins on the C.A.P.UP 1500 structural reform project to strengthen the company’s overall capabilities.

Billboard shows the new company name (Tokyo)

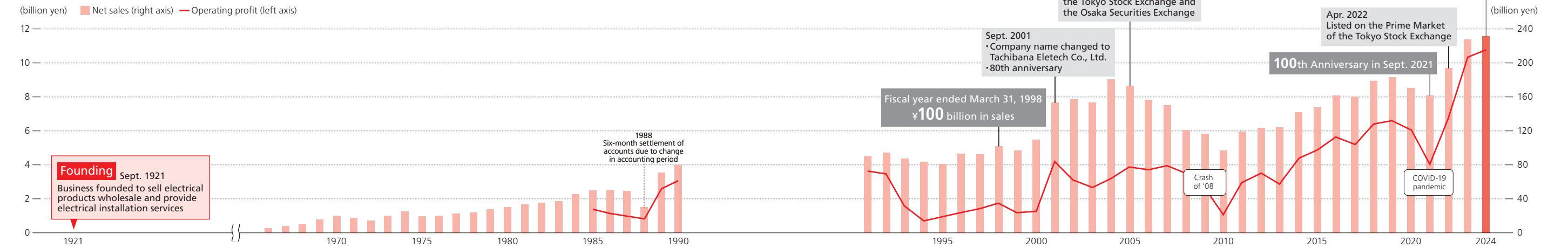
2010–

**Refined hardware and software coordination capabilities to set up the next 100 years**

M&A activities propel the Tachibana Eletech Group forward. The Corporate Strategy Office is established in 2016 with the goal of transformation into a major technology-driven trading company dealing in electrical, mechanical, electronic, and information products. In 2024, as digitalization advances rapidly throughout society, expectations rise for both sales and technical capabilities in proposals that combine hardware (products) and software (system technologies). The company aims to address customer needs and offer the most suitable products.

CEATEC JAPAN 2018

Net Sales and Profit Over Time



# Message from the President

Hisanobu Nunoyama  
President, CEO



We will continue to strive to meet the expectations of stakeholders and achieve stable growth as a 200-year enterprise.

## Our strength is proposal-based sales backed by technical expertise to meet customers’ challenges

In the more than 100 years since the founding of Tachibana Eletech, we have evolved into a technology-driven trading company specializing in electrical, mechanical, electronic, and information products. In the early years, the company’s business involved electrical product wholesaling and electrical construction work. The business began to take off in 1925 when the company became a distributor for Mitsubishi Corporation and later an official dealership of Mitsubishi Electric Corporation. We sold electrical and electronic equipment to the industrial sector, earning a solid reputation and contributing to Japan’s rapid economic growth. Over the years, we have been quick to identify new trends and have

consistently adapted to changes in the business environment, expanding into office automation equipment, electronic devices such as mobile phones, and vehicle-mounted equipment, opening up markets without shying away from new challenges.

We realized early on the importance of developing software to complement hardware sales, so we strengthened that aspect of the business. We train our own engineers and now count our ability to offer systems and solutions to customers as a key strength.

In 2001, we changed the company name from Tachibana Shokai to Tachibana Eletech to reflect our shift to a

proposal-based sales model that focuses on meeting customers’ challenges with technical expertise.

Today, one in four of our employees is an engineer, and we are enhancing our solutions proposal business to include system consulting and the design and development of hardware and software aimed at solving customers’ problems and meeting their requests. Another unique strength is our active collaboration with manufacturers to develop new technologies and products.

We also value close ties to our customers and invite them to express their needs and concerns to us directly. We promote the use of ICT and other digital technologies in our sales activities while also maintaining the importance of face-to-face meetings. Using these methods, we even uncover issues that our customers are unaware of and propose solutions, offering expertise that we believe gives us significant value as a technology-driven trading company.

## Developing international markets for over 40 years, and laying the foundation for further growth

Another defining feature of the company was its early commitment to expanding into overseas markets as a technology-driven trading company. Our first representative office was opened in Singapore in 1982, two years before I joined the company out of university, where I had majored in electronic engineering. Two years into my tenure, I was assigned to the Singapore office. Despite my poor English language skills, I applied myself wholeheartedly to the task of selling semiconductors in an international marketplace.

This was a pivotal time in history, following the Plaza Accord of 1985, which led to a stronger yen against the U.S. dollar and encouraged many Japanese companies to expand overseas with the rising demand for local production. I had been posted to Singapore despite having no prior experience in international sales, much less domestic sales. I had been unfamiliar with the country, but upon arrival, I was pleasantly surprised by its highways and other well-developed social infrastructure, not to mention Singapore’s excellent public safety.

At the representative office, I not only handled sales but worked with local staff to establish the office as a local subsidiary, all while scrambling to do my best in unfamiliar work situations. After six years, I returned to Japan briefly, only to be appointed president of the local subsidiary in Singapore. The following 21 years I spent working to open the Chinese market. During that time, we established subsidiaries, branches, and sales offices in Hong Kong, Singapore, Taiwan, Malaysia, Shanghai, Beijing, and elsewhere. I am proud of that international work for 27 years in total, as I was able to expand the company while also growing as a person.

Some of our local clients, who started as small or medium-sized enterprises with only a few dozen employees when we first began doing business, have since grown into top 10 global companies. Experiencing such dramatic transformations firsthand is one of the many rewards of working for this company.

## Our mission is to keep customers’ production lines running in all situations

Currently, we handle a wide range of electrical and electronic products, including FA (Factory Automation) equipment, semiconductors and electronic devices, environmental and energy-saving equipment, and building equipment. We also work to develop solutions that combine these products into systems that anticipate customers’ needs.

Turning to our individual business sectors, in Factory Automation (FA) Systems we focus on providing equipment, systems, and solutions that help to automate operations and save labor, with Mitsubishi Electric products at the core of that business. Our strength lies in the ability to develop

solutions tailored to specs that can vary widely based on customer requirements and different regulations worldwide. In addition to supplying equipment, our business model is to integrate software set up to match the customer’s specifications so that the equipment can be put into operation immediately on the factory floor.

In Semiconductors and Electronic Devices, we sell products from a wide range of manufacturers amid ongoing realignments in the global semiconductor manufacturing industry through mergers and acquisitions. Given the shortage of engineers in Japan who are well versed in analog



integrated circuits, we intend to further leverage our strengths in this area. And, as the demand for semiconductor devices continues to grow in the telecommunications and automotive fields, we will closely monitor market conditions and provide applications needed in those areas.

In Building Services Systems, we handle such things as lighting, air conditioning, elevators, and disaster preparedness equipment for factories, office buildings, and retail stores. While past sales have focused on western Japan, we are now strengthening sales activities in eastern Japan and believe there is significant potential for growth nationwide.

In Manufacturing Services, we offer contracted electronics manufacturing services (EMS), from substrates to finished products, plus contracted metal manufacturing services (MMS), including components for multilevel car parking garages and steel racks for warehouses. The growth of the EMS business has been driven by our ability to assemble substrates locally in response to customers’ requests, leveraging our extensive sales network of semiconductors and electronic devices.

In Overseas Operations, we take a cross-sectional approach to our four business domains, focusing on the sale of semiconductor devices, FA equipment, and industrial mechatronics products such as electrical discharge machining

tools and laser processing machines, primarily for markets in China, the ASEAN countries, and other parts of Asia. Recently, with increasing concerns being raised about risks involving the Chinese economy, we have sought to expand our sales channels to include Vietnam and India to mitigate geopolitical risks.

Over the last few years, the COVID pandemic has led to significant supply shortages in semiconductors and other electronic components. We have had to take every measure possible to secure the quantities our customers require, relying on the trust we have built up through our long-standing business relationships. We have been unable to fully meet demand in some cases, causing inconveniences to customers, but in general, I feel that we have fulfilled our responsibility to help customers keep their production lines running.

That is due to extraordinary efforts to gather information on supply and demand well in advance, sometimes working to secure quantities that would be needed more than a year ahead. While this approach has resulted in a temporary drop in capital turnover due to inventory buildup, I believe it is our mission as a technology-driven trading company to support our customers in times of emergency to help them with their business continuity planning (BCP).

200 billion yen even if market conditions deteriorate. At present, everything is going according to plan.  
To keep going as a 200-billion-yen company in the future,

we shall continue to focus on increasing the success rate of new initiatives that contribute to higher sales, in addition to system technology endeavors.

Strengthening sustainability initiatives, including sales of eco-friendly products

As part of our sustainability efforts under the NEW C.C.J 2200 plan, we established the Sustainability Committee in 2023 and have identified important issues (materiality), based on which initiatives will begin to be fully implemented in 2024.

We will also continue to promote sales of eco-friendly products. By offering a range of equipment and systems that help a factory lower its environmental impact, we support

customer efforts to save energy and reduce their carbon footprint. In addition, with our Building Services Systems business leading the way, we are working to expand the adoption of solar power generation and LED lighting.  
Meanwhile, internal initiatives are underway to reduce power consumption, promote paperless operations, and promote eco-driving.

Strengthening our human resource foundation with an eye toward further growth

As a critical shift takes place in the business environment from products to services, it is vital that we strengthen our solutions-based sales approach as a technology-driven trading company. In the field of semiconductors, a hotbed of competition among leading global manufacturers, our goal is to offer as many variations of our products as possible to meet the precise needs of customers. By so doing, we aim to become Asia’s leading technology-driven trading company.

To achieve this goal, our top priority is to strengthen our foundation of human resources. Since the company’s establishment, we have adhered to our company principles of maintaining a spirit of service, enterprise, and harmony. We are also committed to “people-oriented management,” which encourages employees to develop their resourcefulness and experience personal growth and happiness. Our unwavering belief that talented people are the most important factor in the company’s growth will never change.

Based on this policy, we are now transitioning from a traditional seniority-based personnel system to a job-based system. Given the potential downsides of too quickly overhauling a personnel system that has developed over more than a century, we are proceeding with reform in stages. At the same time, we are reassessing what type of human resources will be required for our business. Whereas in the past, we trained generalist engineers to handle a wide range of technologies, we are now shifting to cultivating specialist

engineers with deep expertise in specific technologies to create an organization capable of addressing increasingly complex technological challenges.  
We plan to make these fundamental revisions to our personnel system within the next two years, including the transition to a job-based compensation system, in addition to the measures outlined above. In the first half of 2024, we held briefing sessions for employees as part of this effort to establish a new personnel system.

At the same time, we are also working on corporate governance reform to align with our organizational ideals in changing times. As part of these efforts, we conduct management training sessions on various aspects of compliance, including harassment prevention and insider trading regulations. We are also enhancing our internal systems to ensure, for example, that compliance issues are promptly reported up to higher levels within the organization, enabling a timely and appropriate response.

We will not rest on our strong recent performance but will continue implementing the NEW C.C.J 2200 plan to achieve reform and build a management foundation for the next 100 years. As we strive for steady growth on the path to becoming a 200-year enterprise, we aim to continue meeting the expectations of our stakeholders. We greatly appreciate your continued support as we head toward this goal.

Becoming capable of achieving stable growth as a 200-billion-yen enterprise

I am pleased to provide an update on the progress of our medium/long-term management plan, NEW C.C.J 2200. Our previous plan, C.C.J 2200 (named for the dynamic concepts of “Change, Challenge, and Jump-up”), was formulated to lay the foundation for eventually reaching the 200-year milestone as an enterprise. Although we were unable to reach our sales target of 200 billion yen due to the pandemic that struck in the latter part of the period covered by the plan, we did reach a record high 183 billion yen in sales, which instilled us with confidence. NEW C.C.J 2200 builds on that success as a refined version of our previous strategy.

The pandemic accelerated the adoption of remote work and gave rise to significant workstyle reforms in the corporate

world. Also, due to advances in digital technologies, customers’ needs are shifting from products to services, which has required us to shift from simply selling products to providing product solutions and services, which include system technologies.

The NEW C.C.J 2200 medium/long-term management plan was formulated in 2021 in response to these changes. With only two years or so remaining until the final year of the five-year plan, ending in March 2026, our efforts in 2024 will be crucial. We already achieved our sales target of 220 billion yen ahead of schedule in the fiscal year ended March 31, 2023, but the core of the current plan is to ensure that we have the structure capable of maintaining sales of over

NEW C.C.J 2200

Foundation-building for eventually reaching the 200-year milestone

Sales strategy adapted for the new era

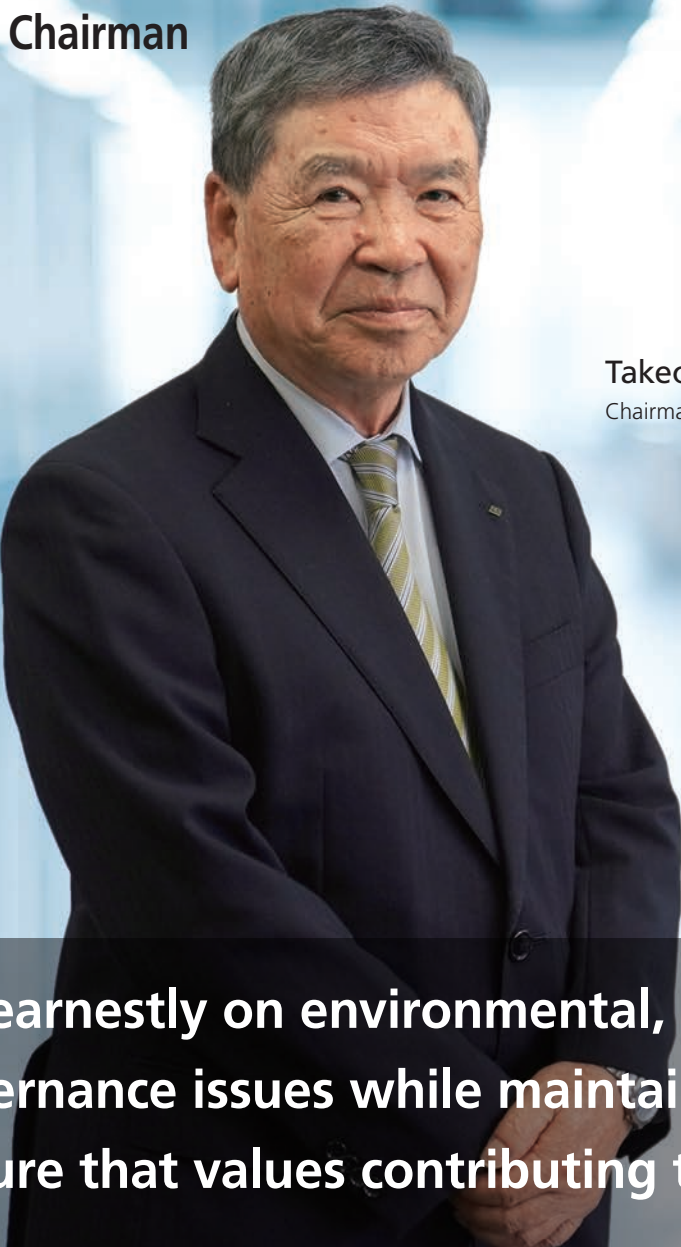


Strengthen the foundation for structural improvement



Become a JPY 200 billion company

# Message from the Chairman



Takeo Watanabe  
Chairman, EO

We will work earnestly on environmental, social, and corporate governance issues while maintaining a corporate culture that values contributing to society.

## Pursuing sustainability in line with our principles

The company was founded a century ago, in 1921, when electricity first became available throughout modern society. It started as a wholesaler of electrical products and an electrical contractor. The business has grown over the decades and we have made contributions to society based on the company principles of maintaining a spirit of service, enterprise, and harmony. Reflecting on our history, it is clear that we addressed the social challenges of each era as we built economic value.

Building on our long-standing commitment to corporate social responsibility, we established the Sustainability Committee in 2023, which I chair. Our goal is to spread the company principles throughout the organization while proactively addressing key environmental, social, and governance (ESG) issues identified as materiality as part of our sustainability management.

## Based on a record of social contributions, we will focus on further initiatives

### E (Environmental)

The company has strong environmental awareness. Based on a history of working with power supply facilities and solar power generation systems that help to conserve energy, we focus on proposals for customers aimed at carbon neutrality. Building on this foundation, we will expand sales of environmentally friendly products and solutions that save energy and resources. Internally, we are promoting energy and resource conservation and paperless operations in our business activities, along with other activities to reduce environmental impact.

### S (Social)

In the social arena, we remain committed to a people-oriented approach that pushes our evolution as an organization where employees feel motivated to work and can experience personal growth. Outside the company, we work with local communities on socially beneficial activities. We are transitioning to a job-based employment system in response to the changing times, while also promoting diversity and inclusion.

Our community engagement activities are far-ranging and include working to restore a forested area in Osaka Prefecture that we named “Nagomi-no-Sato,” sending lecturers to speak to high school students, donating to relief efforts after

the 2024 Noto earthquake, supporting the reconstruction of cultural document storehouses belonging to the Reizei family of Kyoto, and donating to the Nakanoshima Children’s Book Forest library in Osaka.

We also established the “Nagomi-kai,” an organization that promotes activities to foster well-being, growth, and a spirit of harmony among employees and their families. The organization offers a wide range of support, including monetary compensation to employees affected by a natural disaster, subsidies for the promotion of sports, and assistance for individuals with disabilities.

### G (Governance)

Regarding governance, as a company listed on the Tokyo Stock Exchange Prime Market, we are committed to reinforcing our compliance efforts as part of a broader push to strengthen sustainability management.

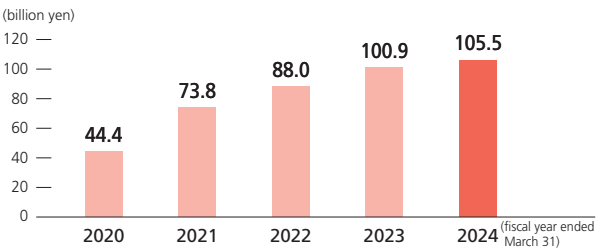
I also recognize that however well-designed a system may be, the saying holds true that “no progress can be made without understanding,” so it is essential to have buy-in across the entire organization on the importance of compliance. To achieve this, we are actively engaging in campaigns to raise awareness using internal news magazines and posters and are conducting internal training programs on compliance.

## Full-fledged sustainability activities to be rolled out

More than a year has passed since the establishment of the Sustainability Committee, and I feel that progress has been made in elevating people’s understanding of the importance of sustainability within the company. Our challenge going forward will be to translate this understanding into concrete measures that can be taken. In this regard, I feel that we are still at the initial stages of our sustainability journey, and our future efforts will be crucial.

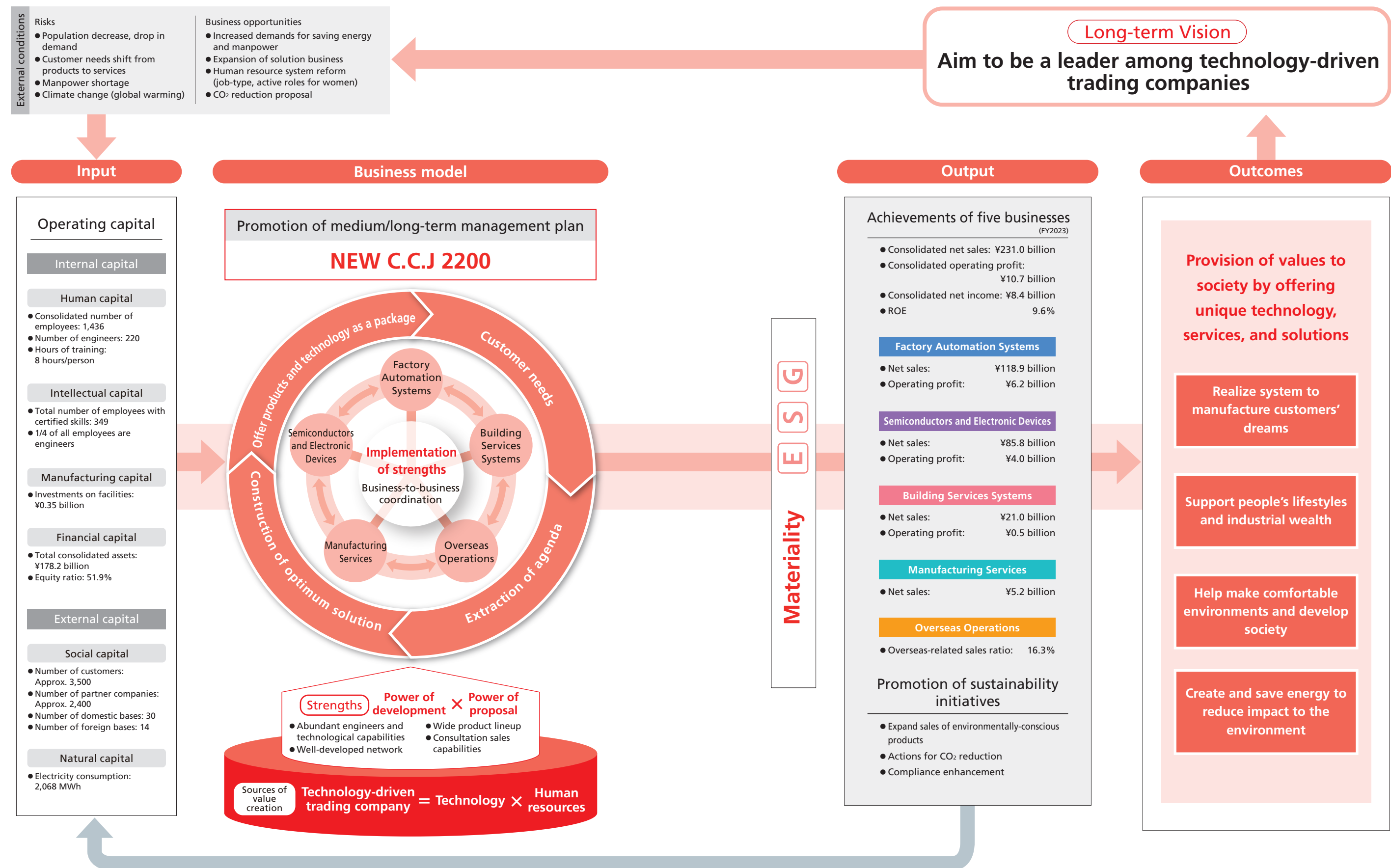
In this context, we are particularly focused on activities aimed at achieving carbon neutrality. We hold regular internal meetings to review the progress of our efforts to sell environmentally friendly products and provide solutions. Sales of environmentally friendly products were ¥44.4 billion in the fiscal year ended March 31, 2020, and have steadily expanded to over ¥105 billion in the fiscal year ended March 31, 2024.

### Sales of environmentally friendly products



We will continue to encourage an understanding of sustainability throughout the company and further promote these activities. As a company, we have always taken a people-oriented management approach rooted in a spirit of harmony. We are committed to showing how sustainability practices that reflect Tachibana Eletech’s values lead to employee happiness and the company’s advancement.

Value Creation Process





# Approach to the Long-term Vision

The Tachibana Group believes that its approaches and undertakings are the sources of its competitiveness, based on strengths cultivated in its history of more than a century as a technology-driven trading company, and that enhancing and further developing these undertakings will lead to the future improvement of corporate value.

## Materiality

- S** • Deepening of people-oriented management

## Promotion of people-oriented management

The driving power for the development of the company is the growth of individual employees. Promote undertakings of C.A.P.UP 1500 and Human Training Hall to accelerate employee growth.

→P38 HR Management

### Agenda

- Workstyle reform
- C.A.P.UP project

### Current condition

- Seniority system
- Earning power has been improved.

### Future

- Creation of job-type HR system
- Enhancement of manager skills in developing subordinates

## Strengthening finance and capital

Strengthen finance and capital with adequate distribution of management resources.

→P29 Our Financial Strategy

### Agenda

- Stabilization of finance
- Maintenance of adequate financial system and fulfillment of shareholder returns

### Current condition

- Maintenance of equity ratio
- Inventory level monitoring
- Stable dividend

### Future

- Improvement of capital efficiency
- 50% or better in total payout ratio

## Promotion of sustainability management

Fulfill social responsibilities and facilitate a sustainable society

→P33 Sustainability Management

### Agenda

- Climate change
- SDGs

### Current condition

- Materiality identification

### Future

- Expand sales of environmentally-conscious products
- Vitalization of Nagomi-kai activities

## Materiality

- E** • Actions for CO<sub>2</sub> reduction
- S** • Realization of development and growth together with local communities

## Long-term Vision

**Aim to be a leader among technology-driven trading companies**

**Implement the growth strategy for the enhancement of corporate value**

## Recognition of environment

- Business environment  
Population decrease, drop in demand → Drop in sales
- Customer needs  
Products → Services
- Human resource market  
Generalist → Specialist
- Global warming  
CO<sub>2</sub> increase → Reduction of environmental impact

## Materiality

- G** • Pursuit of effectiveness and clarity in the management system
- Compliance enhancement

## Enhancing management foundation

Enhance management foundation to support business strategy

### Agenda

- Enhancement of corporate governance
- Compliance enhancement

### Current condition

- Construction of a risk management system for the parent company alone
- Creation of training system

### Future

- Construction of Group-based risk management system
- Enrichment of training system

## Promotion of DX strategies

Create new values by utilizing data and digital processes

→P31 Our Digital Transformation (DX) Strategy

### Agenda

- Cliff of 2025 in the IT system
- Utilization of AI

### Current condition

- More than 30 years have passed after the introduction of the backbone system of the company

### Future

- Development of DX human resources
- Centralization of information management on the corporate level
- Realization of standardization

## Materiality

- S** • Deepening of people-oriented management

## Promotion of business models

Enhancement of engineering capabilities

Improvement of problem-solving capabilities

Enhancement of selling capabilities

## Business portfolio reform

Promotion of existing businesses

Expansion of solution business

Creation of overseas business

### Future

Tachibana Eletech has managed its record income mainly through promoting existing businesses only. In the future, we will adopt a strategy to further promote the solution business and overseas business that produce higher operating profit margins. We intend to take actions to understand changes in the business environment early, enhance the solution business further to accommodate changes in customer needs (products to services), and increase the ratio of overseas-related sales, of which the growth rate is expected to be higher than that of Japan, to about 20% of overall sales.

## Materiality

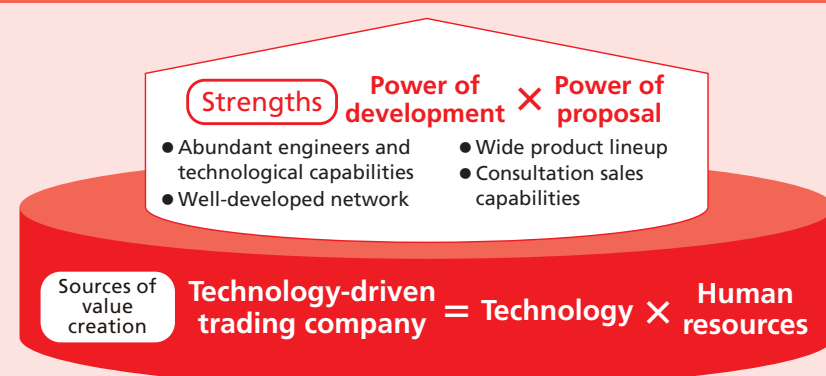
- E** • Expand sales of environmentally-conscious products
- Actions for CO<sub>2</sub> reduction



## Strengths of Tachibana Eletech

Over the past several years, Tachibana Eletech has achieved stable supplies based on the trusting relationships with its customers and suppliers even with disturbances in the supply chain caused by the pandemic and geopolitical risks. In addition, the company has strength in its R&D organization, which has been enhanced from an early date with an understanding of the importance of software in selling hardware, making a departure from being a mere distributor of merchandise. We have been developing engineers on our own and offering systems and solutions to our customers. As a “technology-driven trading company,” we have built a business of high profitability by combining technological capabilities with the power of proposal and providing accurate answers to customers’ problems.

Factory Automation Systems / Semiconductors and Electronic Devices /  
Building Services Systems / Manufacturing Services / Overseas Operations



### Strength 1 Utilizing the strength of in-depth understanding of the supply chain, facilitating stable supplies of parts.

Tachibana Eletech supplies parts that are necessary for manufacturing products with a deep understanding of customers’ manufacturing system as a technology-driven trading company handling electrical, mechanical, electronic, and information products. From a vantage point at which the entire supply chain can be viewed, it stands between customers and suppliers and can supply required parts in quantities required at the right time by carefully processing information from both sides.

### Strength 2 Proposals with combinations of various technologies possible only for those who have thorough knowledge from the frontline of manufacturing

Tachibana Eletech offers different levels of solutions, from individual products to system solutions, for the entire factory based on its recognition of problems on the frontline of manufacturing. It can also select appropriate devices from the wide variety of products available and integrate optimum solutions tailored to customer needs by combining a variety of technologies in management, control, monitoring, measurement, and inspection.

In the field of semiconductors, it also developed products like original ICs utilizing engineering capabilities acquired through the development of ASICs (application specific integrated circuits). It has a track record of more than 150 development projects per year. In addition, the company also provides support for developments in microcomputer software and FPGAs (programmable LSI) and develops original ASSPs (application specific standard (ICs) products).

### Strength 3 Expanding the fields of service from mere sales of merchandise to the installation of facilities and subcontracting device production.

Tachibana Eletech operates businesses in various installation and maintenance services for facilities and devices in the four fields of buildings, factories, residences, and facilities. It facilitates the creation of comfortable environments in daily life and industries through these services.

Furthermore, utilizing its strength in handling a variety of semiconductors and devices from Japanese and foreign manufacturers, it subcontracts EMS (electronics manufacturing services) projects to design and manufacture electronic devices and MMS (metal manufacturing services) to manufacture metallic parts. The company is expanding its business as a so-called “manufacturing trading company.”

### Specific examples of solutions

**Solve problems such as how to improve productivity, stabilize quality, and utilize data efficiently with FA system solutions unique to Tachibana Eletech, whose strengths come from the manufacturing floor.**

### Favorable reputation of factory walk-through diagnosis

As a “technology-driven trading company,” we offer optimum solutions to solve problems after having our system engineers, who are knowledgeable about factories, walk through the factory.

Our proposals with additional elements to the issues customers have identified, such as how to improve productivity, stabilize quality, and utilize data efficiently, have been well accepted.

### M2M technology to support automation and manpower saving

The introduction of M2M technology is essential to automation and manpower saving on the manufacturing floor. We enable automatic control by linking shared data smoothly between machines. As a “technology-driven trading company,” proposal of solutions involving M2M is the company’s forte and we are determined to precisely address every customer issue concerning automation and manpower saving.

### Promotion of automation on the manufacturing floor with robotic systems

Amid a trend in which manpower shortages and surges in labor costs are taken seriously, Tachibana Eletech helps to automate and save manpower in simple tasks by proposing robotic systems. As proposals for automation using robots are designed with “3D simulation,” they are well received by our customers as evidenced in feedback such as “it is easy to draw a mental image of the robotic system” and “business owners can make decisions on investments because it helps them understand the cost effectiveness.”

### Leading the digitization on the manufacturing floor

Paper-based process management and inventory are bottlenecks in improving the work efficiency. We are aggressive in proposing digitization in any situation. Through digitization that enables onsite workers to acquire data smoothly, we propose solutions that promise to obtain results quickly.

### Improving efficiency through “visualization” of manufacturing processes

Systems for centralized monitoring of manufacturing floor are proposed. These systems enable monitoring operation of production lines with a small number of workers and are useful in stabilizing operation. They are also effective in ensuring safety and finding bottlenecks in processes.

### Proposing direct improvement of production lines

A proposal to improve production lines is possible only for those who have in-depth understanding from the frontlines of manufacturing. This is also a field in which Tachibana specializes. For example, we may propose work undertaken in multiple lines in a single production line. With proposals like this, there will be significant space and energy saved, not to mention manpower.

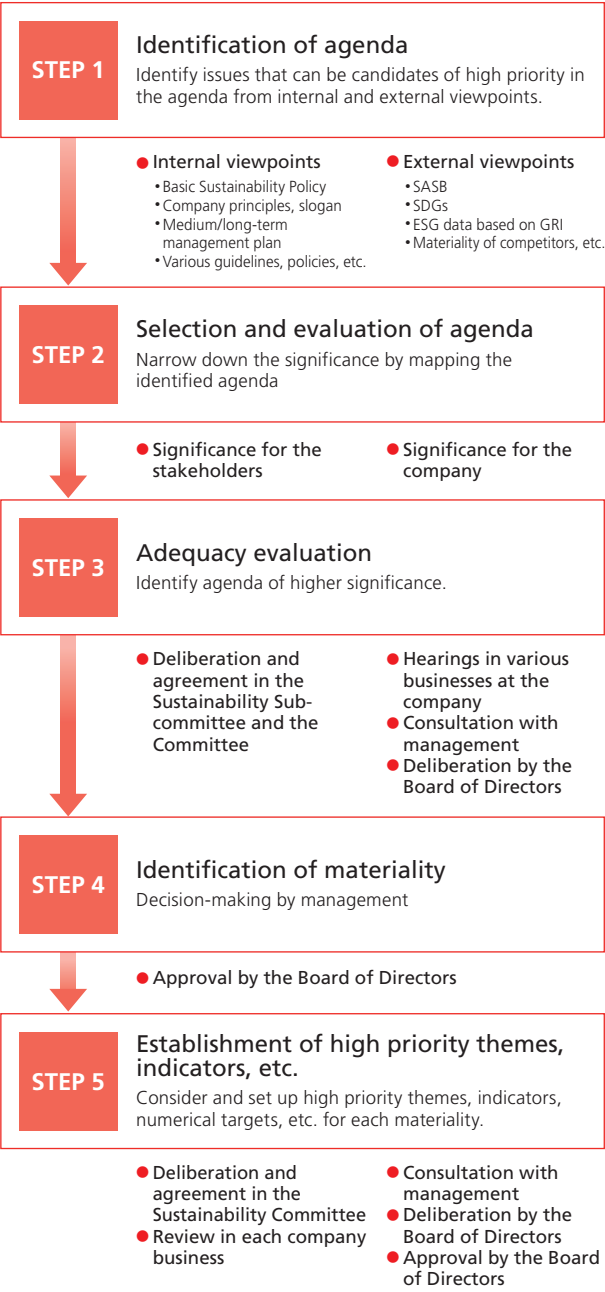







Materiality

Tachibana Eletech has set up themes of high priority that should be undertaken in each materiality by identifying the materiality in the three categories of environmental, social, and governance from the viewpoints of “significance for the stakeholders” and “significance for the company” on various issues relevant to social responsibility.

Materiality identification process

In identifying materiality, Tachibana Eletech has identified social issues based on the Basic Sustainability Policy and various guidelines and policies, identified the target materiality from the viewpoints of significance both for the stakeholders and the company, deliberating in the Sustainability Committee and finalizing decisions at the Board of Directors.



	Materiality	High-priority themes	Indicator (KPI)	FY2023 result		FY2025 target	Correspondence with SDGs
E (Environmental)	Expand sales of environmentally-conscious products ... Thorough uncovering by concentrating resources	【Factory Automation Systems】 Expansion of solution business	Undertaking of solution business With the introduction of systems, robots, 3D printers, and electric actuators, the number of projects serving to reduce power consumption through: ① Paperless offices ② Saving manpower ③ Saving energy ④ Visualization	(At the customers) ① Reduction of power consumption by reducing paper documents ② Reduction of power consumption by saving manpower ③ Reduction of power consumption by saving energy ④ Reduction of power consumption through visualization	26 137 57 139	30 100 50 200	 
		【Semiconductors and Electronic Devices】 Expansion of semiconductor engineering department activities	System proposals to customers and software development ① Proposal of solutions leading to environmental improvement, energy-saving, and manpower-saving at the time of expanding sales ② Energy saving relevant to software development activities ③ Reduction of paper documents in exhibitions ④ Involvement in the development of energy-saving products	① Number of solution proposals and developments ② Reduction of power consumption in development activities ③ Reduction of power consumption by reducing paper documents in exhibitions ④ Number of software developments for energy-saving products	157 10.5 kWh 5.1 kWh 88	170 10.8 kWh 5.7 kWh 100	
		【Building Services Systems】 Contribution to renewable energies	Undertakings in the renewable energy business ① Photovoltaic power generation system ② Stationary rechargeable battery ③ Quick EV charging station ④ LEDs	(At the customers) ① CO <sub>2</sub> reduction through the introduction of photovoltaic power generation system ② CO <sub>2</sub> reduction through the introduction of stationary rechargeable battery ③ CO <sub>2</sub> reduction through the introduction of quick EV charging stations ④ CO <sub>2</sub> reduction through the introduction of LEDs	3,828 t 37.4 t 2.3 t 7,824 t	4,000 t 10 t 15 t 7,500 t	
	Actions for CO <sub>2</sub> reduction	Power-saving activities for lighting and air-conditioning equipment	Reduction of electricity consumption per unit of net sales (GWh/10 billion yen)	12.8%	12.0%		
		Scope 1 reduction	Reduction of gasoline consumption per unit of net sales (kL/100 million yen)	9.1%	8.0%		
S (Social)	Deepening of people-oriented management	Implementation of training useful in HR development (actions to enhance human resources)	Training for managers ... Although training is currently provided only for newly appointed managers, we will improve the skills to instruct, nurture, and lead subordinates by providing regular training for all general managers, managers, and section managers.	5	15/year	   	
			Training to promote career development for women ... To help female employees to take active roles, we will offer new training to encourage the mindset to attain a higher position.	1	10/year		
			Training to promote career development for young employees ... We will retain and develop young employees by offering training to help form future images of career development for young employees.	8	10/year		
			Training aiming at the improvement of expertise and other skills ... Support obtaining certifications of expert qualifications that are closely related to actual work but difficult to obtain to improve employee expertise and skills.	23	30/year		
			Number of Human Training Hall events held ... We will increase the number of Human Training Hall events, in which opinions are exchanged in a relaxed, informal gathering style, held after training sessions offered by the HR Department and meetings in the business segment for the purpose of developing employee skills.	26	50/year		
	Realization of development and growth together with local communities	Promotion of Nagomi-kai and community service activities	Promotion of Nagomi-kai activities (both internally and externally)	2 (Internally) 4 (Externally)	Although we do not establish any target for the study of internal issues and local community services at Nagomi-kai due to external influence, performance shall be published.		
			G (Governance)	Pursuit of effectiveness and clarity in the management system	Enhancement of corporate governance	Continuation of zero tolerance regarding serious violations and negligence of compliance	0
Compliance enhancement	Offering compliance training to employees	Implementation of internal and external training			Planning and design of insider and compliance training	• Insider training • Compliance training	
				Establishment of a compliance risk management system on a Group scale.	Compliance risk management status investigation in subsidiaries	Enhancement of a compliance risk management system at the parent company and establishment of compliance risk management systems in subsidiaries	



Progress of Medium/long-term Management Plan NEW C.C.J 2200

NEW C.C.J 2200

Foundation-building for eventually reaching the 200-year milestone



The Group celebrated its 100th anniversary in September 2021 and is now undertaking the five-year medium/long-term management plan NEW C.C.J 2200, which will be completed in the fiscal year ending March 31, 2026, to lay down the foundation for the next 100 years. Using the “selling power” and “earning power” developed in the structural reform project C.A.P.UP 1500, we are determined to undergo “changes (C)” while taking on “challenges (C)” to make a huge “jump-up (J).”

Targets

For the Group

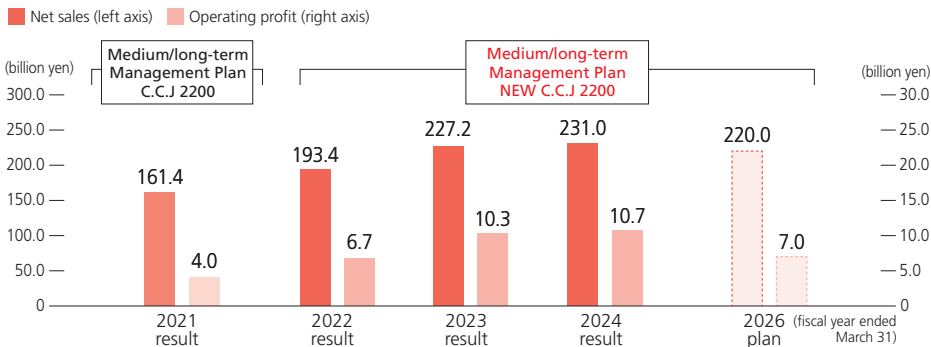
	FY2021 result	FY2026 target
Net sales	¥161.4 billion	¥220.0 billion
Operating profit	¥4.0 billion	¥7.0 billion
Sales of environmentally friendly products	¥44.4 billion	¥50.0 billion

Sales by segment

	FY2021 result	FY2026 target
Factory Automation Systems	¥88.1 billion	¥114.0 billion
Semiconductors and Electronic Devices	¥54.3 billion	¥78.0 billion
Building Services Systems	¥15.4 billion	¥21.0 billion
Manufacturing Services	¥3.6 billion	¥7.0 billion
Total	¥161.4 billion	¥220.0 billion

Progress

Although we have already achieved the sales target for the final fiscal year (ending March 31, 2026) of the five-year plan ahead of the timetable in the fiscal year ended March 31, 2023, the bottom line of the plan is to build a platform that will enable us to maintain sales of ¥200 billion, at least, even if there is a decline in the market. We will continue to work on laying down a foundation that enables us to be a 200-year company.



Major Action Plan

(1) Sales strategy adapted for the new era

Action Plan for Each Segment

	Vision for Each Segment	Actions of High Priorities	FY2023 Net Sales
Factory Automation Systems	“When it comes to FA, count on Tachibana” “When it comes to M2M, count on Tachibana”	M2M business, system business, robotics business, 3D printer business	¥118.9 billion
Semiconductors and Electronic Devices	Superior engineering and marketing capabilities Strong trading company specializing in semiconductors	Enhancement of product lineup, brushing up proprietary technologies	¥85.8 billion
Building Services Systems	Turning into a major business as the third pillar	Homogenization of regional customer support level	¥21.0 billion
Manufacturing Services	A “manufacturing trading company”	Development of manufacturing partners in Asia	¥5.2 billion
Overseas Operations	Localization of branch offices	Development of local markets in Asia	¥37.6 billion*

\*Figures for overseas businesses are included in each business segment.

(2) Construction of management foundation



Actions to enhance sustainability

The Tachibana Eletech Group is determined to undertake activities to enhance sustainability to solve social issues and support the realization of a sustainable environment and society in recognition that the enhancement of sustainable corporate value is an important management issue.

In April 2023, we established the Sustainability Committee and developed the Basic Sustainability Policy two months later. In February 2024, we identified materiality in line with the basic policy.

→P17 Materiality

# Factory Automation Systems



Takashi Nanmoto  
Operating officer

## Aim to Be an Engineering Company

Our sales engineers make proposals on individual products as well as system solutions for the entire plant after identifying issues and problems in the frontline of manufacturing activities. Taking advantage of in-depth knowledge of a variety of manufacturing situations, we will solve problems on the manufacturing floor by constructing system solutions ideal for customer needs by selecting devices from the wide variety of products and combining various technologies related to management, control, monitoring, measurement, and inspection.

### Major Products Offered

- Systems and solutions to monitor, measure, and control production facilities
- PLCs, inverters, AC servos, power distribution control devices, various motors, robots, sensors, and image processing systems
- I/O devices such as digital connection devices and connectors, FA computers, and networking devices
- Various machine tools, such as electrical discharge machines, laser processing machines, machining centers, and 3D printers and scanners

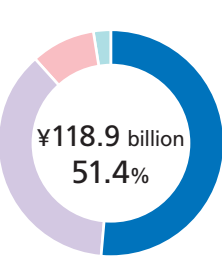


Strengths	Risks	Opportunities
<ul style="list-style-type: none"><li>● Proposals based on a rich range of products, including Mitsubishi products</li><li>● Deploy engineers in the major Japanese markets along the areas from Tokyo to Nagoya and Osaka and undertake sales activities matching customers’ needs</li><li>● With one engineer out of four employees, we are a professional engineering team with an in-depth knowledge on the manufacturing front and capable of proposing system solutions to take advantage of components.</li><li>● Capable of addressing issues in a wide range of production lines from discrete manufacturing where machine parts are made and process manufacturing that uses fluids as raw materials, such as chemicals</li></ul>	<ul style="list-style-type: none"><li>● Reduced business opportunities in association with the expansion of EC businesses</li><li>● Shift of core needs in manufacturing from hardware to software</li></ul>	<ul style="list-style-type: none"><li>● The territory of business expands from discrete to process manufacturing, and further to the IT field.</li><li>● Acceptance of package orders for systems and solutions in factories and distribution centers</li><li>● Expansion of profit earning opportunities by making proposals that incorporate advanced technologies ahead of others</li></ul>

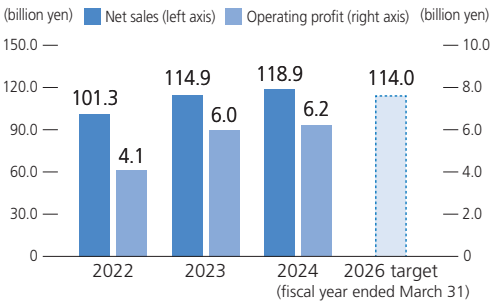
## Business outlook

Tachibana Eletech started selling electric and electronic devices mainly to industrial users as a distributor of Mitsubishi Electric soon after the war. Its strengths lies in the relationship with a wide variety of customers and tightly woven sales network. The company ranks at the top of Mitsubishi distributors in sales amount. In recent years, the needs for automation and manpower saving in production lines are increasing prompted by the shortage of manpower and problem in passing down expert knowledge, and this expands the profit earning opportunities for the company. The latest consolidated net sales for the business segment was more than 50% of the company’s total sales, exceeding the ¥100 billion mark.

Sales breakdown



Net sales and operating profit



## Progress of medium/long-term business plan

### Expanding sales with the power of making proposals to uncover latent problems customers may have

In the medium/long-term management plan, we are committed to expanding business, aiming to gain the reputations of “when it comes to FA, count on Tachibana” and “Tachibana for M2M (Machine to Machine).” Actions of higher priorities include promotion of M2M business, proposals integrating system technologies with hardware (system business), robotics business, and 3D printer business.

In the past several years, we have been expanding our business by uncovering latent problems and proposing

systems and solutions to solve these problems, rather than making proposals for problems that are obvious to customers. We use a method called “walk-through,” in which our engineers visit the customers’ manufacturing sites and examine the actual manufacturing conditions to uncover bottlenecks in systems with regard to the efficiency of operation, automation, and manpower saving. We are expanding sales step by step through these activities. Naturally, proposals on automation and manpower saving lead to expansions in the sale of environmentally friendly products. We are aiming to further increase sales as the target for the fiscal year ending March 31, 2026, ¥114 billion, has already been achieved.

## Growth strategy

### Addressing demands relevant to “smart factories”

The scale of our solution business is expanding year by year. In material handling, demands for reduction of manpower and demands for automation are increasing. Tachibana Eletech is utilizing its technology and knowledge cultivated in the robotics business in making proposals with the latest automated guided vehicles (AGVs) and autonomous mobile robots (AMRs), leading to an increased number of package orders.

At the same time, in the interest of smart factories, there are increased demands for systems like SCADA, BOM (bill of materials) and 3D simulation for controlling and monitoring production machines working on the manufacturing floor from a central location. We are striving to expand profit earning opportunities

by focusing on proposals in these fields as well.

Tachibana Eletech has introduced a new CRM (customer relationship management) system to promote the centralized management of customer information and intends to expand our proposals by sharing a broad scope of information.

In addition, the company will strengthen its proposal capacity by enhancing coordination with the Group companies. One company, Daidensha, has its strength in image processing technologies and another company, Takagi Co, Ltd., has its strength in networking devices. We intend to provide answers to customers’ problems by utilizing the strengths of each company.

As an expectation for the future, we hope to enhance our capability to make proposals utilizing the skills of our engineering team, augmenting coordination with our partners and manufacturers to add to our function as an engineering company.

## VOICE

### Obtaining knowledge in the IT field. Becoming a stronger technology-driven trading company by offering proposals with the integration of OT and IT.

Tachibana Eletech will collaborate with other companies to solve customers’ problems case by case. In a production management system project for a new factory at one company, Class Technology Co., Ltd. constructed an IT-based production management system, while Tachibana Eletech was responsible for data acquisition through a network connection of PLCs at the facility. In addition, our engineering team participated in detailed design to support the construction of the production management system, facilitating the move toward a full-fledged collaboration.

It was a huge accomplishment to have been able to acquire an understanding on the products (content) and systems (software) of Class Technology through the collaboration. We will acquire technologies concerning the products and further improve our skills in the IT field to enable a consistent system that covers both areas of IT and OT as their products will be new addition to the products available to our proposals in the future. Furthermore, we are setting our eyes on offering one-stop service of design, development, and aftersales services after the acceptance of order in the future, in addition to making proposals.

Although proposals and construction of OT systems is our strength, utilization of knowledge in the IT field obtained through collaboration makes it possible to propose systems by integrating OT and IT. Proposing a wide range of solutions will differentiate Tachibana Eletech from competitors and we firmly believe that it will lead to an improvement in the company’s value as a “technology-driven trading company.”



Yuta Kuwano  
Factory Automation System  
Dept. 1,  
Factory Automation  
Systems Division



# Semiconductors and Electronic Devices



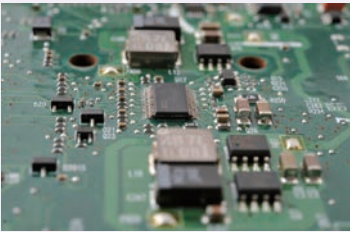
Sadayuki Takami  
Director  
Executive Operating Officer

**Further Enhance Product Lineup and Technological Capabilities**

Tachibana Eletech handles a variety of semiconductor and devices, and provides answers to diverse customer needs in the fields of home electronics, office machines, automobiles, and housing materials. It is also capable of offering a variety of semiconductors and devices, from standard products to custom-made products from an extensive product lineup. Furthermore, it is also developing semiconductor products, such as original ICs, utilizing engineering capabilities obtained through various activities, including the development of ASICs (application specific integrated circuits). In addition to the above, Tachibana Eletech has many accomplishments in technical support, including developments in microcomputer software, FPGA (programmable LSI), and original ASSPs (application specific standard (IC) products).

Major Products Offered

- Semiconductors and devices from Japanese and foreign suppliers
- Development of software for microcomputers and ASICs
- Design and development of ASICs and customized LSIs
- Applied engineering support in the semiconductor field

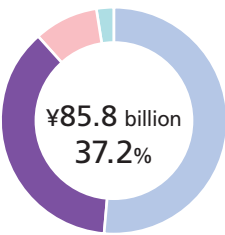


Strengths	Risks	Opportunities
<ul style="list-style-type: none"><li>● Tachibana Eletech makes every effort to supply semiconductors reliably under any circumstances, maintaining good relationships with each supplier. If an order proves difficult, alternative products with the same function are offered in a timely fashion.</li><li>● In addition to supplying SoCs (semiconductors with multiple functions integrated on a single chip) and microcomputers, it develops middleware on its own.</li><li>● Individuals in charge of sales and engineering work together to address customer problems.</li><li>● Established a quality management system for semiconductor devices. High quality products are always available, with suppliers audited by the company.</li></ul>	<ul style="list-style-type: none"><li>● Shortage of semiconductors due to separations in the supply chain arising from geopolitical risks</li><li>● Market condition adjustment phase over an interval of several years due to the silicone cycle</li></ul>	<ul style="list-style-type: none"><li>● A significant increase in the products handled by Tachibana Eletech because semiconductor manufacturers are increasing product groups through M&amp;A</li><li>● Development of foreign-affiliated manufacturers based on our own quality standards</li><li>● Acquiring new customers through coordination with subsidiary companies</li></ul>

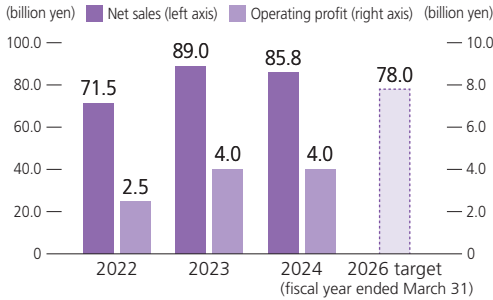
Business outlook

Net sales in Semiconductors and Electronic Devices occupy approximately 40% of all sales at Tachibana Eletech. While the shortage in semiconductors is becoming conspicuous with the coronavirus pandemic over the past several years, Tachibana Eletech has been making efforts to supply products reliably to satisfy customers' demands, based on the company's relationship with its many suppliers. In addition to obtaining information on supply and demand early, we have been exchanging information closely with customers, enabling a stable supply in line with production planning. Also, amid city-wide lockdowns caused by the coronavirus pandemic, we are making efforts to ensure the quality of products through online supplier audits.

Sales breakdown



Net sales and operating profit



Progress of medium/long-term business plan

Significant expansion of the business domain with the collective strength of sales and engineering departments

We aim to be a unique and competitive semiconductor device trading company, taking advantage of our high level of technical knowledge and sales power. To this end, we are enriching the product lineup further with new suppliers in Japan and foreign countries. We are also making efforts to enhance our engineering capabilities.

Our actions with higher priorities include enhancement of our product lineup of foreign semiconductor devices, analog ICs, storage devices, and display devices, in addition to microcomputers and power semiconductors. We also intend to create synergy by utilizing the technologies and sales power of our subsidiaries, Tachibana Device Component and Tachibana Electronic Solutions. In particular, Tachibana Electronic Solutions has strength in technical support to customers, with an expert engineering team of more than twenty

members, in addition to its sales activities in and out of the country. This complements Tachibana Eletech's activities in difficult areas, showing considerable improvement in sales capabilities. Furthermore, after the introduction of a sales support system in 2023, we believe it will be possible to address customers' needs even faster by improving the efficiency of sales and information sharing.

Concerning the sales expansion of environmentally friendly products identified in the materiality effort, we aim to expand activities in the semiconductor engineering department. We will offer solutions leading to environmental improvements, energy-saving, and manpower-saving at the time of sales expansion by making system proposals to customers and software development. Currently, we are committed to saving energy spent on software development. Note that we have already achieved the sales target of ¥78 billion for the fiscal year ending March 31, 2026 and, therefore, we will aim at higher performance in the future.

Growth strategy

Strengthening the sales organization further to double the business scale in the future

Through the enhancement of sales organization as Semiconductors and Electronic Devices and partnerships with Tachibana Electronic Solutions and Tachibana Device Component, the number of medium to small customers is increasing drastically in addition to large customers. A problem in the future will be understanding customer needs amid an increasing number of inquiries. Doing so will lead to an increase in the number of orders.

Because the expectation for our technical support is especially large for industrial customers, there are chances of ongoing

business for extended periods of five to ten years. We also intend to take customers' requests seriously as a part of our growth strategy because we greatly expect them to grow into large customers in the future.

We are pursuing a business scale large enough to produce earnings of 50%, not 40%, of the entire sales of Tachibana Eletech through these actions. Calculating the CAGR (compound annual growth rate), the scale of Semiconductors and Electronic Devices is expected to double in the next several years. For the realization of our growth strategy, we intend to enrich company resources, including human resources, while further expanding our product offerings.

VOICE

Helping the company and myself grow by enhancing sales and negotiation capabilities to responding to customer needs

There are a variety of companies making business transactions with Semiconductors and Electronic Devices, which produces many products using different semiconductor components. Because of this, proposals made to customers cannot be classified into a single group, making sales and technical capabilities even more important. While building a reliable relationship with customers is essential and negotiation and coordination capabilities with suppliers are necessary, the department has many opportunities for employees to play an active roles depending on their capacity and aspirations, regardless of age or experience.

Looking back, an impressive case was a project that had difficulties when the specifications of a product manufactured by an Asian supplier did not match the customer's requirements. There was a great sense of achievement when we succeeded in enhancing the supplier's product quality and defining the optimum custom specifications in collaboration with the FAE department, leading to a successful order.

The strength of Tachibana Eletech lies in its comprehensive power in making proposals. Customers expect us to propose products and technical support based on the understanding of customer trends, including those of competitors. I am determined to improve my sales capabilities, including negotiation and making proposals, providing answers to customers' requests.



Shintaro Nagai  
Semiconductor Sales Dept. 1,  
Semiconductors & Electronic  
Devices Division 3

# Building Services Systems



Mitsuru Tada  
Operating officer

## Become the Third Pillar of the Company

At Building Services Systems, we sell products by identifying relationships between technology and people’s lives with society, offering a variety of installation services in four major areas of buildings, factories, housing, and facilities. In terms of sales activity, we concentrate on having our products designated by a general contractor, subcontractor, or designer based on a close relationship with manufacturers. Proposing the latest technologies and systems, we aim to support the development of comfortable environments to enrich people’s lives and industries.

### Major Products Offered

- Various facilities and equipment including air conditioners, ventilators, LED lighting, power supply facilities, elevators, security devices, solar power equipment, etc.
- Various installation and maintenance services for facilities and equipment

Strengths	Risks	Opportunities
<ul style="list-style-type: none"><li>● Development of a variety of sales channels, including buildings, offices, condominiums, residential houses, factories, hotels, and commercial facilities</li><li>● With main offices in Osaka, Tokyo (East Japan Branch Office), and Nagoya (Central Japan Branch Office), conduct business operations in major areas in Japan</li><li>● In addition to the sale of products, offer one-stop services, including different types of installation and maintenance work</li><li>● Capable of purchasing and installing equipment for large projects</li></ul>	<ul style="list-style-type: none"><li>● Risk of reduced real estate demand due to fluctuations in the economy</li><li>● Steep rise in the cost of materials, components, and employment</li><li>● Issues from 2024 contribute to shortages in manpower for installation.</li></ul>	<ul style="list-style-type: none"><li>● Expanding business opportunities in metropolitan areas, where the market is larger</li><li>● Receiving project contracts in the solar power segment through partnerships in the FA system business</li><li>● Development of markets based on trusted relationships with customers upstream in the market, such as general contractors and major housing manufacturers</li></ul>

### Business Outlook

With the steady expansion of business, we were able to register record sales in the fiscal year ended March 31, 2024, exceeding the ¥20 billion mark. We are building a sales network to steadily supply products through distributors by offering a wide range, which is the foundation of sales activity. In addition, we believe we have been able to ensure continued business performance by concentrating our efforts in large scale projects.

### Progress of medium/long-term business plan

#### Accelerating service level enhancement in the Tokyo, Nagoya, and Osaka areas

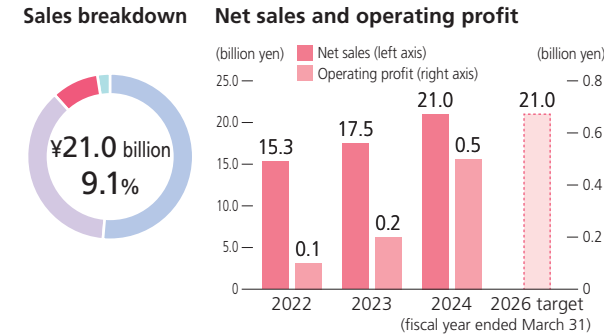
We are operating and expanding our business in the three areas of Osaka, Tokyo, and Nagoya. Our business has grown particularly in Tokyo to a level yielding approximately 30% of total sales in Building Services Systems. We will expand human resources in Tokyo and Nagoya within the period of the medium/long-term management plan to improve our level of service, increase the presence of the company and expand our business.

#### VOICE Finalizing record-scale contracts with quick and thorough sales efforts

The contract of 35 elevators and escalators I obtained from Obayashi Corporation amounted to ¥1.06 billion, which turned out to be the highest in the Kansai area. I did everything imaginable, including making arrangements with the suppliers and retaining workmen, to enable us to act quickly immediately after receiving the order. Despite the efforts spent on preliminary arrangements, there were some difficulties in the process of reviewing specifications and in other aspects. I responded to each and every inquiry and request from the customer courteously, offering proposals and consultations. In retrospect, I believe I earned the trust of the customer by maintaining close communication.



Ryota Funakawa  
Building Systems Dept.,  
Building Facilities &  
Services Systems Division 1



### Growth strategy

#### Expanding sales by collecting information early and making proposals on products

We will implement our growth strategy steadily to make the business the third pillar of the company. We make proposals from the product to installation, including large projects like urban redevelopment projects, building complexes, data centers, solar power generation, etc. Our enhanced sales activity targeting major general contractors has resulted in obtaining large project contracts.

# Manufacturing Services



Hisanobu Nunoyama  
President, CEO  
In charge of Manufacturing  
Services

## Establish the Business as a “Manufacturing Trading Company”

Utilizing our strength in handling a variety of semiconductors and devices from Japanese and foreign manufacturers, we are operating the EMS businesses (electronics manufacturing service) for subcontracting the design and manufacture of electronics devices and MMS (metal manufacturing service) for subcontracting the machining of metal parts. In the EMS, we have a wide track record in manufacturing circuit boards to finished products.

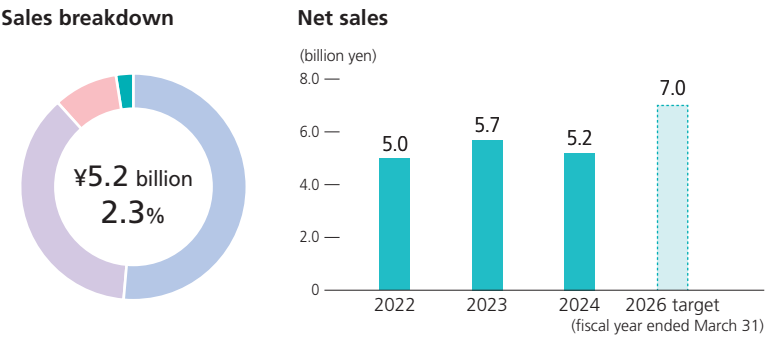
### Major Products Offered

- Subcontracting the design and manufacture of electronic devices
- Subcontracting the manufacture of metal parts used for warehouse steel racks and multilevel car parking

Strengths	Risks	Opportunities
<ul style="list-style-type: none"><li>● Wide range of purchase routes developed through the semiconductor device business</li><li>● A one-stop service as a “manufacturing trading company”</li><li>● Addressing local production needs in foreign countries from an early stage</li></ul>	<ul style="list-style-type: none"><li>● Geopolitical risks in the Chinese market</li><li>● Risk of fluctuation in currency exchange rates</li><li>● Procurement risks caused by disturbances in the supply chain</li></ul>	<ul style="list-style-type: none"><li>● Development of markets other than the Chinese market with partnerships with foreign businesses</li><li>● Pursuit of synergy in the semiconductor device business</li><li>● Proposals addressing new product fields, such as EVs</li></ul>

### Business outlook

In the EMS field, the LCD panel business for home appliances is in positive condition. On the other hand, in the field of MMS, we are struggling to ensure profit due to high prices of metallic parts and the weakening of the yen, although contracts for the multilevel car parking materials, which is the main business for the department, are increasing.



### Progress of medium/long-term business plan

#### Aiming at the establishment of business as a “manufacturing trading company”

To respond to customer production needs locally, in addition to avoiding geopolitical risks, we are developing a wide range of manufacturing subcontractors in Asia. At the same time, we will develop and allocate human resources to better handle our business. We have set a sales target of ¥7 billion for the fiscal year ending March 31, 2026.

### Growth strategy

#### Overseas operations in the interest of departure from reliance on China

While the current reliance on the Chinese market is still high, we will emphasize actions to depart from reliance on China. We are already operating businesses in Singapore and Thailand. In the future, particularly with the huge market in India, we will find reliable local partners and, at the same time, study the feasibility of local production.



# Overseas Operations

## Promote of “Localization of Bases”

Ever since the opening of the Singapore office in 1982, Tachibana Eletech has been opening offices in Asian countries ahead of the industry. In 2007, we established Tachibana Overseas Holdings Ltd. in Hong Kong to oversee all overseas offices. Utilizing our rich experience and knowledge in international networks and businesses, we will purchase and supply products and parts required by factories in and out of Japan.

Following the start of the semiconductor business with a technical center in Shenzhen, we started the full-fledged overseas operation of the FA system business in 2011. A sales office with a showroom for industrial mechatronics products has been established in Wuhan, China. Currently, seven companies, including Tachibana Overseas Holdings, are operating businesses based mainly on semiconductor and FA products. The number of sales offices has expanded to fourteen, including offices in Hong Kong, Singapore, Malaysia, Taiwan, Shanghai, Beijing, Shenzhen, Wuhan, Dalian, Qingdao, and Bangkok, with the sales expanded to local companies in addition to Japanese affiliates. In the future, we plan to accelerate our overseas operations, establish our reputation as a “technology-driven trading company” just like we did in Japan, aiming to become a “major technology-driven trading company” supporting industries in Asia.



Hisanobu Nunoyama  
President, CEO  
In charge of Overseas  
Operations

### Major Products Offered

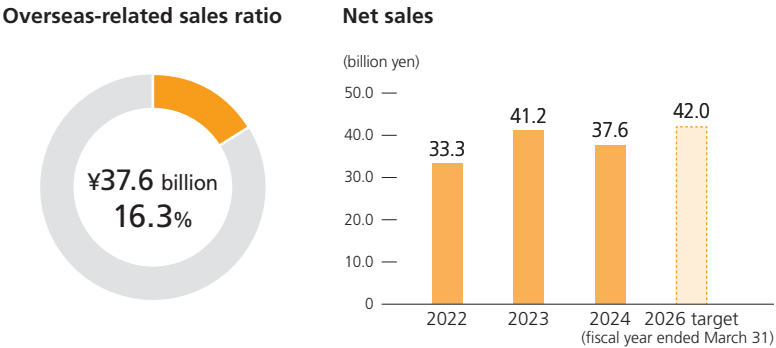
- Semiconductors
- Electrical equipment
- Marine vessel equipment
- Anti-crime and emergency supplies
- Electronic components and materials
- Industrial equipment and facilities
- Cables

Strengths	Risks	Opportunities
<ul style="list-style-type: none"><li>Utilizing our rich experience and knowledge in international networks and businesses, we purchase and supply products and parts required by factories in and out of Japan.</li><li>Offer strong support for our customers to start operations in Asia and international product purchases in Asian regions.</li></ul>	<ul style="list-style-type: none"><li>Disturbances in the supply chain caused by geopolitical risks</li><li>Steep rise in the cost of fuels, materials, and distribution, including those supplied by sea transport</li></ul>	<ul style="list-style-type: none"><li>Exhibition of synergy in foreign markets with a close partnership between Factory Automation Systems and Semiconductors and Electronic Devices</li><li>By facilitating the centralization and visualization of information through the promotion of DX, products are offered in a timely manner in response to demand.</li><li>Expansion of business by developing sales channels in new areas</li></ul>

## Business outlook

Although the adjustment phase of Semiconductors and Electronic Devices will continue until the latter half of 2024, the performance of overseas business is expected to be at the same level as the previous year, supported by the underlying strength of Factory Automation Systems.

While the supply chain had been disturbed by the coronavirus pandemic, we were able to fulfill our responsibility to supply products to customers by securing products early with the support of suppliers and carrying stocks strategically. Despite continuing shortages in the supply of some products, the supply chain has been restored close to the normal state, and demand is being addressed adequately. Although murky outlooks will continue, we are determined to fulfill our role as a technology-driven trading company by improving the accuracy of market and customer information and promoting sales strategies set out in the medium/long-term management plan.



## Progress of medium/long-term business plan

### Increasing the number of salespersons to strengthen the sales efforts in the coastal areas and inland China

With the sales strategy of “localization of bases” set out in the medium/long-term management plan, we are proceeding to localize various overseas bases and accelerating development efforts in local markets, mainly in China and ASEAN countries. In fiscal 2024, we will focus on technology sales efforts and proposing solutions utilizing our strength as a technology-driven trading company, responding adequately to the demands of Japanese companies and local companies abroad.

Specifically, we have increased the number of employees in the sales departments by at least 10% in fiscal 2024 in the Chinese region, where eight offices are located in Beijing, Dalian, Qingdao, Shanghai, Wuhan, Shenzhen, Hong Kong, and Taiwan. With this, we are proceeding to increase customers along the coast and inland, where our coverage has

been thin. The eastern and northern regions have been named as priority regions for sales expansion in particular, and the numbers of employees in cities targeted for sales expansion have been increased along with increasing numbers of employees in existing offices in Shanghai and Beijing. This leads to virtually strengthening our sales activities in those cities. Moreover, we are concentrating our efforts in addressing a wide range of demands, including industrial machines, consumer equipment, and automobiles, with semiconductor devices and FA systems at the core.

At the same time, through the promotion of DX, we are encouraging the centralization and visualization of information and making efforts to supply products in response to demand in each region in a timely fashion.

Ultimately, we will aim to achieve an annual sales target of \$300 million in the fiscal year ending December 31, 2025 and intend to continue yielding sales of at least \$300 million each year.

## Growth strategy

### Promote the “localization of bases” along with expansion of sales areas

While the current sales of Semiconductors and Electronic Devices and Factory Automation Systems are mainly for Japanese companies, we plan to increase sales for local Chinese companies in the future. Overseas sales will be expanded by continuing to open offices in China.

On the other hand, we think it is necessary to take appropriate risk hedge measures against the so-called China risk. We are currently operating business by establishing sales offices in Singapore, Thailand, and Malaysia. In the future, we will study our responses to customer needs over a wider area,

including the giant market of India.

In the process, we intend to develop partnerships with trustworthy local business partners under the sales strategy of “localization of bases,” rather than managing everything by ourselves. Also, in terms of local consumption of local products, we will further localize our sales offices to establish an organization in which Chinese employees are working in China and employees from other Asian regions are working in Asia. Adapting to the new era, we will expand overseas business operation emphasizing methods enabling local people to play active roles in a variety of functions, including engineering, sales, and management.

### VOICE Addressing business operations in every region by enhancing TOH function

I joined the company in January 1999 and am currently involved in the establishment and improvement of financial management systems, general management of routine operations, financial budget management, and fund management in the financial department. When a customer delinquent in payment had requested a change in the payment due date, I was at the negotiation table and helped resolve the difficult situation. While our employees are trained regularly, I also consider it necessary to enhance TOH and integrate useful product information from foreign offices as well. Instead of simply selling products, we will respond to market demands in a variety of regions, including Japan, as a member of the Tachibana Group capable of offering technical assistance.



Rachel Hsu  
Director  
TST (Taiwan)

# Our Financial Strategy



We will pursue higher profitability by flexibly adapting to changing times while maintaining Tachibana Eletech’s unique corporate culture.

Yoshinori Matsuura  
Director  
Operating Officer  
In charge of Finance & Administration

## Possible to aim for a return on equity above 10%

In the fiscal year ended March 31, 2024, raw material prices surged, and certain products were constantly in short supply. These were difficult conditions, but we worked hard to meet our supply responsibilities to customers and advance solution-based sales that addressed their challenges. As a result, we set record highs in net sales and profits across the board for two consecutive years.

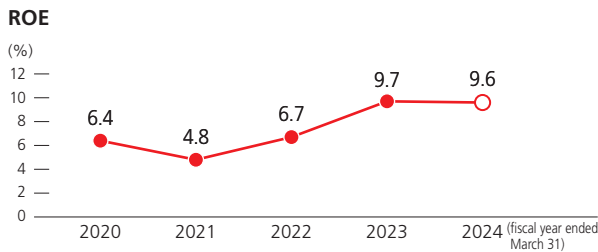
While we have seen the balance of product supply and demand gradually restored in 2024, high inventory levels still remain with customers and in the distribution network, and inventory optimization may not occur until the latter half of the year or later. Positioned between our customers and suppliers, we will focus on accurately assessing information from both sides and properly managing order and supply operations to maintain appropriate inventory levels.

Meanwhile, as a technology-driven trading company with strengths in M2M technology for factory automation and labor-saving needs, we are seeing a high level of demand for solutions. We plan to address each of our customers’ challenges and needs properly to ensure good results in the fiscal year ending March 31, 2025.

Regarding our current financial situation, the lag in improvement in the supply-demand balance has caused inventory to pile up and debt to accumulate, but our cash position remains at an appropriate level. In addition, we have introduced a commitment line to prepare for emergencies such as pandemics and to mitigate geopolitical risks. We have

maintained an equity ratio above 50% for many years and consider it one of our strengths to be able to develop business strategies flexibly based on this solid financial foundation.

We are steadily achieving results with our medium/long-term management plan. An indicator of profitability, the ROE has exceeded 9% for the second consecutive year and we expect it to surpass 10% from 2024 onward, a level of profitability significantly higher than a few years ago. At present, we are a little heavy with inventory, but our immediate financial challenge is to continue getting sales and securing profits while further improving capital efficiency. We will focus particularly on early debt collection to enhance our total capital turnover ratio.



To deal with inventory issues, we hold monthly executive meetings to monitor inventory levels and, when necessary, adjust quantities at the sales level. This approach, where management and operating divisions work together, is a key feature of our process. If there is a non-moving inventory and the customer cannot take the stock, our policy is to find a second buyer rather than dispose of it. By adhering to this policy, we try to avoid situations where inventory would have to be discarded, thereby preventing a hit to earnings.

While it may sometimes be necessary to increase inventory

to ensure a stable supply for our customers, we do not build inventory based solely on internal forecasts. Rather, we work with customers to adjust inventory levels based on a precise understanding of their production plans. This disciplined financial approach is applied across the company.

## DX and personnel system reforms to strengthen our foundation

The focus of our efforts going forward will be to further improve profitability. In executing our medium/long-term management plan, we intend to move beyond the traditional role of a sales agent and pursue higher value-added business by addressing the challenges of both our customers and suppliers. Our present function as a controller linking approximately 3,500 customers and 2,400 suppliers is becoming increasingly important. As a problem-solving trading company capable of making technical proposals, we aim to enhance customer satisfaction, increasing net sales and profits.

Meanwhile, we are advancing DX and personnel system reforms as key drivers to improve productivity. Bold DX involves improving operational efficiencies in sales activities and effectively utilizing various data to boost productivity and increase operating profit margins.

The reforms we are making to our personnel system involve a shift from a traditional seniority-based system to a job-type and function-oriented system that is more in line with contemporary mores. This move is designed to create an environment where employees can thrive regardless of gender or age. We want to enhance personal motivation and improve organizational productivity, so we will also share increased profits with employees through monetary rewards.

Recently, job-based HR systems modeled on Western practices have been attracting attention, but we believe that a one-size-fits-all approach would not suit us well. Our corporate culture, developed over more than a century in business, emphasizes both individual effort and team support. We value employees who achieve results through personal effort but also willingly support colleagues facing challenges in the same workplace. Meanwhile, a competency-based system maintains rigor in that it demands individual skill enhancement. We believe that this approach will create a virtuous cycle that leads to greater job satisfaction and improved productivity.

## Pursuing further growth through a sound approach to M&A

Regarding how we will invest in the future, we don’t have very large capital expenditures as a trading company, but we

will respond flexibly to M&A opportunities. A notable feature of our M&A activities is that we have successfully integrated both domestic and international companies into our group as subsidiaries since 2000. This success stems from our approach, which differs from standard acquisitions by creating systems that generate synergies, benefiting both parties. So, even if an opportunity is attractive, we will opt not to pursue the acquisition if both sides are unable to benefit from the deal. Post-merger integration (PMI) is crucial, but we believe our success in M&A is primarily due to the ability to see the situation from both sides and approach the acquisition in terms of reciprocal synergies.

In the future, some companies might see our management policies, business direction, and competitive strengths, and want to join our business network, seeing potential for growth. As an operating officer responsible for finances, I see an exciting time coming.

## Focusing on improving profitability and continuing to pay stable dividends

Lastly, I would like to talk about shareholder returns. Our policy is to strive to return profits commensurate with business performance based on stable dividends while strengthening our financial position and building up internal reserves necessary for business expansion so that we can respond to changes in the future business environment. We determine the amount of the dividend based on this policy. Even if net income declines, we intend to keep the dividend unchanged as far as is feasible. Regarding treasury stock acquisitions, we announced in 2023 that we would acquire three million shares over the next three years. We bought back one million shares in the fiscal year ended March 31, 2024, and will repurchase another one million shares in the fiscal year ending March 31, 2025. This is expected to boost the total payout ratio to over 50%, as we have disclosed.

Amid calls for management to be conscious of capital costs and stock prices, our price book-value ratio (PBR) remaining below 1.0 is an issue and we recognize the need to increase the liquidity of our shares to address this. Since starting shareholder benefits in 2018, the number of individual shareholders has increased 2.7-fold. Going forward, we plan to focus even more on improving our corporate value over the medium to long term to meet our stakeholders’ expectations. We look forward to your continued support.



# Our Digital Transformation (DX) Strategy

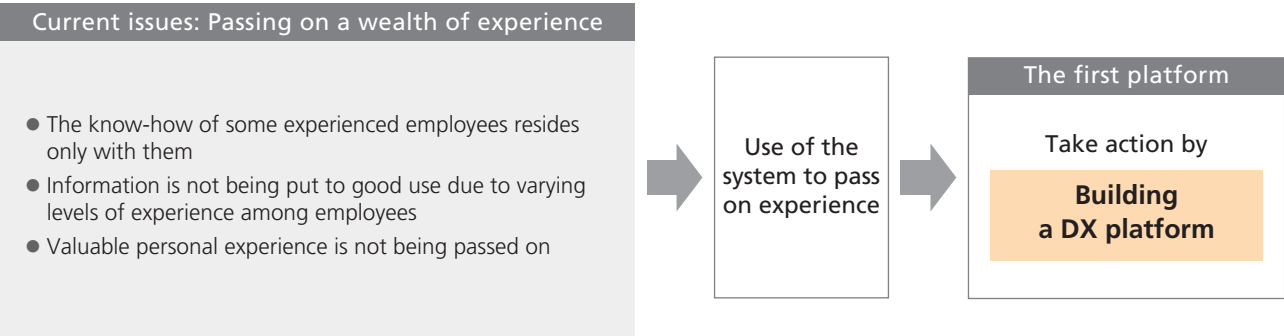
## Building a Robust DX Platform to Befit a Global Technology-Driven Trading Company

Digitalization and IT are bringing significant changes to the business environment. At Tachibana Eletech, we have firmly established our organizational structure and direction and launched a DX Promotion Project on April 1, 2024. We will build a robust DX platform, achieve stable growth, and establish our presence as a global technology-driven trading company.

1

Building a DX Platform to Unify Information and Know-How

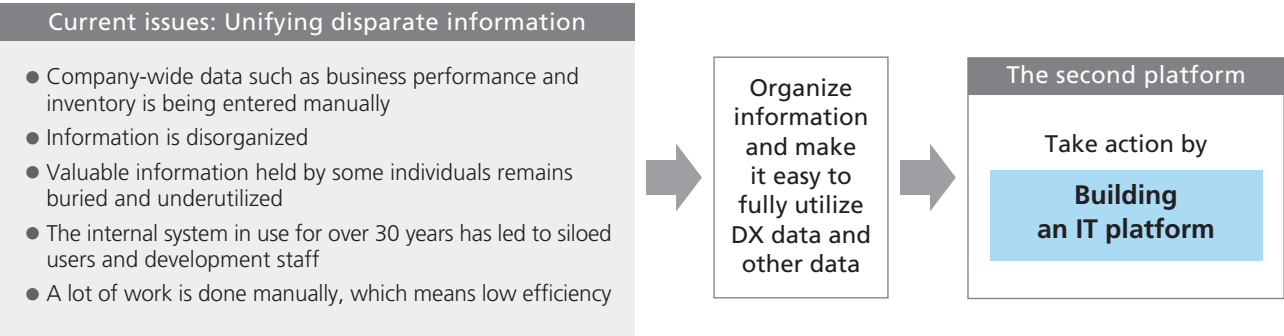
By incorporating various data into a DX platform, we can speed up our operations, including responding quickly to our business partners. The platform will help us visualize the information-gathering skills and decision-making know-how of experienced employees to improve and standardize skill levels across the workforce.



2

Building an IT Platform to Unify Information and Improve Operational Efficiency

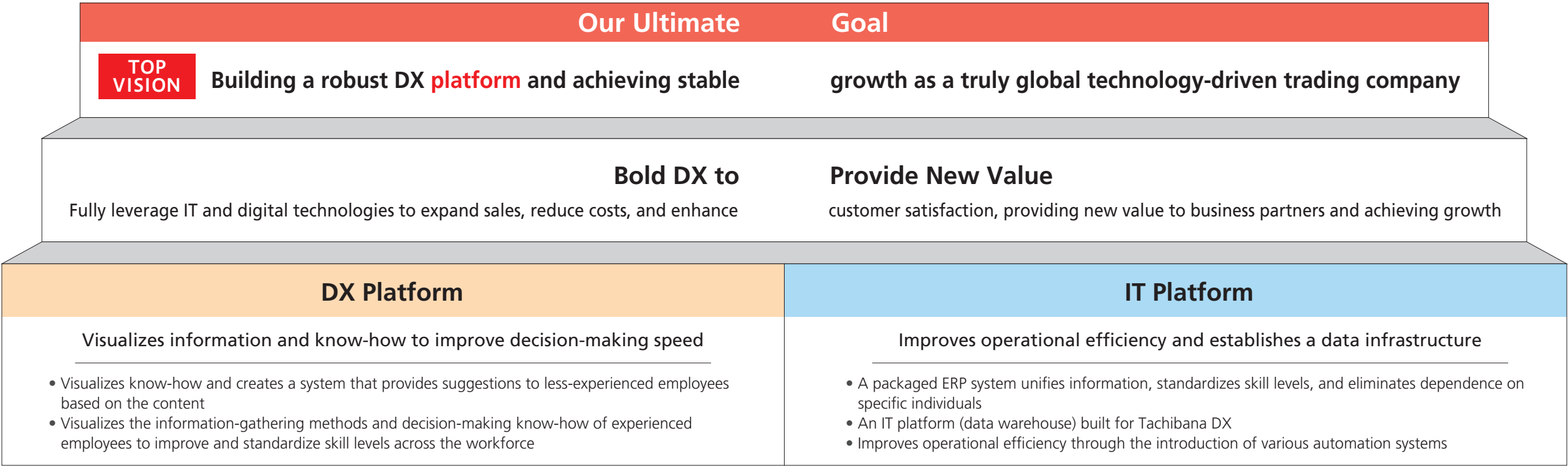
With a data infrastructure in place, we can unify information, standardize skill levels, and eliminate dependence on specific individuals, while also improving operational efficiency through the introduction of various automation measures. Building an IT platform for Tachibana DX will enable bold business development in the future.



### The Two Platforms That Constitute Tachibana DX

Building robust DX and IT platforms will solidify our internal foundation and enable us to fully leverage IT and digital technologies partners, aiming to be a truly global technology-driven trading company.

to expand sales, reduce costs, and enhance customer satisfaction. Through such efforts we will provide new value to our business



# Sustainability Management

## Established the Sustainability Committee

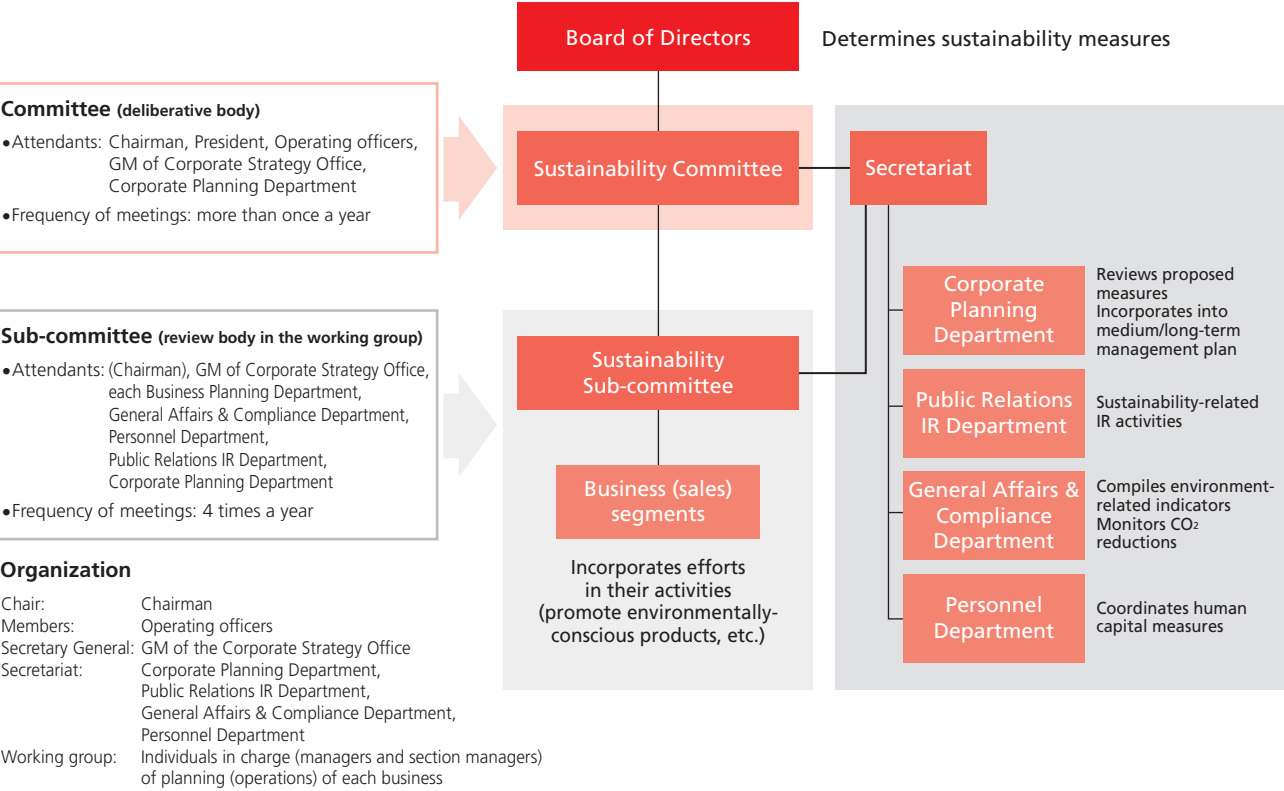
In April 2023, we established the Sustainability Committee. The committee will play a central role in bolstering our sustainability activities.

### Purpose of establishing the committee

We established the Sustainability Committee to further strengthen our environmental, social, and governance initiatives based on our corporate philosophy of being “a technology-driven trading company dealing in electrical, mechanical, electronic, and information products to contribute to the development of society through the delivery of superior products together with the latest technologies to our industrial customers.”

### Committee initiatives

Under the supervision and direction of the Board of Directors, the committee promotes company-wide sustainability initiatives by formulating basic sustainability policies, identifying important issues (materiality), setting targets based on these policies, and managing the progress of these initiatives.



## Basic Sustainability Policy

Our corporate philosophy is to be “a technology-driven trading company dealing in electrical, mechanical, electronic, and information products to contribute to the development of society through the delivery of superior products together with the latest technologies to our industrial customers.”

Based on this philosophy, we recognize that contributing to a sustainable environment and society and sustainably

improving our corporate value are important management issues, and we will solve social issues through our business activities and contribute to the realization of a sustainable environment and society.

Furthermore, by providing our unique services and solutions, we aim to improve customer satisfaction and realize a better society.

### Policy for each area

① Environmental	② Social	③ Governance
<ul style="list-style-type: none"><li>Expand the sale of environmentally-conscious products and the provision of solutions that save energy and resources.</li><li>Actively promote energy conservation, resource conservation, and waste reduction through our business activities to reduce the impact on the environment.</li></ul>	<ul style="list-style-type: none"><li>Actively work to develop self-reliant human resources and continuously improve the work environment based on the concept of “People-Oriented Management,” which believes that if we are a company where employees are motivated to work and can experience their personal growth, they will feel happiness.</li><li>Work with local communities and expand our social contribution activities.</li></ul>	<ul style="list-style-type: none"><li>Comply with laws and regulations, and conduct corporate activities based on social norms and decency.</li><li>Conduct appropriate risk management and faithfully meet the expectations of all stakeholders.</li></ul>








## Promotion of sustainability activities

The Tachibana Eletech Group is determined to promote sustainability activities in an attempt to solve social issues and facilitate the realization of a sustainable environment and society based on the recognition that continued enhancement of corporate value is an important management issue.

### Activities performed in fiscal 2023

April 2023	Sustainability Committee established
June	Basic Sustainability Policy developed
February 2024	Materiality identified

### List of materiality

Area	Materiality	High-priority themes	Correspondence with SDGs
E Environmental	Expand sales of environmentally-conscious products ... Thorough uncovering by concentrating resources	【Factory Automation Systems】 Expansion of solution business	 
		【Semiconductors and Electronic Devices】 Expansion of semiconductor engineering department activities	
		【Building Services Systems】 Contribution to renewable energies	
	Actions for CO <sub>2</sub> reduction	Power-saving activities for lighting and air-conditioning equipment Scope 1 reduction	
S Social	Deepening of people-oriented management	Implementation of training useful in HR development (actions to enhance human resources)	   
	Realization of development and growth together with local communities	Promotion of Nagomi-kai and community service activities	
G Governance	Pursuit of effectiveness and clarity in the management system	Enhancement of corporate governance	
	Compliance enhancement	Offering compliance training to employees	



# E Environmental

## Initiatives to reduce environmental impact

### Environmental Policy

#### Basic Philosophy

Tachibana Eletech is deeply aware that environmental issues are spreading around the globe and represent a long-term and important issues that affect the future. Through sound business practices, we aim to achieve socioeconomic development in harmony with the global environment and contribute toward the realization of a sustainable society.

#### Corporate Principles

##### 1. Effective use of resources and energy

- We will recognize that natural resources and energy are finite and strive to use them effectively.
- We will actively promote energy conservation, resource conservation, waste reduction, recycling, and green purchasing in our business activities and strive to reduce our environmental impact.
  - We will strive to improve operational efficiency by improving our business model activities.

##### 2. Promotion of environmentally-conscious products and services

We will strive to provide the sale and service of environmentally-conscious products that save energy and resources throughout the life cycle of the products we offer.

##### 3. Compliance with environmental laws and regulations

We will comply with environmental laws and regulations, and other requirements which we agree upon during the execution of our business activities, in order to strive to prevent environmental pollution.

##### 4. Enhancement and improvement of environmental management system

Under our environmental management system, we will set and implement environmental objectives and targets, and periodically review them for continuous improvement.

##### 5. Environmental education and social contribution activities

We will continuously educate all employees to improve their understanding and awareness of the environment, and engage in social contribution activities in cooperation with local communities.

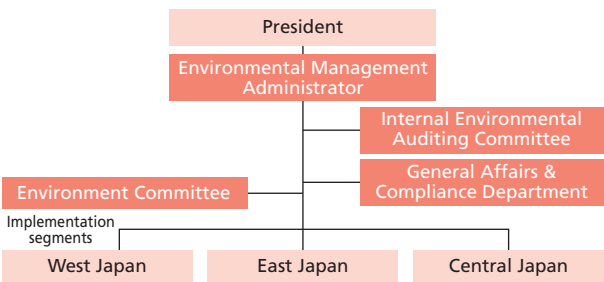
##### 6. Promotion and publication of environmental policy

We will make this environmental policy known to all employees and publish it outside of the company as well.

### Environmental management system

We have acquired ISO14001 certification for all of our business sites in Japan as well as some other locations since 2001 and we continue to make efforts toward environmental conservation. The following diagram provides a breakdown of our environmental management system, which is led by the President. The entire company also carries out improvements using the PDCA cycle based on annual plans, as part of our spiral-up efforts.

#### Environmental management system diagram



### Realizing a decarbonized society

#### Reducing CO<sub>2</sub> emissions

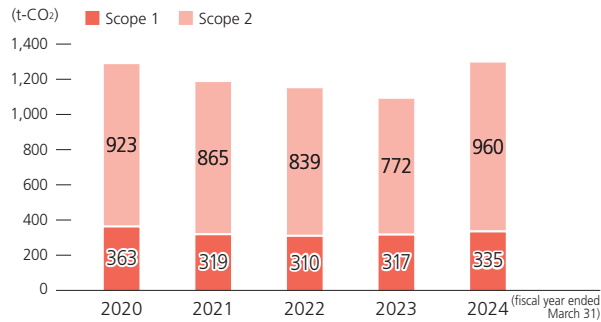
We are tackling the control of greenhouse gas emissions to help achieve a decarbonized society.

We support the reduction of greenhouse gas emissions by expanding the sale of environmentally-conscious products and providing solutions that help reduce environmental impact, while working to reduce our own electricity and gasoline consumption and shifting to the use of renewable energy sources for electricity.

#### Impacts of climate-related risks and opportunities on our business

	Classification	Impacts on our business	
		Risks	Opportunities
Transitional risk	Regulations	<ul style="list-style-type: none"><li>• Introduction of carbon tax</li><li>• Introduction of other policies to regulate greenhouse gas</li></ul>	<ul style="list-style-type: none"><li>• Increased business opportunities in the solar power business for Tachibana Eletech in association with increased demand for renewable energy</li></ul>
	Technology	<ul style="list-style-type: none"><li>• Increased procurement costs due to the dissemination of carbon-free energy, such as hydrogen, ammonia, etc., resulting from technological innovations</li><li>• Drop in sales quantities due to delays in the development of high efficiency devices and systems</li></ul>	<ul style="list-style-type: none"><li>• Increase in sales in association with the increased demand for environmentally-conscious products and expansion of opportunities for provision of solutions</li><li>• Increase in sales opportunities due to the development of high efficiency devices in partnership with manufacturers</li></ul>
	Market	<ul style="list-style-type: none"><li>• Reduced growth opportunities and sales due to delayed response to the changing market</li><li>• Increased procurement costs due to increases in the demand for renewable energy</li></ul>	<ul style="list-style-type: none"><li>• Increased sales in association with the increased demand for environmentally-conscious products and expansion of opportunities for provision of solutions</li><li>• Obtaining energy using in-house solar power generation</li></ul>
	Reputation	<ul style="list-style-type: none"><li>• Drop in the social reputation of Tachibana Eletech due to delays in the introduction of high efficiency FA and semiconductor products</li><li>• Decline in company reputation due to inadequate response to investors' demand to disclose information</li></ul>	<ul style="list-style-type: none"><li>• Enhanced company reputation through the proactive disclosure of information</li></ul>
Physical risk	Immediate	<ul style="list-style-type: none"><li>• Damage to factories and offices caused by natural disasters prompted by climate change and loss of sales opportunities in association with disconnection from distribution routes</li><li>• Increased risk of infectious diseases caused by climate change</li></ul>	<ul style="list-style-type: none"><li>• Increased opportunities for the sale of robots and remote monitoring systems to address reductions in manpower</li></ul>
	Chronic	<ul style="list-style-type: none"><li>• Rise in average temperature on a global scale</li></ul>	<ul style="list-style-type: none"><li>• Increased sales in association with greater demand for environmentally-conscious products and expansion of opportunities for providing solutions</li><li>• Increased opportunities in the solar power business for Tachibana Eletech in association with the increase in the demand for renewable energy</li></ul>

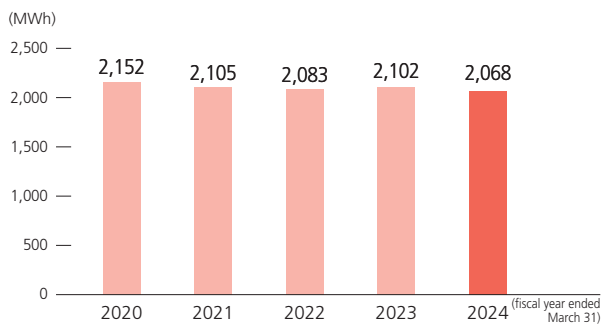
#### Changes in greenhouse gas emissions (non-consolidated)



#### Reduction of electricity consumption

We contribute to electricity conservation and CO<sub>2</sub> reduction for our clients by providing them with an aggressive product lineup of equipment and systems, combined with energy conserving technology, to support energy conservation. We also enforce thorough energy conservation internally as well, and have adopted LED lighting with low electricity consumption for all of our office buildings. We have also achieved a significant reduction in electricity consumption for our overall buildings, while reducing the use of air conditioning by carefully monitoring temperature settings. In the future, we will continue working on the reduction of power consumption by, for example, introducing LED lights in factories and offices other than our office buildings.

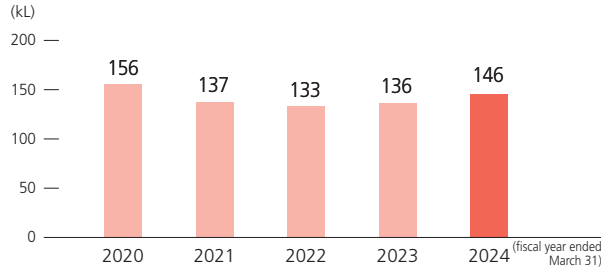
#### Changes in electricity consumption (non-consolidated)



### Reduction of gasoline consumption

Tachibana Eletech has replaced all gasoline engine vehicles currently used with fuel efficient, environmentally friendly hybrid vehicles. With this replacement, gasoline consumption has reduced, resulting in the reduction of CO<sub>2</sub> emissions. However, in recent years, the consumption of gasoline has exceeded the reduction effect due to revitalized sales activities. In the future, we plan to install a voice alarm system for “risky maneuvers” in all company cars to promote eco-driving throughout the entire company to further reduce CO<sub>2</sub> emissions.

#### Changes in gasoline consumption (non-consolidated)



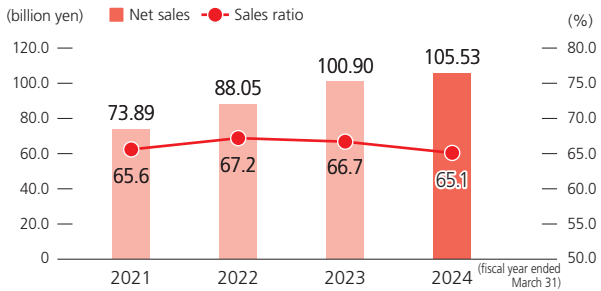
### Increasing sales of environmentally-conscious products

Under our policy to expand the sale of environmentally-conscious products and the provision of solutions that save energy and resources, we have a proven track record as we continuously produce effective environmentally-conscious products that protect the environment, in areas such as solar power, LED lighting, and high efficiency industrial equipment.

#### About our environmentally-conscious products

Evaluation Category	Model Group, Model name	
CO <sub>2</sub> emissions reduction when using the product (finished product)	<ul style="list-style-type: none"><li>• Processing equipment (Electric discharge, laser machinery etc.)</li><li>• Robots</li><li>• Eco Cute</li><li>• LED lighting and lighting equipment</li><li>• FA equipment systems</li></ul>	<ul style="list-style-type: none"><li>• Information and imaging systems</li><li>• Facility-related systems</li><li>• Multi-function system (Solutions)</li><li>• Logistics systems</li><li>• Robotics systems</li></ul>
CO <sub>2</sub> emissions reduction contribution when using the product (parts)	<ul style="list-style-type: none"><li>• Motors (including geared motors)</li><li>• Industrial fans</li><li>• Low-voltage power distribution control</li><li>• Transformers</li><li>• High pressure equipment</li><li>• Sequencers</li></ul>	<ul style="list-style-type: none"><li>• Inverters</li><li>• AC servos</li><li>• Semiconductors (Microcomputers, memory, ASIC, analog ICs etc.)</li><li>• Electronic devices (Passive components, connectors, display components etc.)</li></ul>
“Zero” Real CO <sub>2</sub> Emissions	<ul style="list-style-type: none"><li>• Photovoltaic power related</li><li>• 3D printer related</li></ul>	

#### Sales and sales ratio of environmentally-conscious products (non-consolidated)



Examples of business undertakings

Design and installation of photovoltaic power generation systems

In addition to energy-saving efforts, society has shown stronger interest and expectations in proactive approaches to energy creation. In particular, the installation of photovoltaic power equipment is on the rise for the realization of a decarbonized society.

Tachibana Eletech was among the first in the industry to set up a dedicated team covering photovoltaic power generation systems, which is building up technology and know-how, and responding to demand by supporting the installation of photovoltaic power generation systems and creating optimal designs based on the installation environment and scale of our customers. The company offers a variety of installations, including the installation of rechargeable batteries as a means of BCP in an event of a power failure.

[Installation example of a photovoltaic power generation system]  
Module capacity: 1713.3 kW  
Power conditioner: 250 kW × 6 units



Bird's-eye view of the installation on a distribution center roof  
Roof-top module installation

Proposal for robotic system

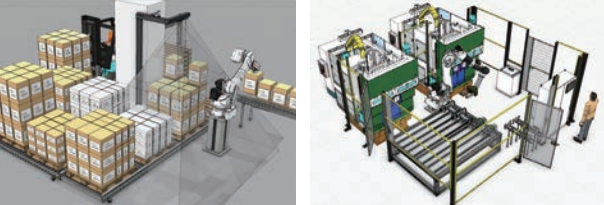
Inquiries for automation and manpower-saving are increasing.

As actions toward SDGs, monitoring system projects to visualize the power consumption of each line in the factory and automation utilizing robots are increasing.

Concerning robotic systems, we are putting an emphasis on the proposals using 3D simulation. All members of robotic sales teams have acquired basic operation skills for 3D simulators and help is available from experts stationed in the head office and the Middle Japan Branch Office. The use of 3D simulator, which shows motion, will offer advantages like:

- ① Confirming if the system is consistent with the image held by the customer.
- ② Making the proposal easier to understand, making it easy for management to make decisions.
- ③ Differentiating the approach from competitors.

Whenever the system concept is presented with a 3D simulation, the customer shows a favorable response, saying “it is very easy to understand.” It also makes business negotiation easier and we thus plan to expand the scope of application.



Verification with 3D simulation

Development of energy-saving products

In Semiconductors and Electronic Devices, various environmentally-conscious products are proposed to customers with the engineering department playing the central role. For example, by offering microcomputers that can be driven with low power consumption, energy efficient power devices, and various high-precision sensors to customers producing home appliances with stringent energy-saving standards, we are helping customers improve the energy-saving performance of their products.

Also, in proposing microcomputers, we also propose software development for the microcomputer, which is a strength of our engineering department, to support the development of the customer's energy-saving products.

The number of software development projects subcontracted to us is increasing year after year and exceeded 150 in fiscal 2023. More than half are involved in the development of energy-saving products. We aim to increase the number further.



Approx. 50 members of the R&D department are engaged in the development of more than 150 types of software.

Social

HR management

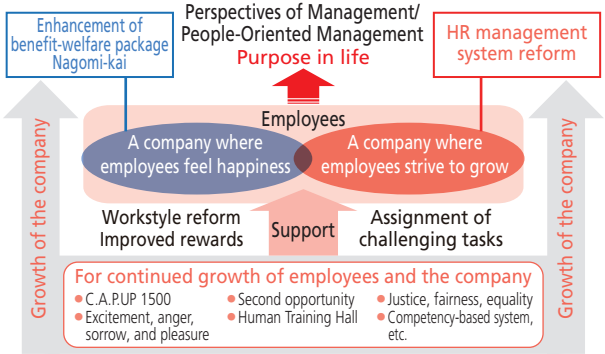
The philosophy of “people-oriented management”

Tachibana Eletech is promoting “People-Oriented Management.”

Our philosophy is that if we are a company where employees are motivated to work and can experience their personal growth, they will feel happiness. Based on this philosophy, we are continuing our “C.A.P.UP 1500” and “Human Training Hall” initiatives which seek to create an environment that can heighten the personal growth of each and every employee. “C.A.P.UP 1500” is a structural reform project that aims to maximize the fundamental selling capabilities that a trading company should possess. The “Human Training Hall” is a “training hall” (dojo in Japanese) that fosters comprehensive human skills that includes improving in interpersonal communication skills and inheriting the “wisdom” and “ingenuity” of those before us.

Going forward, we will continue to promote “people-oriented management” that will turn the growth of each individual into the driving force for the company's growth. We will then undertake human resource management system reform to facilitate the further growth of employees, enrich benefit and welfare packages to heighten employees' happiness in working for the company and enhance the operation of Nagomi-kai, which is an internal organization. By enriching “people-oriented management” with these activities, we are determined to enable further growth of the company.

believe that it is imperative that we work to encourage women to be more active than ever before. At the same time, we will strive to improve our internal structure and environment in order to respond to various changes in the business environment, such as the shift in society as a whole from a membership-type to a job-type personnel program, and to make our company more attractive to our employees.



C.A.P.UP 1500  
● C: Capability (Capability to act)  
● A: Ability (Ability to get things done)  
● P: Power (Power to put into practice), Potential (Possibility, latent ability)  
● 1500: Toward the target of JPY150 billion non-consolidated net sales

Reforming our HR program

To date, we have been working to develop employees with execution and management skills under an HR program that emphasizes capability and ability. Going forward, we plan to gradually shift to a job-type and function-oriented system with an eye on a future job-type system. To be specific, we will establish a grading standard based on skills and difficulty of work over time to clarify the goals of employees' efforts and managers' goals for developing subordinates, setting the paths for advancing one's career. By offering rewards based on the type of job and regardless of the age or sex, we will support young employees and female employees in playing active roles.

Human capital management

We will move forward to continue to develop our human resources and improve our internal systems and environment based on the concept of “People-Oriented Management,” guided by the principles of “for people,” “trust from people,” “joy with people,” and “nurturing people” so that our employees actively take on difficult challenges and overcome them to feel a sense of growth.

Additionally, in light of the declining working population, we

VOICE

In-house design and installation of environmentally-conscious products to support the realization of a decarbonized society

Our department, which was established as a department dedicated to photovoltaic power generation, has a history of more than fifteen years and has many accomplishments, accumulated experience, and knowledge. Although it currently handles environmentally-conscious products under the keyword “carbon neutral,” we believe they play an important role in transforming the entire social system. The department supplies many renewable energy systems, including photovoltaic power generation systems, to many factories, warehouses, parking lots, etc. of our customers (mainly manufacturers) and helps the customers realize carbon-free management on their own. From the zero-phase proposal to onsite investigation, design through to the customer review, modifications, procurement and installation, every process is carried out by the company quickly and appropriately, obtaining the customer trust. We believe it was possible because the company had designers with expertise in the field.

The strengths of Tachibana Eletech lie in its ① technical capabilities with more than half of its employees specializing in engineering fields, ② procurement capability to obtain a majority of devices from manufacturers at a low cost consistently, ③ installation capability enabling safe work, securely and at a high quality, and ④ proposal capability that is convincing and assuring to the customer. We will satisfy customer needs, which are becoming more sophisticated each day, by integrating these four strengths at a high level.



Shinsuke Tanaka  
Manager,  
Facility Systems Dept. 2,  
Facility Systems Division

VOICE

Support each employee's career advancement, including the promotion of active roles for female employees

The role of Personnel Section is to support everybody, from younger employees to veterans, to build the career of their dreams. While enriching various training programs further and provide an environment to allow employees to work to their most fulfilling extent, we hope to invigorate the organization with good coordination. As Tachibana Eletech values recruiting in which each candidate is evaluated sincerely, we make efforts to offer opportunities to help candidates to form an exciting image of “working at Tachibana Eletech,” such as through company tours. When recruiting new graduates in 2025, in particular, added emphasis was placed on the employment of female salespersons and engineers, and to this end we have released information on the status of encouraging female employees to play active roles and the possibilities available in doing so. When I am involved in an interview, I am committed to speaking from my experiences, because my comments and attitude will influence the applicants' impressions. I also communicate with members from different departments to be able to address a variety of questions and concerns. Through work in the Personnel Section, in which one is required to communicate with many people, I can understand every employee's considerate acts and devotion to the work and that inspires me as well. I believe the company's strength lies in this “good-naturedness of employees.”



Nahoko Hashida  
Personnel Section



Human resource development

Training system

In anticipation of the upcoming transition to a new HR program, we will develop a rank-based training system and implement it systematically. We have already conducted training programs for managers, young employees, and female leaders, and will systematically conduct more training programs in the future to develop employees’ abilities and human resources.

In addition, at “Risshikan,” a training center with accommodations owned by Tachibana Eletech, we provide comprehensive employee education ranging from the cultivation of human skills to knowledge training. The training center has a 24-mat “Human Training Hall” where employees can exchange opinions in a round-table discussion format in an atmosphere completely different from that of classroom training. The company provides all the food and beverages at these round-table discussions, thereby encouraging employees to actively use the facilities, and allows everyone from management to general employees, regardless of age or position, to get to know one another. These events provide valuable opportunities for employees to broaden their knowledge and personal perspectives. Although the opportunity to use the “Human Training Hall” has significantly diminished due to the COVID-19 pandemic, we have re-opened the “Human Training Hall” over time in the fiscal year ended March 31, 2024, and are seeking to revitalize internal communication and develop the skills of employees. In the future, we plan to increase training opportunities and use the “Human Training Hall” further.

Major training achievements and targets

	Results (FY2022)	Results (FY2023)	Target value (FY2025)
Training for managers	10	5	15
Training to promote career advancement for women	1	1	10
Career advancement training for young employees	6	8	10
Training aimed at improving specialized abilities and skills	18	23	30
Number of times of Human Training Hall held	7 *Reduced due to the impact of COVID-19	26	50



Training new employees (Human Training Hall)

New graduates and mid-career hires

We promote and appoint both new graduates and mid-career hires to management positions based on merit and performance. We will continue to hire and train a wide range of people with specialized abilities and skills, regardless of how they joined the company. As a result, we will encourage employees with various specialties, skills, and experience to demonstrate their abilities and play an active role, thereby driving the company’s development.

Promoting diversity

Promoting contribution by women leaders

We aim to create a workplace in which women can contribute equally. For example, we increased the number of leaders by three from six in the fiscal year ended March 31, 2020 to a total of nine in the fiscal year ended March 31, 2023. The percentage of women in management positions is 12.5% for the group overall.

Also, in the fiscal year ending March 31, 2025, three female managers were appointed and they have become role models for female leaders.

Moving forward, we will transform our human resources policies, such as restructuring our job classification according to job description, in order to continue preparing an environment, including culture and climate, that enables female employees to exercise their abilities even more and further promotes wide ranging contribution by women.



Training session to promote career advancement for females

VOICE Create an environment where it is easy for everybody to work and realize work-life balance

I believe that the company principle “A Spirit of Enterprise” represents the strong will of each employee to proactively undertake new activities. Also, as expressed in the principle of “A Spirit of Harmony,” members of sales and engineering departments are working together as a team, providing an air of harmony. It is my belief that our company’s human power lies in the fact that people help each other’s growth, giving birth to something new and producing better results.

When I took maternity leave, there was no system for shorter working hours and it was very difficult to fulfill dual roles. In the future, it is better to reform the environment and system to allow everybody to work to their best potential, no matter if she wishes to get married and have children or not. Also, when I relieved a younger employee taking a maternity leave, I became so deeply immersed in work that I dreamed about it. Although I overcame the situation with the determination to give back what other members had done for me after I returned to the section, even distribution of workload is a problem that must be solved in the future. As I have been associating with other employees and building relationships of trust myself, the “connection among the people” is a strength of the company. I believe that we can connect with customers and expand our network, opening new horizons thanks to this foundation.



Ayumi Inui  
Manager,  
General Affairs Section

Work-life balance initiatives

We are preparing an employment environment that is easy to work in by enabling employees to balance work with childcare and the family, and have created and executed various action plans to do so. For example, we are breaking away from an operational tendency to depend on specific individuals by standardizing, optimizing, and leveling operations, resulting in an environment which makes it easy for employees to take childcare leave and to return to work after leave.

Enhancement of benefit-welfare packages

To make a company in which employees feel fortunate working, we will review benefit and welfare packages systematically. In the future, various benefits provided for the purpose of supporting employees’ lives and systems for paid leave will be enhanced further to improve the satisfaction level of employees.

Promotion of employment of the disabled

In order to expand employment opportunities for the disabled, we strive to promote the hiring of persons with disabilities and to provide a working environment that is friendly to persons with disabilities.

Nagomi-kai

Aiming to create a company employees can be proud of, we established Nagomi-kai in April 2023. Major activities of Nagomi-kai are the support of activities that are not supported by the company, ranging from financial support for employees’ voluntary self-learning, utilization of the Human Training Hall, and promotion of and financial aid for everything from employee exchange programs to community services.

In the fiscal year ended March 31, 2024, we made a donation to the Nakanoshima Children’s Book Forest to foster the creativity of children and their ability to think and sent a relief fund to the victims of the 2024 Noto earthquake. In addition, we established a “Nagomi-bako” (a box for submitting opinions) on the company’s intranet. We will proactively collect a wide range of requests from employees.

Promotion of community services

Nagomi-no-Sato

Tachibana Eletech has been engaged in nature conservation activities in Hirakata City, Osaka Prefecture since 2019 by leveraging Osaka’s *Satoyama* conservation program “Adopt a Forest.” The land was named “Nagomi-no-Sato (Place of Rest)” taking the reading “Nagomi” for the character “Wa” in our company principle, “Wago no Kifu (Spirit of Harmony).”

All employees are working together in tending the wild growth of bamboo trees and planting 125 cherry trees (Yoshino Cherry) in 2022 to create a *satoyama* (a land bordering forest and habitation).

In the fiscal year ended March 31, 2024, we cooperated with bands for the “Environment Fest,” sponsored by the Eastern Resource Recycling Center of Hirakata and, at the

same time, we presented the importance of *satoyama* to the visitors with the giveaway of leaf molds.

The event of bamboo-shoot digging, in which many employees and their families participate, has become a regular event to protect the cherry trees from bamboo.

We will undertake various activities to create a *satoyama* treasured by community members, aiming at the establishment of richer biodiversity.



Planting cherry trees



A band performance at the Environment Fest

VOICE Supporting employees’ happiness and growth in different aspects

I believe that the policy of people-oriented management has taken root in employees’ minds and resulted in today’s large growth by establishing relationships of trust with partners. In Nagomi-kai, which was established in 2023, we undertake activities such as provision of financial aid for employees’ voluntary self-learning, utilization of the Human Training Hall for character building, and promotion of and financial aid for employee exchange programs and community services. Also, I still recall sending relief to victims of the 2024 Noto earthquake by setting up a box for fundraising.

Tachibana Eletech, which has valued ties with people, gives special consideration to its employees and their families and this results in added strength for the company. While the company intends to create benefit and welfare packages that make employees feel “it has been lucky to be able to work for Tachibana,” Nagomi-kai encompasses areas that are not supported by the company to improve the welfare level of the company. I will do everything possible to enrich employees’ and their families’ lives.



Kumiko Marutani  
Manager,  
Labor and Welfare Section

## Quality management

## Quality Policy

## Basic Philosophy

We believe that our business activities must be beneficial to people and society, and we provide the latest technological products and system solutions that meet the requirements of our customers.

## Code of Conduct

- 1. Improve customer satisfaction**  
We respond quickly to changes in technology and society, and provide products and services that always satisfy our customers.
- 2. Comply with the law**  
We will live up to the trust of our customers and society by complying with relevant laws, regulations, and social requirements related to our products and services.
- 3. Continuous improvement**  
We set and implement quality objectives and targets, and strive for continuous improvement to realize our quality policy.
- 4. Disseminate the policy**  
We make this quality policy known to all employees and disclose it outside the company.
- 5. Review and make improvements**  
We periodically review and improve this quality policy in response to social trends and changes in the business environment.

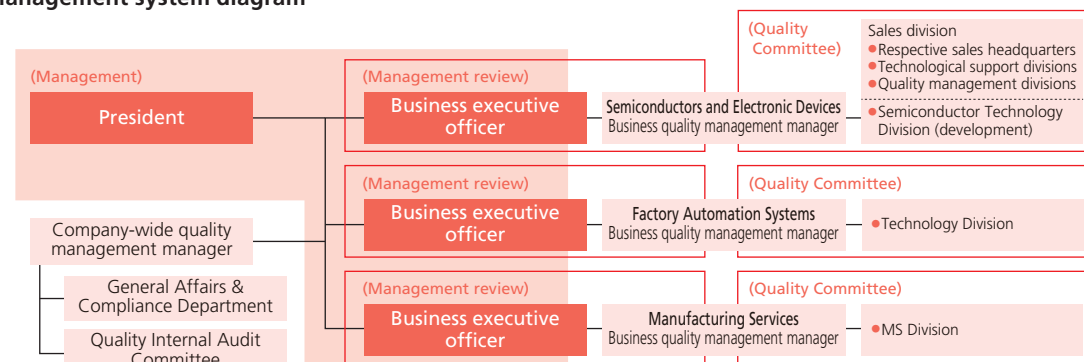
## Quality management system

ISO9001 certification for the quality management system has been obtained by the design, R&D, and manufacturing subcontract departments (Technology Headquarters, semiconductor Technology Headquarters and MS Headquarters), which are involved in manufacturing, and all divisions in Semiconductors and Electronic Devices (sales, planning, technical support, and quality management departments).

### Quality management system (semiconductors)

As semiconductors make up a very large share of the products we carry, we have established the Semiconductor Quality Control Office as a dedicated department for strengthening quality control. The Office has the following main responsibilities:

### Quality management system diagram



- 1. Deal with defects in semiconductor products:**  
When defects are discovered in delivered products, the Office works with the supplier to identify the cause and come up with countermeasures.
- 2. Manage environmental chemicals in semiconductor products:**  
In response to customer requests, the Office examines whether or not there are hazardous substances contained in products and prepares reports on the quantities.
- 3. Audit new suppliers:**  
The Office conducts advanced investigations into whether or not new suppliers can deliver the required quality.

The Office is currently pursuing quality enhancement efforts on such themes as the strengthening of the logistics management system, quality control education programs for sales representatives, and the creation of a database of environmental chemicals.

In the fiscal year ended March 31, 2024, we received about 277 inquiries related to product quality and about 12,517 inquiries related to environmental issues.

### Audits covering the plants of suppliers

We have been seeking out new suppliers both in Japan and overseas in response to customers' calls for higher-quality products and cheaper prices. With consideration to the subsequent broadening of the scope of suppliers, we have established a Quality Management Division in each business that manages supplier quality through activities such as auditing supplier factories.

Tachibana Eletech periodically checks the factories, technologies, and production systems of supplying manufacturers from the viewpoint of quality management, and requests improvements when problems are found, and provides products to customers from a position of continuously taking responsibility for the quality and delivery of our products.

## Policy on the environment and CSR procurement

All procurement activities must maintain fairness and the decision to begin or continue a business relationship is determined based on a comprehensive evaluation of the supplier's compliance with laws and social norms and its consideration for the environment.

**G Governance**

## Corporate governance

## Corporate governance structure and initiatives

Tachibana Eletech recognizes that corporate governance is the most important issue for our sustainable growth and enhancement of corporate value over the medium to long term. We are building a structure to realize management that serves the interests of all stakeholders, including shareholders by improving management efficiency and ensuring financial soundness and transparency.

## 1 Board of Directors

The Board of Directors consists of 10 members: seven directors (excluding directors who are members of the Audit and Supervisory Committee) and three directors who are members of the Audit and Supervisory Committee, of which five are external directors. These external directors provide advice and recommendations on the company's management from their objective and professional perspectives, thereby enhancing the transparency and reliability of the Board of Directors and strengthening the management oversight function.

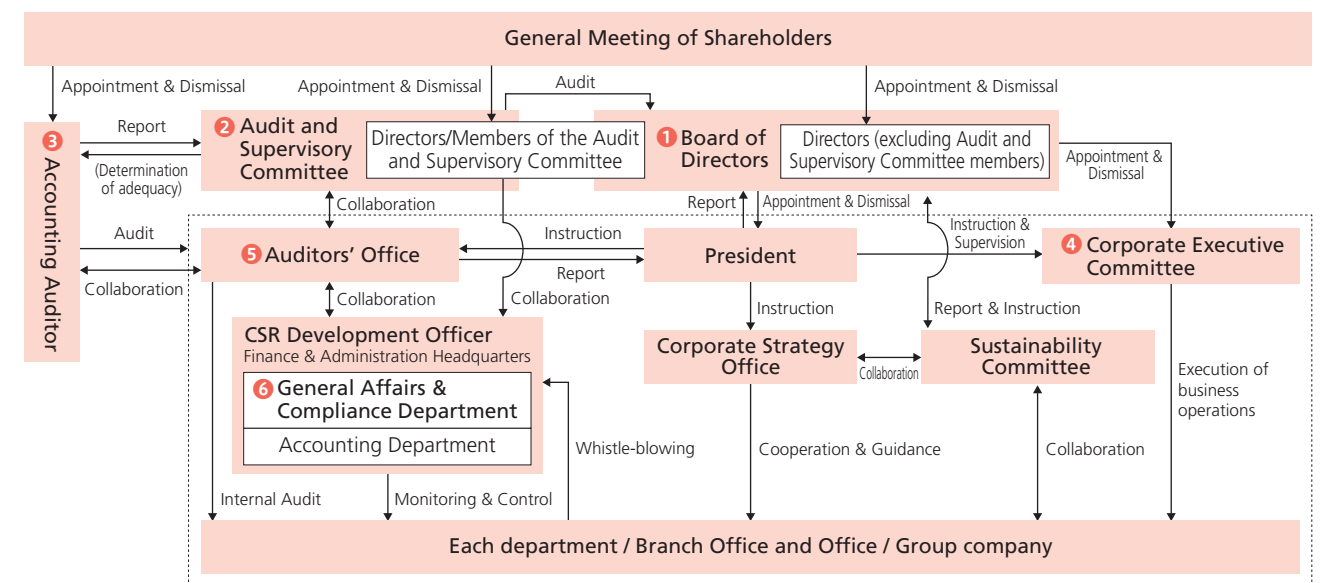
## 2 Audit and Supervisory Committee

The Audit and Supervisory Committee formulates and implements audit policies, audit plans, audit methods, the allocation of audit work, and exchanges opinions with the audit corporation. Two of the three directors who are members of the Audit and Supervisory Committee are external directors.

### 3 Accounting Auditor

Deloitte Touche Tohmatsu LLC has been contracted to serve as our accounting auditor in order to perform accounting audits in accordance with the Companies Act and the Financial Instruments and Exchange Act.

### Corporate governance system diagram



There are no special vested interests that exist between Tachibana Eletech and Deloitte Touche Tohmatsu and their audit engagement partners that perform audits for us.

#### 4 Corporate Executive Committee

The Corporate Executive Committee is comprised of 15 operating officers selected by the Board of Directors. The operating officers carry out duties quickly and pertinently based on management policy decided upon at meetings of the Board of Directors and accommodate sudden changes in management environment in an agile and appropriate manner, under the supervision of the Board of Directors.

Meetings of the Corporate Executive Committee were convened 13 times in the fiscal year ended March 31, 2024.

**5 Auditors' Office**

The Auditors' Office is an independent organization that directly reports to the President that is responsible for carrying out internal audits. The office strives to improve the company's internal control by investigating the management of operations and assets in accordance with the Internal Audit Rules stipulated by the company.

## 6 General Affairs & Compliance Department

The General Affairs & Compliance Department promotes greater awareness of the hotline to all employees of the Tachibana Eletech Group. In the event of a compliance-related incident, the manager of the General Affairs & Compliance Department reports the matter to the CSR Development Officer, who promptly reports it to the president and members of the Audit and Supervisory Committee. In addition, the manager of the department consults with relevant parties to ensure a prompt and appropriate response.



Compliance

Basic policy and organization

Tachibana Eletech will fulfill its social responsibilities by performing business operations complying with various regulations under the management system with effective corporate governance. For this purpose, we will undertake actions to enhance corporate governance and thorough enforcement of compliance as high-priority issues.

At the same time, the company has set a policy of having officers and employees understand that compliance is the most important issue in sustaining healthy business operation.

The General Affairs & Compliance Department will supervise and support the thorough implementation of management activities so that operations will be executed appropriately from the perspective of compliance as the department responsible for compliance.

Actions to promote compliance

The General Affairs & Compliance Department is providing compliance training to promote the spirit of compliance.

In June and July 2024, it has provided compliance training focusing on the themes of “morale,” “harassment,” and “insider trading” to managers.

Compliance hotline

We have established a hotline for employees to report and receive consultation on compliance violations. This hotline is made known to all employees and is run appropriately to ensure that employees reporting a violation are not subjected to unfair treatment. This ensures the early detection of issues.

Risk management

All employees of the Tachibana Eletech Group comply with all relevant laws and ordinances while also respecting social norms. They strive to act as responsible and independent members of society with a sound conscious and all Tachibana Eletech Group employees carefully abide by the code of conduct set forth in our Compliance Management Regulations that contain guidelines on standards of conduct.

year and analyzing, assessing and addressing these risks. If such risks emerge, our goal is to minimize damages to every extent possible.

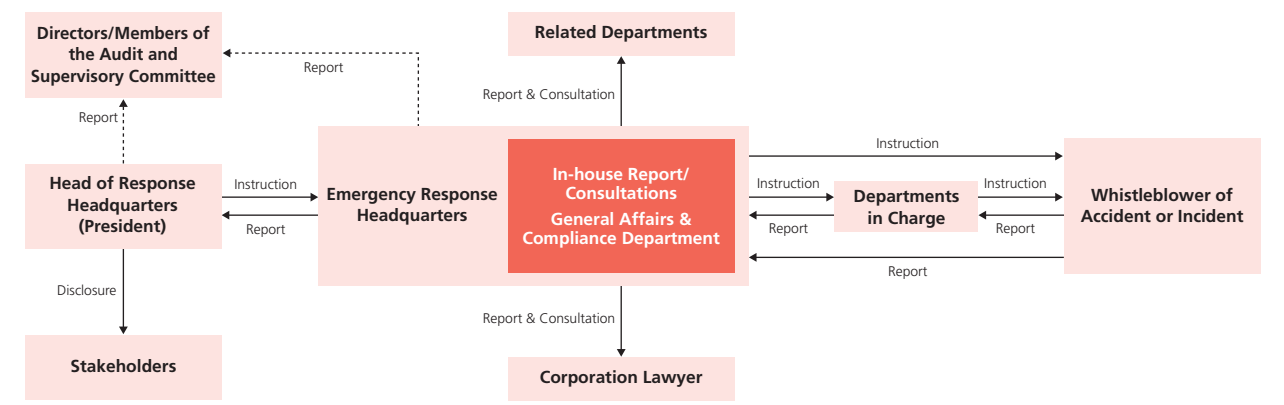
Crisis management system

We established a crisis management system to address crises that threaten large numbers of lives and impede the company’s operations. Reports and orders concerning safety and damages along with the restart of operations will be handled using an information conveyance system that emphasizes promptness and accuracy.

Risk management system

**Risk management system**  
Operational risks are constantly evolving and their impacts may also change. We prevent crises by identifying risks every

Risk management system diagram



Crisis management office diagram



Business Continuity Plan (BCP)

In order to ensure the safety of employees and continuation of business activities in preparation for major disasters, we have defined our response protocol at the time of disasters, while stockpiling emergency rations and training employees. We believe that safeguarding the lives of our employees and contributing to the continuity of our customers’ businesses

Information security

Information security policy

It is our duty to implement appropriate security measures for trade secrets\* and personal information to protect it from loss, theft, and unauthorized use in order to maintain the trust of our customers and remain competitive. This Information Security Policy is our security policy for trade secrets and personal information, which sets forth appropriate protection measures.

Employees shall understand the purpose of this policy and must familiarize themselves with and comply with the company’s security regulations and relevant laws and regulations.

1. Implement appropriate security measures for trade secrets and personal information to strengthen the relationship of trust with customers.
2. Improve corporate ethics and fulfill our social responsibility as a company through the implementation of appropriate security measures and compliance with laws and regulations relating to trade secrets and personal information.
3. Establish and continuously improve the information security management system to realize information security measures.

\*Trade secrets are defined as technically or commercially helpful information and information that is useful in the company's business activities, held by the company, and information that, if leaked or misused, would be detrimental to the company or its stakeholders.

represents one aspect of our corporate social responsibilities, and have established a business continuity plan to respond to unpredictable situations.

Management of intellectual properties

Tachibana Eletech considers intellectual property as vital management resources going forward.

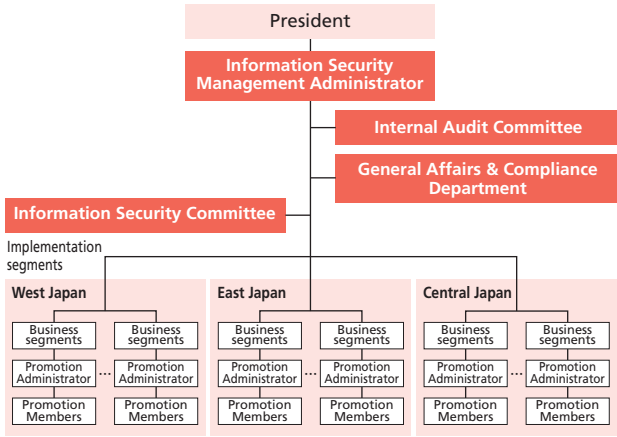
We treat business activities, development activities and intellectual property activities in a unified manner, and in coordination with our business growth strategy, will proactively protect our intellectual property rights while enhancing our strengths in global intellectual property capability which contribute to the business and society.

Currently, the company owns seven trademark rights as a corporate identity to facilitate the spread of its corporate image.

Information security system

The company has obtained ISO27001 certification and is handling information concerning customers’ products and services entrusted in accordance with the terms of contract. Therefore, we are seeking to strengthen our information security system and maintain and manage it at a high level, from various security system implementations to conducting awareness education for employees, in order to protect myriad information assets handed from customers in a more rigorous manner.

Information security management structure diagram



Board Members

Directors



Takeo Watanabe

Chairman, EO  
In charge of Governance

Brief biography, position and responsibilities (important concurrent posts)

1968 Mar. Joined Tachibana Eletech  
1996 June Director, General Manager, Overseas Operations division  
1998 June Director, General Manager, Overseas Operations business  
2000 June President  
2003 June President & Representative Director  
2006 June President, Representative Director & Executive Officer  
2022 Apr. President, Representative Director & Executive Officer in charge of Manufacturing Services  
2022 June Chairman, Representative Director & Executive Officer in charge of Governance  
2023 June Chairman & Executive Officer in charge of Governance (current post)



Hisanobu Nunoyama

President, CEO  
In charge of Manufacturing Services  
In charge of Overseas Operations

Brief biography, position and responsibilities (important concurrent posts)

1984 Apr. Joined Tachibana Eletech  
1995 Apr. Managing Director, Tachibana Sales (Hong Kong) Ltd.  
2002 Nov. Managing Director, Tachibana Sales (Hong Kong) Ltd.  
Managing Director, Tachibana Sales (Shanghai) Ltd.  
2007 Apr. Managing Director, Tachibana Overseas Holdings Ltd.  
Managing Director, Tachibana Sales (Hong Kong) Ltd.  
Managing Director, Tachibana Sales (Shanghai) Ltd.  
2010 June Operating Officer  
Managing Director, Tachibana Overseas Holdings Ltd.  
2014 Apr. Managing Operating Officer in charge of Overseas Operations, Semiconductors & Electronic Devices overseas  
Managing Director, Tachibana Overseas Holdings Ltd.  
2016 Apr. Managing Operating Officer, Tokyo Branch Office Manager, in charge of Tokyo Branch Office bases and Overseas Operations  
2016 June Director, Managing Operating Officer, Tokyo Branch Office Manager, in charge of Tokyo Branch Office bases and Overseas Operations  
2020 Apr. Director, Managing Operating Officer, Tokyo Branch Office Manager and General Manager, Tokyo Administration Department, in charge of Tokyo Branch Office bases and Overseas Operations  
2022 June President, Representative Director & Executive Officer in charge of Manufacturing Services, Overseas Operations (current post)



Yoshikazu Gondo

External Director  
General Manager, Business Promotion  
Department, Kansai Branch Office, Mitsubishi  
Electric Corporation

Brief biography, position and responsibilities (important concurrent posts)

1992 Apr. Joined Mitsubishi Electric Corporation  
2021 Apr. General Manager, Business Promotion Dept., China Branch Office of same company  
2024 Apr. General Manager, Business Promotion Dept., Kansai Branch Office of same company (current post)  
2024 June Director (current post)

Directors (members of the Audit and Supervisory Committee)



Makoto Iijima

Director, Audit & Supervisory Committee  
Member

Brief biography, position and responsibilities (important concurrent posts)

1986 Apr. Joined Sanwa Bank, Ltd. (now MUFG Bank, Ltd.)  
2009 Oct. General Manager, Shibuya Corporate Sales Branch of same bank  
2012 Jan. Deputy Branch Manager, Jimbocho Branch of same bank  
2015 Apr. Joined Tachibana Eletech as General Manager, Legal Affairs & Compliance Office, Finance & Administration HQ, and General Manager, Export Administration Office  
2016 July General Manager, Accounting Audit Division, Finance & Administration HQ  
2019 Apr. General Manager, Public Relations IR Department, Corporate Strategy Office  
2023 Apr. General Manager, General Affairs & Compliance Department, Finance & Administration HQ  
2024 Apr. General Manager, Legal Department, Finance & Administration  
2024 June Full-time Audit & Supervisory Committee Member (current post)



Sadayuki Takami

Director  
Executive Operating Officer  
In charge of Semiconductors & Electronics  
Devices

Brief biography, position and responsibilities (important concurrent posts)

1980 Apr. Joined Tachibana Eletech  
1996 Apr. Managing Director, Tachibana Sales (Singapore) Pte., Ltd.  
2000 Apr. General Manager, Semiconductor Sales Dept. 1, Semiconductors & Electronic Devices Div. 1  
2006 June Division General Manager, Semiconductors & Electronic Devices Div. 3  
2009 Apr. Chief General Manager, Renesas-Mitsubishi Semiconductors & Electronic Devices Div.  
2010 June Operating Officer, Chief General Manager, Renesas-Mitsubishi Semiconductors & Electronic Devices Div.  
2012 Apr. Operating Officer in charge of Domestic Semiconductors & Electronic Devices  
2014 Apr. Managing Operating Officer in charge of Domestic Semiconductors & Electronic Devices  
2016 Apr. Managing Operating Officer in charge of Semiconductors & Electronic Devices  
2016 June Director, Managing Operating Officer in charge of Semiconductors & Electronic Devices  
2017 Apr. Director, Executive Operating Officer in charge of Semiconductors & Electronic Devices (current post)



Yoshinori Matsuura

Director  
Operating Officer  
In charge of Finance & Administration

Brief biography, position and responsibilities (important concurrent posts)

1985 Apr. Joined Tachibana Eletech  
2003 Apr. General Manager, Corporate Planning Dept., Corporate Planning Div.  
2010 Apr. General Manager, Corporate Planning HQ & Corporate Planning Dept.  
2015 Apr. General Manager, Administration Div.  
2016 Apr. Director, General Manager, Administration Div.  
2019 Apr. Director, General Manager, Corporate Strategy Office  
2020 Apr. Director, General Manager, Corporate Strategy Office and in charge of Finance & Administration  
2023 Apr. Director in charge of Finance & Administration  
2023 June Director, Operating Officer in charge of Finance & Administration (current post)



Yasuhiro Otani

External Director (member of the Audit and  
Supervisory Committee)  
Representative Director, Kansai Venture Incubate, K.K.  
Representative employee, KVI Licensed Tax  
Accountant Corporation  
Representative employee, Gravitas Audit Corporation

Brief biography, position and responsibilities (important concurrent posts)

1990 Oct. Joined Showa Ota & Co. (now Ernst & Young ShinNihon LLC)  
2000 July Director, Kansai Venture Incubate, K.K.  
2001 Aug. Representative Director of same company (current post)  
2002 Aug. Joined KVI Tax Accountant Corporation  
2003 June Auditor of Tachibana Eletech  
2004 Feb. Representative employee, KVI Tax Accountant Corporation (current post)  
2014 Mar. Joined Gravitas Audit Corporation  
2014 July Representative employee of same company (current post)  
2022 June Director, member of the Audit and Supervisory Committee, Tachibana Eletech (current post)



Hiroumi Shioji

External Director (member of the Audit and  
Supervisory Committee)  
Representative employee, Shioji Law Office  
External Director, Fuji Seal International, Inc.

Brief biography, position and responsibilities (important concurrent posts)

1984 Nov. Passed bar exam  
1987 Apr. Registered with Osaka Bar Association  
Joined Asaoka Law Office (now Asaoka Taki Law & Accounting Office)  
1991 Apr. Established Shioji Law Office, Director  
2007 June Auditor, Tachibana Eletech  
2015 June External Director, Fuji Seal International, Inc. (current post)  
2022 Jan. Representative employee, Shioji Law Office (current post)  
2022 June Director, member of the Audit and Supervisory Committee, Tachibana Eletech (current post)



Masato Tsujikawa

External Director  
Partner, Kansai Law & Patent Office  
Miyaji Engineering Group, Inc.  
External Director (member of the Audit and  
Supervisory Committee)

Brief biography, position and responsibilities (important concurrent posts)

1985 Nov. Passed bar exam  
1988 Apr. Registered with Osaka Bar Association  
1988 Apr. Joined Kansai Law & Patent Office  
1994 Jan. Partner, Kansai Law & Patent Office  
2004 Dec. Staff attorney and Partner, Kansai Law & Patent Office  
2007 June Director, Tachibana Eletech (current post)  
2019 June External Auditor, Miyaji Engineering Group, Inc.  
2021 June External Director (member of the Audit and Supervisory Committee) of same company (current post)  
2024 Jan. Partner, Kansai Law & Patent Office (current post)



Takao Tsuji

External Director  
External Director, Feed One Co., Ltd.  
External Director (member of the Audit and  
Supervisory Committee), SNT Corporation  
External Director, Fuji Soft Incorporated

Brief biography, position and responsibilities (important concurrent posts)

1973 Apr. Joined Nissho Iwai (now Sojitz Corporation), Tokyo Head Office  
1999 June Director, Nissho Electronics Corporation  
2001 June Managing Director, Nissho Electronics Corporation  
2002 June President & CEO, Nissho Electronics Corporation  
2009 June Chairman, Nissho Electronics Corporation  
2010 July Advisor, Machinery Division, Sojitz Corporation  
2013 June External Director, JVCKENWOOD Corporation  
2014 May President & Representative Director, Operating Officer, Chief Risk Officer, Chief Innovation Officer of same company  
2016 June President & Representative Director, CEO, Operating Officer of same company  
2018 Apr. Chairman & Representative Director, Operating Officer of same company  
2019 Apr. Chairman & Representative Director of same company  
2019 June External Director, Dexerials Corporation  
2021 June Special Advisor, JVCKENWOOD Corporation  
2021 Nov. Special Advisor, Tachibana Eletech  
2022 June Director, Tachibana Eletech (current post)  
2022 June External Director, Feed One Co., Ltd. (current post)  
2022 June External Director (member of the Audit and Supervisory Committee), SNT Corporation (current post)  
2022 Dec. External Director, Fuji Soft Incorporated (current post)

Operating Officers

Hiroshi Yoneda

Managing Operating Officer

Hiroyuki Sano

Operating Officer

Kenji Konishi

Operating Officer

Mitsuru Tada

Operating Officer

Koji Kobayashi

Operating Officer

Takashi Nanmoto

Operating Officer

Masaki Shiroshita

Operating Officer

Daisuke Tsunomura

Operating Officer

Masahiro Osato

Operating Officer

Satoru Nagayasu

Operating Officer

Hiroyuki Ikeda

Operating Officer

Skill Matrix

Name		Management	Sales & Marketing	Technology	Global	Governance	Finance & Accounting	Legal Affairs & Compliance	Human Resources & Development
Directors	Takeo Watanabe	●	●	●	●	●	●	●	●
	Hisanobu Nunoyama	●	●	●	●	●	●	●	●
	Sadayuki Takami	●	●	●	●	●		●	●
	Yoshinori Matsuura					●	●	●	●
	Masato Tsujikawa	●				●		●	
	Takao Tsuji	●	●	●	●	●		●	●
	Yoshikazu Gondo		●			●		●	
Directors (members of the Audit and Supervisory Committee)	Makoto Iijima					●	●	●	
	Yasuhiro Otani	●				●	●		
	Hiroumi Shioji	●				●		●	

Note: Each director’s marked skills are based on both skills developed from experience and skills he is expected to demonstrate in light of his current role.



# Roundtable Discussion of External Directors



## Straight-shooting external directors keep the company on the path of growing corporate value

Tachibana Eletech’s five external directors join a roundtable discussion to provide candid views of the company’s current management and recommendations for its future.

### What is your unique expertise and role as an external director?

**Tsuji** In my career, I have managed two publicly listed companies and was assisted well by external directors at those times. Based on that experience, it seems that external directors play a very different role today than in the past, the most important of which is to improve the quality of corporate governance.

External directors are now expected to clearly express their opinions on management. Serving in that position now, I do my best to give advice that can help advance the company’s business, and I offer course corrections to the Board of Directors as needed.

**Tsujikawa** I have practiced as a corporate law attorney for nearly 35 years and served as an external director on the audit committees of other listed companies. I am uniquely situated to provide management advice that I have gleaned from this experience at other companies. The basic job of a lawyer is to find out what kind of issues the client needs to address, then

research and analyze possible solutions and present them. As professionals in this area, our role is to oversee management on behalf of shareholders, employees, and other stakeholders. In particular, we focus on preventing directors’ breaches of the duty to exercise reasonable care, and we work hard to draw out the information that underpins their decisions. Doing our job protects the interests of shareholders and stakeholders while infusing the Board of Directors with greater vigilance and a sense of security at the same time, allowing it to pursue its aims boldly.

**Otani** After working at a major auditing firm for 10 years, I am in charge of auditing at my current firm and have been an external auditor for Tachibana Eletech since 2003 (and an external director since 2022). The role of a certified public accountant is to ensure the accuracy of a company’s accounting and finances, especially the propriety of its financial statements. Corporate misconduct or wrongdoing can disrupt the social order, while governance relies on maintaining accounting and

financial propriety. In situations that require assessment, such as creating estimates, I utilize my professional expertise to check the details and speak up at board meetings as necessary. The company’s performance has been strong and there are no signs of financial window dressing at all. Should any issues arise, though, I will not hesitate to clearly express concerns.

**Shioji** I have been practicing law for about 35 years now at firms both large and small, and even consulting independently. I am an external director for three companies, and for Tachibana Eletech I serve as an external director on the Audit and Supervisory Committee. Drawing on my long experience as an attorney, my role is to oversee the directors’ execution of duties and evaluate the legality and propriety of their actions to avoid any breaches of the duty of care. In my auditing work, I constantly work to ensure that the company’s operations comply with legal requirements. In addition to the legal aspects, I see my role also as providing input on issues that involve the latest social trends, such as ESG, the SDGs, and human rights, based on evolving social norms and ethical standards.

**Gondo** I currently work at Mitsubishi Electric’s Kansai branch office handling general sales and branch office management across business sectors. Before this, I gained extensive experience in the telecommunications sector, where I was in management



and dealt with practical matters involving formulating business strategies and product plans, overseeing production and shipping operations at factories, and front-office sales. I also have experience on temporary assignment at the Kansai Economic Federation. I aim to leverage my experience in sales and marketing as an external director to provide practical advice and suggestions for the business amid changes taking place in technology and the environment. Also, I intend to address governance and compliance issues appropriately based on my hands-on experience.

### Tachibana Eletech’s strengths and challenges as seen by the external directors

**Gondo** Despite a shrinking domestic market, Tachibana Eletech has increased its sales and profits over the past 10 years and its financial indicators portray a company with high growth potential. This growth is driven by technical sales capabilities that meet customer needs and an ability to provide a wide range of value as a technology-driven trading company. Key strengths are a broadened customer base and the trust it has built up over a 100-year history.

**Shioji** Tachibana Eletech has strengths in the digital sector, as evidenced by its recent push toward digital transformation (DX), while it also values a people-oriented approach to management. The company is committed to providing better products to its customers along with a rewarding work environment for its employees. Its Human Training Hall in Sakai, Osaka, is a unique



facility with employee programs for mental strengthening and personal growth. Successive generations of management have prioritized talent development, viewing employees’ personal growth as integral to corporate growth. In addition, directors and executive officers communicate frequently with employees, creating intentional opportunities for discussion. I find this corporate culture that values people to be genuinely commendable.

**Otani** In short, Tachibana has a friendly, pleasant atmosphere. It is a place where employees can be themselves in their interactions with customers. The drop in sales due to the COVID pandemic was relatively mild, and the recovery has been remarkable—two consecutive years of record sales and profits, outperforming industry competitors. That achievement is due to the efforts of thoughtful employees who carefully craft proposals for customers to meet their needs. The company also fosters an open culture that makes it easy for individuals to express their opinions regardless of rank. There is also active communication among employees thanks to social gatherings and the like, which is another source of corporate strength.

**Tsujikawa** As everyone has mentioned, the company emphasizes solid personal relationships with its people-oriented management policy. I have been involved with this company since the times when it was known as Tachibana Shokai and have had countless opportunities to interact with both executives and



employees. I feel that a healthy relationship structure is maintained between higher-ups and subordinates. The company respects employees’ rights and is quick to respond on matters of benefits and wages. As Mr. Shioji mentioned, work retreats held at the company’s Human Training Hall give employees the chance to get to know one another better outside of a work setting. This focus on human connections is a defining characteristic of Tachibana Eletech.

The company also regularly engages in local community activities. One example is its work to create the Nagomi no Sato park in Hirakata, Osaka, and make it available to the public. Another is its contribution of whiteboards to local schools with ties to the company’s founding. This proactive approach to social initiatives is commendable.

**Tsuji** Likening a company to an iceberg floating in the ocean, the 10% above the water represents financial information and the 90% below the surface is non-financial information. The latter has been growing in importance in recent years, especially

Challenges in enhancing corporate value

**Gondo** To further enhance its corporate value, Tachibana Eletech needs to clarify its strategy as a technology-driven trading company and pursue solutions that differentiate the company from its competitors. While it does promote solutions at trade shows and actively carries out PR, it is crucial to emphasize what sets the company apart from its rivals.

Putting in the effort to attract talented individuals is equally as important if the company intends to expand further as a ¥200 billion enterprise. Although it can be challenging for a B2B company to appeal to the broader public, raising its name recognition in the public sphere will, I believe, help raise the corporate value.

**Shioji** The company’s Board of Directors has a well-balanced structure comprised of five internal directors and five external directors. The Corporate Executive Committee meeting is held before the Board of Directors meeting and its reports are shared with the external directors. The Board of Directors meeting thus serves largely as a forum for hearing what the external directors have to say, and I personally feel comfortable expressing my views there. In fact, when we express our views as external



with regard to human capital. The company has long championed people-oriented management that consistently prioritizes the human factor in doing business. In today’s rapidly changing world, I believe it is vital to maintain this approach while also incorporating new ways of doing things. To improve non-financial value, it is important to go beyond superficial efforts and undertake genuine, impactful practices.

That said, I have some constructive criticism to offer on the growing need for forward-looking employee education as the business environment evolves. I believe that an employee training system should be put in place that prepares the company for future growth. While the company already conducts training that is appropriate for the times and is aimed at different age groups, there are still many challenges to address, including business literacy training to foster future managers, and I feel that this effort is still only partway to where it needs to be.

directors, sometimes it can lead to the withdrawal or revision of measures under discussion, which means that the Board is functioning effectively, as I see it. This openness to hearing the opinions of external directors makes me eager to engage in discussions aimed at achieving growth moving forward.

**Otani** From the standpoint of a CPA, I would highlight two key points for enhancing corporate value. First, governance needs to be strengthened further to carry out a so-called “digital transformation” (DX). This entails developing systems that eliminate dependence on individuals and can automatically correct for errors introduced by humans.

Second, as the importance of non-financial information grows, it will be increasingly important to communicate the value of human capital effectively. Going forward, it will be essential to have strategies that leverage the company’s strengths in people-oriented management and to convey those strengths compellingly. Such efforts will be the key to enhancing trust in the company and boosting its appeal to the public.

**Tsujikawa** I concur with Mr. Shioji that the Board of Directors



has created an environment that is receptive to the opinions of external directors. However, we are not necessarily informed of the content of the discussions from the Corporate Executive Committee meeting held before the Board meeting. It would be helpful to have the opportunity to meet with the directors in charge of business operations who attend the Corporate Executive Committee to hear about the plans and outlooks for each business so that we can have more substantive discussions.

Regarding the composition of the Board, one significant strength is that the CPAs and lawyers, like myself, focus primarily on compliance and monitoring, while those with experience as top corporate executives, such as Mr. Tsuji, can offer specific advice based on their familiarity with contract risk management and practical issues related to process. This balanced composition is definitely one of the Board’s strengths.

I also must mention that when it comes to promoting the participation of women, it would be beneficial to increase opportunities for women not only as directors but also as managers.

**Tsuji** I can say from my experience in top management that



enhancing corporate value rests heavily on good corporate governance. And that means more than putting frameworks in place just to show the outside world; it is about ensuring they are genuinely effective. On this point, I consider one of the company’s key strengths to be its corporate culture, which takes external directors seriously and reflects their opinions in decision-making. For example, in a case involving one overseas project, when I pointed out the potential risks, the director in charge of the project immediately acknowledged that he had not considered those risks and took immediate steps to revise the plan. That experience reminded me that my words as an external director carry a great deal of weight.

Tachibana Eletech envisioned from a medium- to long-term perspective

**Tsuji** The company celebrated its 100th anniversary two years ago and is now engaged with the challenges of the next 100 years. Just as the world has changed in ways unimaginable a century ago, the changes that will take place over the next 100 years will surely be as impossible to predict. The key is to remain flexible, adapt to change, and rise to new challenges. While not every challenge will lead to success, it is the posture of taking action without fear of failure that will lead to sustainable growth. I would like to see that DNA of embracing challenges is maintained and passed on in the years to come.

**Gondo** Well before reaching the 100-year mark, in the next 20 years even, the company will undoubtedly go through major changes. As Mr. Tsuji mentioned, in the process of regularly taking on new challenges, it is likely that the company’s product offerings and ratio of domestic to international sales will change dramatically. To reach new milestones, acting with speed will be required above all else. I look forward to seeing the company further solidify its financial footing and take new strategic initiatives, such as pursuing M&A with funds on hand.

**Shioji** Even though the times are bound to change markedly over the next 100 years, I think that the practice of people-oriented management will remain crucial. The company should also aim to create balanced, mutually beneficial outcomes that reflect the spirit of ancient Japanese business practices rather than modern shareholder capitalism. I would like to see the company enhance value for all of its stakeholders—employees, shareholders, business partners, and society at large.

**Otani** At this point, it is still possible to imagine what the next ten years might look like, with DX taking hold and talented individuals from overseas being brought into the company. But if we want to look any further ahead, it becomes necessary to consider the company’s long-term future and develop strategies, concepts, and initiatives based on future risks. Equally important is the securing and nurturing of young talent, which should be a key component of the company’s long-term growth strategy.

**Tsujikawa** Let me speak from a medium-term perspective. Our current medium/long-term plan calls for sustained sales of 200 billion yen or more by March 2026. However, since this target has already been reached, it is important to outline the next growth target for the next medium/long-term plan. Shareholders are likely paying close attention to this. Additionally, as our current overseas strategy focuses on Asia, we must consider geopolitical risks and carefully decide which specific regions within Asia to prioritize, and also discuss how to strengthen our collaboration with Mitsubishi Electric. By providing input on these critical issues, I hope to contribute as an external director to enhancing the company’s value.

**Tsuji** I believe it is essential that directors and external directors continue to deepen their strategic discussions to guide the company forward. I think it would be beneficial to hold other meetings outside of board meetings, even off-site, at which we could use backcasting as a strategic planning method for envisioning a future 30 years down the road—or 20 or 10 years ahead—and work backward to try to achieve that ideal.



11-Year Consolidated Financial Summary

		FY2013 (2014/3)	FY2014 (2015/3)	FY2015 (2016/3)	FY2016 (2017/3)	FY2017 (2018/3)	FY2018 (2019/3)	FY2019 (2020/3)	FY2020 (2021/3)	FY2021 (2022/3)	FY2022 (2023/3)	FY2023 (2024/3)
Net sales	(million yen)	141,884	147,421	162,142	160,218	178,324	182,875	170,541	161,440	193,431	227,266	231,042
Operating profit	(million yen)	4,367	4,860	5,616	5,172	6,395	6,596	6,038	4,033	6,710	10,316	10,764
Ordinary profit	(million yen)	5,630	5,737	5,740	5,341	6,605	7,033	6,401	4,388	7,412	11,001	11,886
Profit attributable to owners of parent	(million yen)	3,830	5,440	3,715	3,893	4,539	4,906	4,390	3,457	5,144	7,841	8,471
Cash flow												
Cash flow from operating activities	(million yen)	1,552	2,193	2,732	2,112	4,199	510	5,176	4,948	(7,595)	(285)	2,126
Cash flow from investing activities	(million yen)	(311)	(3,070)	(3,524)	(1,811)	90	1,334	(1,401)	(1,302)	(968)	210	(1,289)
Cash flow from financing activities	(million yen)	199	(896)	(1,194)	(1,206)	(861)	(1,420)	(1,634)	(1,835)	702	88	2,272
Cash and cash equivalents at end of period	(million yen)	14,080	12,935	10,863	9,894	13,274	13,638	15,756	17,415	9,958	10,571	14,037
Interest-bearing debt	(million yen)	2,169	1,842	1,796	1,707	1,718	2,056	1,638	2,153	5,089	6,909	14,708
Fiscal year end												
Net assets	(million yen)	46,280	54,961	56,685	60,964	66,495	67,916	69,966	75,206	77,240	84,641	92,572
Total assets	(million yen)	88,233	100,560	98,893	104,070	121,187	121,170	113,432	120,265	135,172	153,635	178,281
Per share information												
Net assets per share	(¥)	2,130.80	2,056.96	2,159.10	2,361.12	2,585.82	2,691.02	2,772.28	2,979.91	3,092.28	3,388.58	3,860.73
Profit per share	(¥)	183.76	209.09	143.12	153.53	179.85	194.39	173.94	136.99	204.16	313.91	347.27
Annual dividends per share	(¥)	23	23	26	28	40	48	48	37	60	90	100
Financial indicators												
Operating profit to net sales Operating income margin	(%)	3.1	3.3	3.5	3.2	3.6	3.6	3.5	2.5	3.5	4.5	4.7
Return on equity (ROE)	(%)	8.9	10.9	6.8	6.8	7.3	7.4	6.4	4.8	6.7	9.7	9.6
Equity ratio	(%)	52.4	53.2	55.8	57.3	53.9	56.1	61.7	62.5	57.1	55.1	51.9
Payout ratio	(%)	12.5	9.2	18.2	18.2	22.2	24.7	27.6	27.0	29.4	28.7	28.8
Price-earnings ratio (PER)	(times)	7.6	7.2	8.2	9	11.7	8.6	8.3	11.8	8.1	6.3	9.3
Price book-value ratio (PBR)	(times)	0.65	0.59	0.54	0.59	0.82	0.64	0.54	0.56	0.53	0.59	0.87
Stock price at March 31	(¥)	1,393	1,504	1,178	1,384	2,107	1,663	1,448	1,614	1,647	1,989	3,235
Overseas sales/Ratio of overseas sales												
Overseas-related sales	(million yen)	26,059	27,397	25,744	22,324	25,481	23,930	23,205	23,859	33,343	41,269	37,620
Overseas-related sales ratio	(%)	18.4	18.6	15.9	13.9	14.3	13.1	13.6	14.8	17.2	18.2	16.3
Sales by business												
Factory Automation Systems	(million yen)	72,175	76,120	93,138	93,395	104,157	107,423	99,946	88,071	101,381	114,917	118,918
Semiconductors and Electronic Devices	(million yen)	51,842	53,380	48,801	46,864	54,773	54,077	47,975	54,347	71,599	89,017	85,896
Building Services Systems	(million yen)	13,145	12,667	13,425	14,136	15,156	16,811	17,907	15,381	15,352	17,547	21,011
Others	(million yen)	4,721	5,252	6,775	5,821	4,236	4,563	4,711	3,640	5,097	5,784	5,215

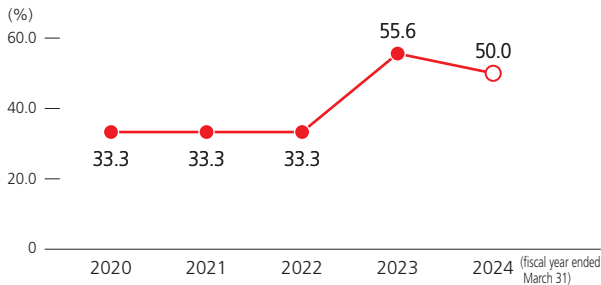
\*We have been applying the “Partial Amendments to the Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No.28, February 16, 2018) from the beginning of the 90th fiscal year (FY2018) and major management indicators concerning the 89th fiscal year (FY2017) given in the statement are those obtained by applying relevant accounting standards retroactively.

5-Year Non-Financial Indicators Summary (non-consolidated)

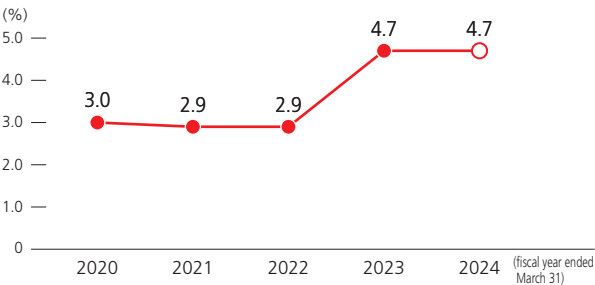
		FY2019 (2020/3)	FY2020 (2021/3)	FY2021 (2022/3)	FY2022 (2023/3)	FY2023 (2024/3)
Governance (G)						
Number of directors of the Board	(persons)	6	6	6	9	10
External director	(persons)	2	2	2	5	5
Independent director on the Board	(persons)	1	1	1	4	4
Ratio of external directors	(%)	33.3	33.3	33.3	55.6	50.0
Ratio of independent directors	(%)	16.7	16.7	16.7	44.4	40.0
Number of consultations at the reporting center		0	0	0	0	0
Social (S)						
Number of employees	(persons)	856	882	849	825	855
Ratio of female managers	(%)	3.0	2.9	2.9	4.7	4.7
Number of new graduates recruited	(persons)	42	35	13	11	31
Number of new mid-career recruits	(persons)	24	15	16	35	52
Annual paid leave utilization rate*1	(%)	45.9	45.6	48.6	54.2	57.5
Number of participants in social contribution activities	(persons)	148	78	145	164	220
Environmental (E)						
Sales ratio of environmentally-conscious products	(%)	64.1	65.6	67.2	66.7	65.1
CO <sub>2</sub> emissions (Scope 1)	(t-CO <sub>2</sub> )	363	319	310	317	335
CO <sub>2</sub> emissions (Scope 2)	(t-CO <sub>2</sub> )	923	865	839	772	960
Gasoline consumption (Scope 1)	(t)	156	137	133	136	146
Electricity usage (Scope 2)	(MWh*2)	2,152	2,105	2,083	2,102	2,068

\*1 Annual paid leave utilization rate = Number of annual paid leave days used in the year in question / Number of annual paid leave days made available in the year in question × 100  
\*2 1 MWh = 1,000,000 W

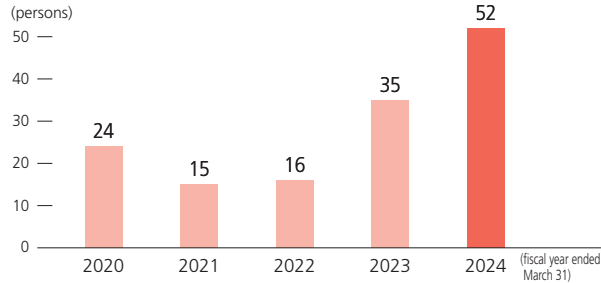
Ratio of external directors



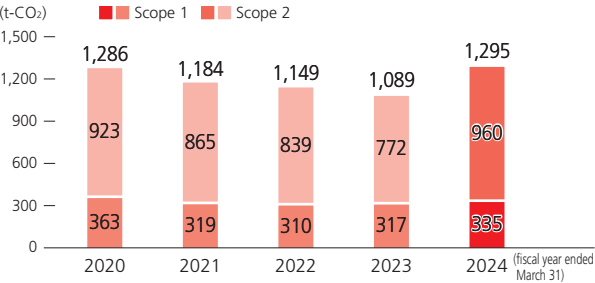
Ratio of female managers



Number of new mid-career recruits



CO<sub>2</sub> emissions



Relationship with Shareholders and the Investment Community

Tachibana Eletech is committed to proactively disclosing information to our shareholders and investors in a fair, timely and appropriate manner.

Measures for shareholders’ meetings

The 95th General Meeting of Shareholders was held on June 26, 2024. We held tours of the lab room on the first floor of the head office after the meeting. Visitors were able to see our products, such as robots and 3D printers, and gain a better understanding of our business. A video of the General Meeting of Shareholders was uploaded to the company’s website for on-demand distribution for a limited period.



Shareholders’ meeting



Lab room tour

Enhancing corporate value through investor relations activities

Standards of disclosure

To achieve honest and highly transparent management, we comply with all applicable laws and carry out business activities according to highly esteemed corporate ethics, and we strive to provide information to shareholders and the investment community in a timely manner.

Information is disclosed by observing the timely disclosure rules provided in various laws and regulations such as the Companies Act and Financial Instruments and Exchange Act and those set forth by the Tokyo Stock Exchange.

Dialogue with shareholders and investors

Our Investor Relations Department engages in dialogue with shareholders and investors on themes such as management policies, strategies, and shareholder returns. We hold earnings presentations for institutional investors and securities analysts and briefings for individual investors by the president as IR events, and we reflect the content of these dialogues into our management.

Earnings presentations for institutional investors and securities analysts

We hold earnings presentations for securities analysts and institutional investors twice a year in Tokyo—once for full-year business results and another for interim results.

The presentations held in fiscal 2023 were held in a hybrid style, online and using actual venues. The content of the presentation is available on demand from the Tachibana Eletech website for half a year.

Company briefing for individual investors

We hold the company briefing for individual investors twice a year.

In the fiscal year ended March 31, 2024, the briefing was held online. In the briefing, presentations were given on the company profile, an overview of accounts closed, progress on the medium/long-term management plan NEW C.C.J 2200, shareholders’ return programs, etc.

IR meeting with institutional investors

Aiming at the enhancement of corporate value and expansion of aggregate market value in forming a fair stock price, we are holding individual meetings with institutional investors.

In fiscal 2023, briefings were held with individual investors remotely and face-to-face to help them understand the company’s characteristics and strengths.

Rich IR media

We offer a rich collection of IR tools to help educate shareholders and the investment community about our company and its business performance.

- Integrated report
- Shareholder newsletter
- Datasheet (5 years of consolidated financial statements)
- Stock Voice – an Internet TV show for individual investors
- IR section of our corporate website



Integrated report



Shareholder newsletter



Datasheet



Internet TV show Stock Voice



IR section of our corporate website



# Company Data (as of July 1, 2024)

## Company Outline

Company Name in English	TACHIBANA ELETECH CO., LTD.	ISO Acquisitions	Product Quality Management System ISO9001 JQA-QMA10303
Date of Founding	September 1, 1921		Environmental Management System ISO14001 EMS693431
Date of Establishment	July 12, 1948		Information Security Management System ISO27001 IS 509430
Capital	5,874 million yen		
Number of Employees	855 (Consolidated 1,436) as of March 31, 2024	Offices	Head Office 1-13-25 Nishi-honmachi, Nishi-ku, Osaka Branch Offices East Japan, Middle Japan Branches East Kanto, North Kanto, Kanagawa, Mikawa, Tokai, Hokuriku, Mie, Shiga, South Osaka, Kobe, Himeji, Hiroshima, Shikoku, Kyushu Sales Offices Tohoku, Okayama
Stock Listings	The Prime Market of the Tokyo Stock Exchange		

## Subsidiaries and Affiliates

Domestic

**Kenden Industry Co., Ltd.**  
2-6-23, Mitejima, Nishiyodogawa-ku, Osaka 555-0012  
Tel. 81-6-6471-9451

**Tachibana Kouwa Systems Service Ltd.**  
2-5-1, Ohama-cho, Amagasaki City 660-0095  
Tel. 81-6-6413-3623

**Daidensha Co., Ltd.**  
1-6-17, Nipponbashi-nishi, Naniwa-ku, Osaka 556-0004  
Tel. 81-6-6632-6111

**Tachibana Device Component Co., Ltd.**  
4-18-32 Shibaura, Minato-ku, Tokyo, Japan 108-0023  
Tel. 81-3-5418-9200

**TAKAGI Co., Ltd.**  
2-2-7 Kitasenzoku, Ota-ku, Tokyo 145-0062  
Tel. 81-3-3783-6314

**Tachibana Electronic Solutions Co., Ltd.**  
4-18-32 Shibaura, Minato-ku, Tokyo, Japan 108-0023  
Tel. 81-3-6699-1870

● Corporation ● Office

Overseas

**TACHIBANA OVERSEAS HOLDINGS LIMITED**  
Unit 2605, 26F., One Kowloon No.1, Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong Tel. +852 (2838) 8103

**TACHIBANA SALES (S) PTE LTD**  
10 Anson Road #30-07 International Plaza Singapore 079903 Tel. +65 (6270) 4567

**TACHIBANA SALES (H.K.) LIMITED**  
Unit 2605, 26F., One Kowloon No.1, Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong Tel. +852 (2838) 8103

**Tachibana Sales Taiwan Ltd.**  
Room #507, No.372, Linsen N. Rd., Zhongshan Dist., Taipei, 104, Taiwan R.O.C. Tel. +886 (2) 2541-8177

**TACHIBANA SALES (SHANGHAI) LTD. Office: Beijing, Shenzhen, Wuhan, Dalian, Qingdao**  
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**Tachibana Sales (Malaysia) Sdn. Bhd.**  
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# Investor Information (as of March 31, 2024)

## Investor Information

Authorized Number of Shares:  
96,000 thousand

Issued Number of Shares:  
25,025 thousand

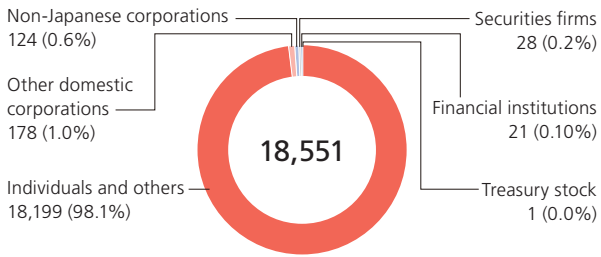
Number of Shareholders:  
18,551

## Major Shareholders

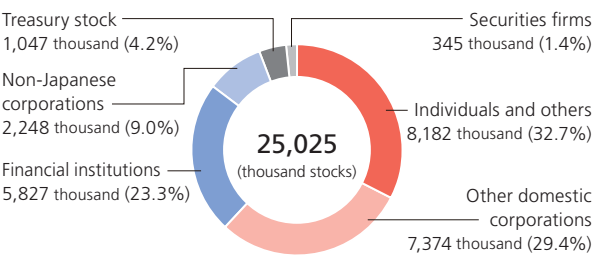
Shareholders	Shares (thousand stocks)	Shareholding ratio (%)
Mitsubishi Electric Corporation	1,921	8.01
The Master Trust Bank of Japan, Ltd. (trust account)	1,647	6.87
Sansei Technos Co., Ltd.	1,600	6.67
Tachibana Eletech's Employees Shareholders' Association	1,145	4.78
MUFG Bank, Ltd.	1,082	4.51
Kinden Corporation	754	3.14
Noritz Corporation	742	3.10
Custody Bank of Japan, Ltd. (trust account)	500	2.09
Nippon Life Insurance Company	471	1.97
Takebishi Corporation	459	1.92
Total	10,321	43.06

Notes: 1. Shown with less than 1,000 shares truncated.  
2. Shareholding ratio is calculated excluding 1,047,351 shares of treasury stock.

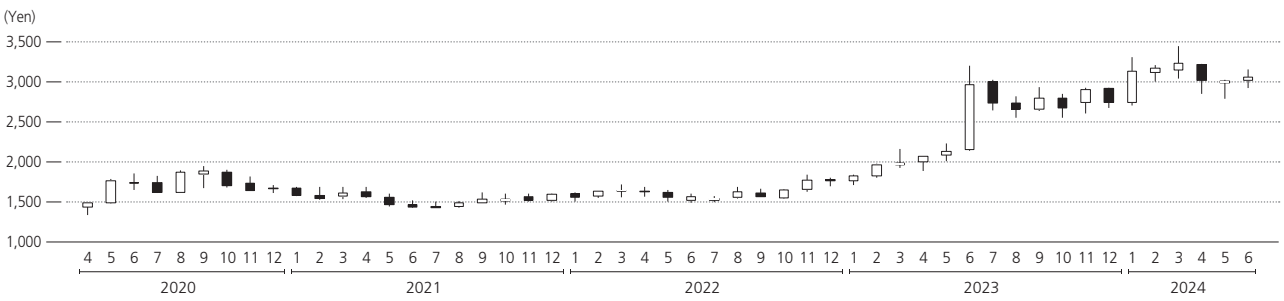
## Distribution by Number of Shareholders



## Distribution by Number of Shares Held



## Share Price Trends (Tokyo Stock Exchange)



## Trade Volume Trends (Tokyo Stock Exchange)

