

ANNUAL REPORT
2021

Year ended March 31, 2021



SINCE
1921



Founding an electricity service business with an eye towards the evolution of modern industry

- 1921 Norimitsu Tachibana founds 'Tachibana Shokai', as a private business, wholesaling electric products and providing electric installation services. With the world facing an economic depression, electricity was seen as the field with the most promise for the future.
- 1925 A contract with Mitsubishi Corporation is made.
- 1931 Order received to build the elevator for Osaka Castle's Main Tower.
- 1934 Construction business greatly expands as takes part in construction of Osaka Gas Co., Ltd.
- 1939 Mitsubishi MK Motors achieve sales of ten thousand units per month.
- 1944 Kinki Electrical Construction Co., Ltd. (today Kinden Co., Ltd.) founded, Norishige Satake appointed president.
- 1948 Tachibana Shokai Ltd. is established.



New company head office (1947)



Mitsubishi Fan Three-wire guard model (1925)

Contributing to an advanced information society at the dawn of the electronics age

- 1967 Third president of Tachibana visits the U.S. Witnessing the revolution of computer technology in the U.S. convinces him that a new age of information technology and electronics will soon arrive in Japan.
- 1972 Sales launched of office personal computers.
- 1976 Tachibana begins offering electric components, including semiconductors.
- 1976 Tachibana launches hardware and software electrical engineering services.
- 1982 Tachibana opens TC Training Room to meet the needs for factory labor savings and automation, providing training in technical consultation and engineering.
- 1985 Osaka Software Center established to strengthen Tachibana's presence in software.



Technical training at Osaka Software Center(1985)



Mitsubishi Electric Office personal computer (1976)

1970

2014

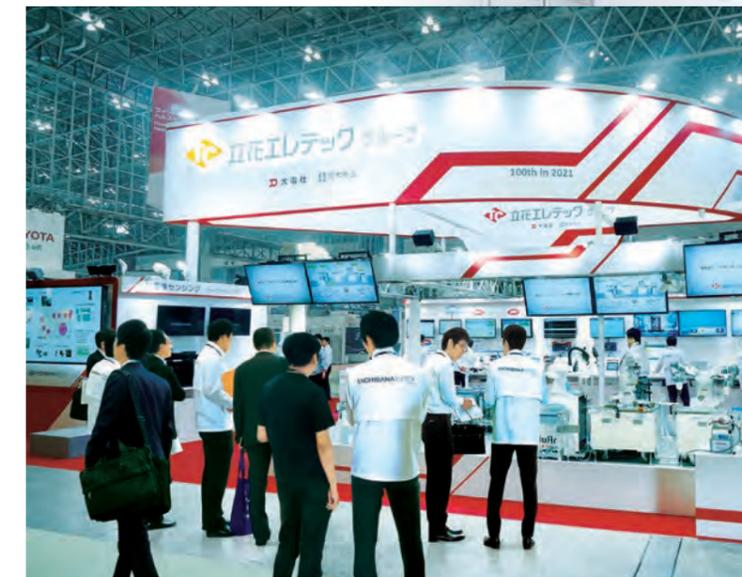


Pursuing the evolution of society and technology, supporting the transformation of manufacturing over 100 years

Tachibana Eletech will celebrate its 100th anniversary in 2021. The group has a storied history of supporting manufacturing and technological revolution by providing peerless services and solutions to customers as electronics continuously evolve and diversify.

Becoming a technology-driven trading company supporting manufacturing in Asia

- 2001 Company name changed to Tachibana Eletech Co., Ltd. in commemoration of its 80th anniversary. Eletech combines the root of electricity and electronics with technology.
- 2005 Tachibana Eletech goes public on first section of the Tokyo Stock Exchange.
- 2007 Tachibana Overseas Holdings Ltd. established as a parent company for overseas subsidiaries.
- 2010 Electronic parts company Daidensha Co., Ltd. made a 100% subsidiary of Tachibana Eletech.
- 2012 Capital and business alliance formed with factory automation and electronics wholesaler Takagi Co., Ltd. (made 100% subsidiary in 2019)
- 2014 Fully launches industrial robot business leveraging in-house technology.

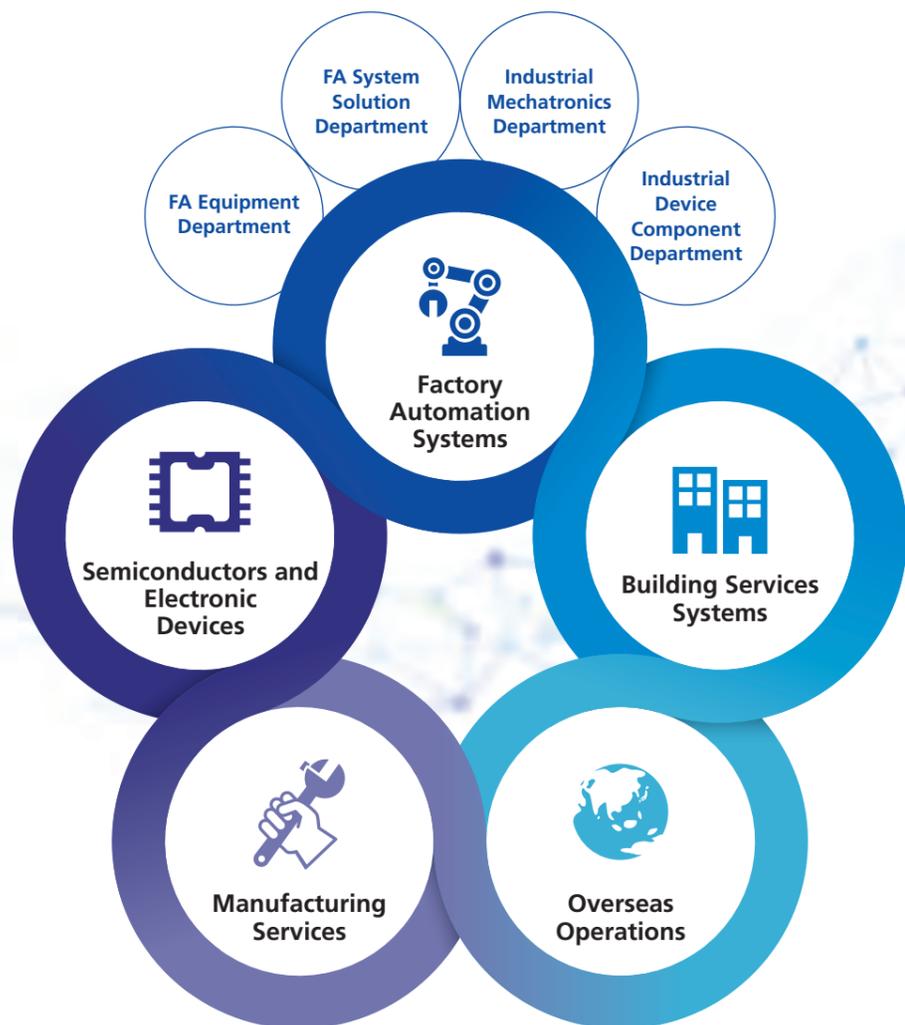


First exhibition at CEATEC JAPAN (2018)

Offering superior products and technology as a leading technology-driven trading company in Japan

Tachibana Eletech offers a wide range of electronics and semiconductor technology centered around factory automation components, semiconductors and related devices. Tachibana Eletech engineers offer system-level proposals, incorporating technology support, to deliver solutions that surpass the needs of our customers.

Total Solutions that Resolve Customer Challenges



Factory Automation Systems

FA Equipment Department

Sells PLC, inverters, AC servos, power distribution control equipment and control devices, and a wide range of motors.

FA System Solution Department

Builds systems and offers solutions for production equipment monitoring, measurement, and control. Also sells robot systems.

Industrial Mechatronics Department

Sells a wide range of machine tools such as electric discharge machines, laser beam machines, machining centers, and 3D printers.

Industrial Device Component Department

Sells input/output equipment such as digital connection devices and connectors, FA personal computers, and network devices.



Semiconductors and Electronic Devices

Proposes and sells semiconductors and electronic device products, available as standard designs or customized to meet customer needs. Designs and develops microcomputers, ASICs, and custom LSIs



Building Services Systems

Sells lighting, air conditioning, elevators, and disaster preparedness equipment for factories, office buildings and stores. Also sells energy efficient equipment for all-electric housing.



Manufacturing Services

Provides Electronics Manufacturing Services (EMS) that covers the design and manufacturing contracts for the substrate for electronic devices to finished products, as well as provides Metal Manufacturing Services (MMS) used to process and manufacture metal components for multi-level car parking towers and railway cars.



Overseas Operations

Sells industrial mechatronics products in Asia, mainly in China and ASEAN countries, including semiconductors, FA equipment, electric discharge machines, and laser beam machines.



2020

A year of evolution responding to change

2020 was a year of unprecedented change and severity. Even in such dire times, Tachibana Eletech never stopped taking on new challenges.

2020.04

New subsidiary: Tachibana Electronic Solutions

Tachibana Electronic Solutions focuses on the sale of Renesas products, EMS* and software development, and the sale of LCD components. It will grow by leveraging synergies with the overall Tachibana Eletech group.

* Electronics manufacturing services

2020.06

Subsidiary established in Malaysia

Malaysian office, previously the sales office of Tachibana Sales Singapore, was incorporated to form Tachibana Sales Malaysia SDN.BHD. Business reopened as the subsidiary on June 1, 2020.

2020.06

TC Smart Lab. and Exhibition Hall opened on first floor of head office

The TC Smart Lab. offers customers a chance to experience Tachibana's latest technologies firsthand, with exhibitions of IoT/M2M devices, industrial robotics and 3D printing technology. Customers can examine sample productions in the lab and discuss full-fledged technological solutions.



Tachibana Smart Laboratory and Exhibition Hall



2020.08

Modelling the Whole Manufacturing Process through 3D Laminated Modeling project launched



2021.03

Project results presentation held

In collaboration with the Kansai Bureau of Economy, Trade and Industry, Tachibana Eletech served as the administrative office for Japan's first project to support the adoption of 3D printing technology among companies. In March, participating companies presented their achievements, providing valuable insights into the 3D laminated modeling design and manufacturing process.



2020.10

Mechanical Components & Materials Technology Expo and Additive Manufacturing Expo

Held at INTEX Osaka. Tachibana Eletech's first ever exhibition at the Additive Manufacturing Expo garnered over 1,300 visitors in three days.

2020.10

CEATEC 2020 held online for the first time

Virtual Factory Exhibition

Tachibana Eletech exhibited at the first online CEATEC, held in 2020. Whole Factory Smartification was presented, demonstrating manufacturing site solutions possible through the combination of control and information technology. Combined with explanatory videos featuring Tachibana Eletech employees, a total of ten presentations were exhibited. Achieved approximately 5,000 views over four days.



2020.10

ET Exhibition a smash hit

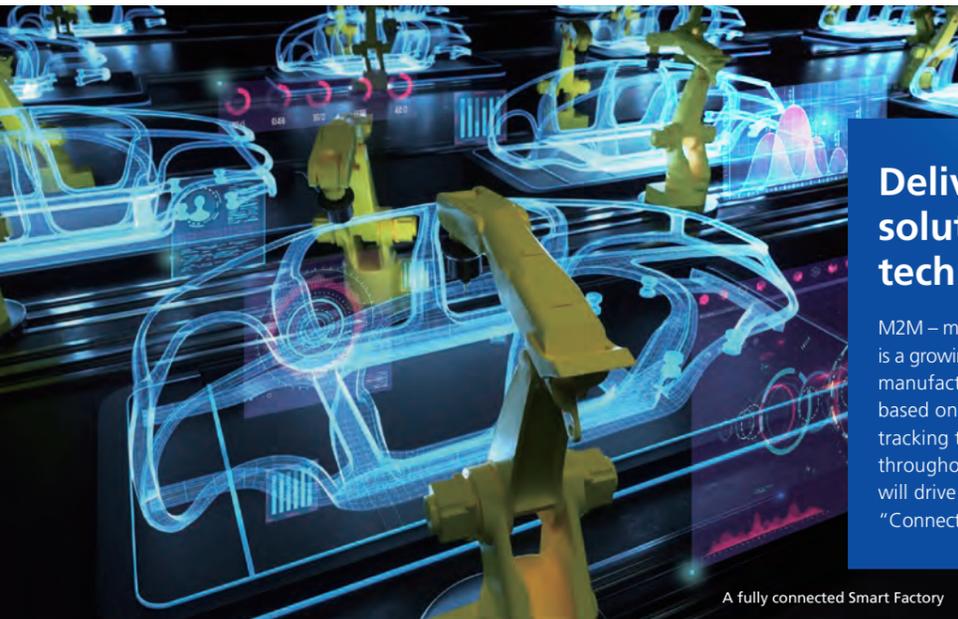
Tachibana Eletech exhibited at ET & IoT Digital Online. "Connections" themed contents achieved top viewership among all presenters at the event. Tachibana Eletech furthermore secured the top ten slots for most popular presentations. Videos featuring "contactless," "remote control," and "touchless" technology garnered high attention.

2021.02

First online seminar by FA Systems Department

Online seminar discussing digital transformation in manufacturing held in collaboration with Brains Technology Co., Ltd. Achieved 324 attendees, leading to new customers and deeper relationships with existing customers.





Deliver manufacturing solutions utilizing M2M technology

M2M – machine to machine transmission technology – is a growing technological field focused on optimizing manufacturing equipment and facility utilization based on data collected from sensors and devices, tracking the flow of materials and information throughout the entire factory. Tachibana Eletech will drive the next leap in manufacturing through “Connection” technology.

A fully connected Smart Factory

Leverage our strengths and create new value in the new ICT age of manufacturing

Tachibana Eletech will leverage its long-developed strengths to provide customer solutions that can only come from.

Deliver total solutions through collaboration with engineers

Tachibana Eletech serves its customers with salespeople thoroughly versed in our products, and engineers supporting each business. This deep product knowledge and experience combine to create optimal solutions to a wide range of customer needs.

Proportion of engineers at Tachibana Eletech

1/4

- Facility engineering
- Engineering
- Circuit design
- Programming etc.



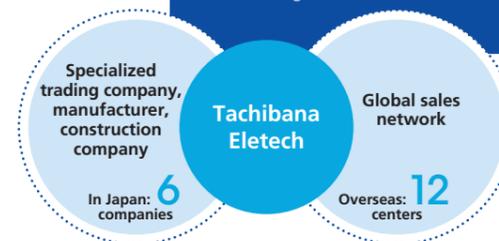
2021 → FUTURE

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Combining the strength of the group to address customer challenges

Tachibana pursues business synergies fully leveraging the strengths of each group company and its wide range of sales channels and products. Going forward, services will be further enhanced through collaboration incorporating overseas subsidiaries and technology to achieve greater customer satisfaction.



Changing with the times for the next 100 years, never ceasing to evolve and take on challenges

As we celebrate the 100th anniversary of Tachibana Eletech, the company finds itself at an unprecedented turning point. The world is shaken by the damage wrought by COVID-19, and we have also seen a sharp acceleration in the shift towards a digital society. In an age in which we cannot predict how the world will look in the next ten years, or even five, what course should we take? We will return to its roots as a technology-driven trading company, and continue evolving to take on new challenges.

Review 2021

Sluggish Japanese market persisted, leading to a decline in sales and profits

In the consolidated fiscal year ended March 31, 2021, net sales declined 5.3 percent on the previous year to JPY 161.440 billion, operating income fell 33.2% to JPY 4.033 billion, and ordinary income was down 31.4% to JPY 4.388 billion. Net income attributable to shareholders also fell 21.2% to JPY 3.457 billion.

As to the factors behind this decline, in addition to the global slowdown of the economy in 2019, the impact of COVID-19 lasted longer than expected. The virus was expected to be under control in one year, but we have now entered our second year of this severe battle. Exports and productivity started to recover in the second half of the year, but successive waves of infection made it difficult to predict the economic outlook, and the Japanese market has seen an overall downturn.

Even under these trying circumstances, the Tachibana Group has continued to offer products and services to customers while implementing strict measures to prevent infection with "safety and peace of mind" taking the very highest priority. As we faced severe restrictions on sales and consultation visits to other companies, and the need to rely even more heavily on remote working by our employees, we committed ourselves to rationalizing and improving the efficiency of administrative work to further improve performance. Thanks to our effective use of IT tools and the shift to remote sales activities, we did not face any major COVID-19 incidents, such as an infection cluster occurring at one of our related companies.

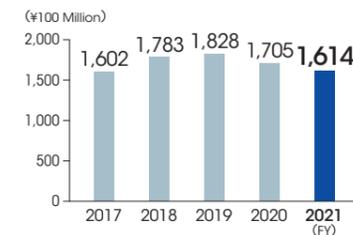
As key policies, we pursued factory automation through robotics and M2M (machine-to-machine transmissions) as a next-generation technology-driven trading company, and

Takeo Watanabe

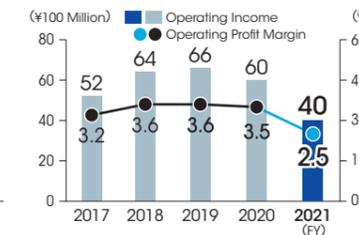
President, CEO & COO

Financial Highlights

Net Sales

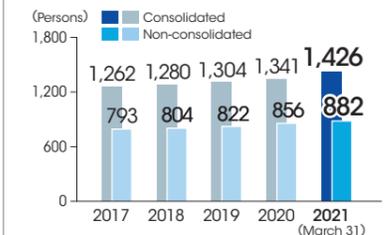


Operating Income, Operating Profit Margin

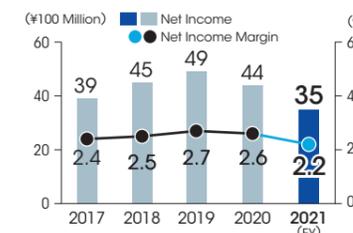


Non-Financial Highlights

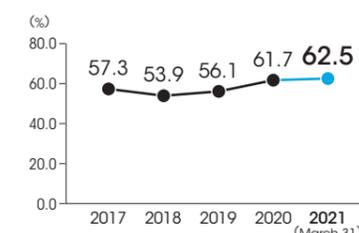
Number of Employees



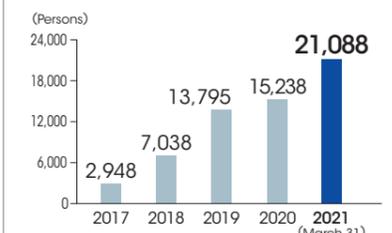
Net Income, Net Income Margin



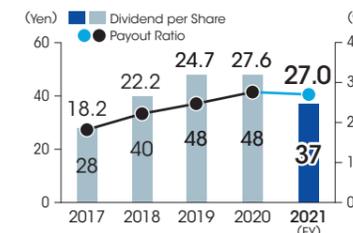
Equity Ratio



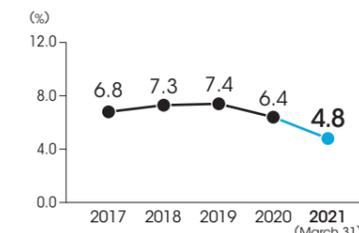
Number of Total Shareholders



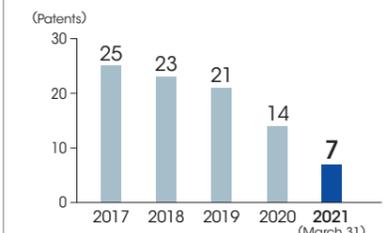
Dividend per Share, Payout Ratio



Return on Equity



Number of Patents Held



the dissemination of new forms of manufacturing capable of addressing labor shortages and leveraging 3D printing technology. The Tachibana Group also continued participating in large-scale exhibitions to promote these initiatives: CEATEC 2020 Online, Manufacturing World Osaka 2020 and ET & IoT Digital 2020. While some of these exhibitions were held online, we leveraged these forums to promote the Tachibana Group's strength in technology. We also pursued other forward-looking investments, such as opening an Exhibition Hall and Lab Room which allows customers to examine our products first-hand on the first floor of our head office.

It remains difficult to predict when capital investment will return to its former levels among our key clients such as semiconductor and automotive-related manufacturers. With demand in the Japanese market not yet fully recovered, this presents our primary businesses centered around Factory Automation with a difficult struggle. On the other hand, the overseas Asian markets, including China, made a striking recovering, and Semiconductor and Electronic Devices and Overseas Operations both exceeded their sales results for the previous year. Overall, however, sales and profits both declined for the fiscal year. Despite increasing sales to JPY

182.8 billion in the fiscal year ended March 31, 2019, it is extremely disappointing that net sales fell to JPY 160 billion in the fiscal year ended March 31, 2021, the final year of our medium/long-term management plan C.C.J2200. While the world may be facing unprecedented changes wrought by COVID-19, we firmly accept "results mean everything," and are fully committed to a comeback.

C.A.P.U.P1500, our internal reform project launched in 2008, and our seven basic strategies based on the key words "Change," "Challenge," and "Jump-up" detailed in our medium/long-term management plan C.C.J2200, underway since 2016, have shown undisputable results. Fostering our fundamental strengths through expertise in proposing technological solutions and providing technological support to our customers who have continued business with us throughout the COVID-19 crisis, allowed us to limit losses to the greatest extent possible. While we were unable to meet our goal of achieving JPY 220 billion consolidated net sales in 2021, the year of our 100th anniversary, achieving a record-breaking JPY 182.8 billion in net sales in the year ended March 31, 2019 gave us great confidence for the future.

Outlook 2022

At the start line for the next 100 years, a commitment to giving our full strength

Market trends and business outlook for the year ending March 2022

We do not expect a full recovery in new capital investment during the year ending March 31, 2022, but sustained demand for renewal capital investment seeking labor savings and greater efficiency, and demand in the semiconductor segment is expected. We therefore expect Tachibana Group businesses to have a positive outlook in both Japan and overseas markets.

If we had to take a single lesson from the current pandemic, however, it is that the future is always uncertain. Even as the embers of the COVID-19 crisis continue to smolder, there are predictions we will see a V-shaped recovery in the global economy spurred by responses to climate change and massive public spending. At the same time, we will still face headwinds such as the unpredictable outlook of U.S.-China trade relations, and the shortage of semiconductors and related devices caused by the growing demand for 5G (fifth-generation) smartphones.

It is impossible to accurately predict the economic outlook when we face such a complex blend of diverse factors. In such circumstances, we must commit ourselves to the very basics of a trading company – listening to the needs of our customers. With the intuition gained by careful listening, we will devote our full attention to responding to the ever-changing market.

Devoting our full strength to today for tomorrow's development

Tachibana Eletech has reached the historic milestone of its 100th anniversary, and now looks towards the next 100 years. Adhering to the fundamental principles of a trading company will lay the groundwork for our future. Committing ourselves to devoting our energy to what we can do today will open the doors to future development.



Actions for Tomorrow 1 Enhancing our technologies

Providing customers cost savings through M2M technologies

With full recovery of the economy still uncertain, we can expect manufacturing companies to focus on policies that enhance profitability and productivity. While new capital investment is expected to decline, needs will grow for cost-saving measures such as achieving labor savings on production lines. Instead of replacing equipment, lower cost digital investment can improve the productivity of existing equipment by connecting them in an information-sharing network that enhances efficiency.

M2M, machine-to-machine transmission technology, is a key contributor in this space. Many types of M2M transmission are possible, so we must thoroughly understand the customer's transmission methods and protocols to propose an optimal solution. Tachibana Eletech has focused on enhancing its M2M system technology from an early stage, and continuously promoted its strength in the M2M system business through participation in the three major manufacturing exhibitions, including CEATEC.

Actions for Tomorrow 2 Pursuing in-house digitization

Improving in-house productivity through IT

Office automation contributes cost savings for our customers, and enhances our own administrative efficiency. We focused on making IT-based improvements to our internal administrative processes in response to the COVID-19 crisis, and we will further accelerate and expand this shift. Advancing our in-house digital transformation will allow us to improve inefficient tasks through technology. It will soon be possible for all routine tasks to be handled automatically through technology. We will also pursue creating an online ordering system for commodity products that do not require sales efforts. The nature of our employees' work and roles will change as we carry out this digital transformation, and we will therefore review what reforms are required in our HR policies for the digital age.

Actions for Tomorrow 3 Developing our people

Improving employee IT literacy

To succeed in the fully-realized digital society that will soon be upon us, we must foster the capabilities of our individual employees in addition to improving our technological strength. In C.A.P.U.P1500, we provided employees training in logical thinking, but we must next foster their ability to sell products through the digital medium. For example, on our company website we must go beyond publishing content that simply presents what we can do, and start creating content that sparks people's desire to work with us.

Our online seminar "Designing and Implementing Digital Transformation Leveraging AI" drew an attendance multiple times what we would expect for an in-person presentation, proving that online activities can be effective sales lead generators. Even if we present the same information, innovating our mode of delivery can succeed in moving people's hearts.

Medium/long-term management plan, "C.C.J2200"

Our medium/long-term management plan "C.C.J2200", which concluded after six years in 2021, was committed to "change," "challenge," and taking a greater "jump" upward to achieve consolidated net sales of JPY 220 billion.

Numerical Plan

	2015	2021	2021(Plan)
Net Sales (¥100 Million)	1,474	1,614	2,220
Operating Income (¥100 Million)	49	40	75
Return on Equity (%)	10.9*	4.8	8% or above
Employees(Consolidated) (Persons)	1,192	1,426	1,530

Basic Strategy

1	Standardization of regional service levels
2	Strengthen the Semiconductors and Electronic Devices business as a global business
3	Strengthen the system solution business by building up in-house technology
4	Develop the Building Services System business into a main business, as the third pillar of the company
5	Enhancing the synergistic effect with subsidiaries
6	Strengthen overseas business
7	Promote CSR management

* Net income increased through the "gain on amortization of negative goodwill," etc. incurred by converting Daidensha Co., Ltd. and Takagi Co., Ltd. to consolidated subsidiaries.

Going forward, employees must be able to accurately grasp the most important points from information obtained through IT tools, and utilize IT tools to combine multiple forms of media, such as words, sound and images to create convincing contents. Building this capability and literacy will form the core of our employee development for the next era.

Developing employees who excel at thought and action

Advancing digital transformation and building IT literacy are essential, but they do not supplant the importance of our face-to-face work. No matter what marketing automation tools we might adopt, or how effectively we disseminate information and manage customer data, a technology-driven trading company like ourselves will never stop meeting customers face-to-face. We must therefore continue to further polish ourselves as human beings. Tachibana Eletech has thus far carried out comprehensive training that incorporates ethics, manners, inter-personal communication skills and the knowledge required to make sales. We will continue our commitment to developing employees that excel at both thought and action, capable of reviewing and questioning the way things have been done thus far, finding the next move they want to take, and bringing it to action.

The goals of our next medium/long-term plan

Our next medium/long-term management plan will cover the period from April 2021 to March 2026. We plan to formulate the policies in the first half of this fiscal year, and announce the plan and begin implementation in the second half of the fiscal year. The overall management plan is expected to be comprised of the following three sub-plans:

- Growth plan centered around mainstay products and initiatives
- Strategic business plan investing in the next generation
- HR reform and practical office automation plan

First, we will see how far we can extend our existing trajectories of success, and from there decide what focused investments are required for the future. We will formulate a challenging plan with a clear eye towards the next era. As we proceed with office automation, it will be necessary to review how employees' manner of work will change, and the role of mid-level managers. We must also consider how we can reallocate the surplus human resources gained from labor savings. Tachibana Eletech has long devoted itself to People-Oriented Management, in which the growth of individuals leads to the growth of the company as a whole, and we must create a new HR policy that effectively fuses this foundation with our new digital culture.

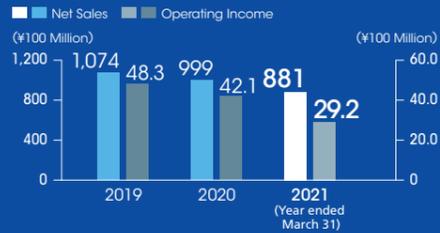
The fundamental role played by Tachibana Eletech, however, will not change. We will continue to pursue becoming a leading company in Asia as a technology-driven trading company excelling in electronics, machinery, semiconductors and information. We will unceasingly continue constant reform and taking on challenges towards our next major leap.

- FA Equipment Department
- FA System Solution Department
- Industrial Mechatronics Department
- Industrial Device Component Department

Hitoshi Yamaguchi
Director
Executive Operating Officer



Net Sales / Operating Income



Composition of Net Sales



Main products



Programmable controllers (PLC) and AC servos

Industrial robot

Electrical discharge machinery

FA personal computer and touch monitors

FA Equipment Department

Programmable controllers, inverters, AC servos, various motors, power distribution control equipment and control devices

FA System Solution Department

Proposal of industrial robot systems and other complex systems spanning our business segments with the themes of energy-saving, environment, safety and efficiency, and provision of solutions required by production sites

Industrial Mechatronics Department

Electrical discharge machinery, laser beam machines, machine tools including machining center, 3D printers

Industrial Device Component Department

Digital connection devices, connectors, FA computers, network devices, touch monitors

Review 2021

Recovery in capital investment generally weak, restrictions in sales activities bring decline in revenue

COVID-19 brought declines in production across the manufacturing industry, including key client sectors such as semiconductor and liquid crystal electric parts manufacturers and automotive-related manufacturers, causing a decline in capital investment. Sales activities were also severely restricted, making the fiscal year an extremely challenging one.

FA Equipment Department

Sensors, a key product category, experienced growth as part of embedded system components for semiconductor manufacturing equipment, together with the growth in the logistics industry. Capital investment generally declined across the manufacturing industry, however, and factory utilization rates fell to 75%, excluding logistics related sectors. As a result, sales of mainstay products such as programmable controllers, invertors, AC servos and power distribution control equipment declined.

FA System Solution Department

The decline in capital investments led to many large contracts being postponed, and robotics in particular saw a steep drop in revenue. Tachibana Eletech's Smart Factory exhibition, presenting a factory in which robots assemble products was well received at the Mechanical Components & Materials Technology Expo [M-Tech] in Osaka. While overall participants declined due to the COVID-19 crisis, we achieved the same number of one-on-one consultations as previous years. Sales negotiations for robotics systems grew 120% annually. FA Systems, on the other hand, achieved only 97% of the sales negotiations compared to the previous year, though still a solid figure in light of the drop in sales revenue. CEATEC (Combined Exhibition of Advanced Technologies) 2020 was held online, and we released a video demonstrating our technological strength.

Industrial Mechatronics Department

Sales of machine tools and laser processing equipment fell together with the decline in overall manufacturing industry capital

investment. Tachibana Eletech showcased its 3D printer technology in the TC Smart Lab., test lab and showroom, located on the first floor of its headquarters, which led to annual sales results double those of the previous year, though sales revenue is still small in absolute terms. In 2020, with support from the Kansai Bureau of Economy, Trade and Industry, we held seminars over a period of six months for small, medium and large enterprises regarding the subsidies available for 3D printer adoption, building another foothold for the widespread adoption of the technology.

Industrial Device Component Department

Touch panel monitors and PC peripherals, strategic components in Tachibana Eletech's sales expansion, saw a decline in sales due to sluggish demand among manufacturers and in the restaurant and service sectors.

In summary, overall sales of the division declined 11.9% compared with the previous year.

Outlook 2022

Professionalizing sales and expanding product line-up to offer optimal solutions as a true technology-driven trading company

FA Equipment Department

While the sector is on the recovery trajectory, manufacturer factory utilization rates remain at 85%. The FA Equipment Department will develop its product lineup outside Mitsubishi products to expand its scale of revenue. The sales organization will divide itself between "route sales" focusing on retailers, and "direct demand sales." The direct demand sales team will thoroughly study client equipment and production lines to increase the strength of its sale proposals.

FA System Solution Department

The Factory Automation System Department, which was organized as a sales department from the former technology support team, and in April 2021, offices were opened in Tokyo, Nagoya, and Osaka, with a mission to strengthen the sales of Tachibana Eletech's system robotics business. When a system inquiry comes

from the Equipment Department, a specialized team is assigned to respond. The department will continue to participate in Japan's three major manufacturing exhibitions. In upcoming exhibitions, we will visually present the complex data gathered from manufacturing centers through our Whole-Company Smartification data management system. Furthermore, Tachibana Eletech has concluded an agency contract with the 3D software company Lattice Technology, Inc. and will leverage 3DCAD development designs to deliver efficiency improvement proposals to manufacturing clients.

Industrial Mechatronics Department

Tachibana Eletech offers a wide range of general machined and forged products from multiple manufacturers, centered around Mitsubishi Electric products. Even with a diverse product line-up, business opportunities are limited if products are each sold individually. By combining the products of Mitsubishi Electric and other companies and forming a tag-team with Slers (system integrators), we will propose total solutions for manufacturing line automation. We will furthermore expand sales of Mitsubishi Electric products throughout all of our industrial manufacturing departments by developing clients and increasing sales with major regional trading companies. In 3D printing, we will continue promoting adoption of the technology and seize opportunities for sales negotiations.

Industrial Device Component Department

Leveraging Tachibana Eletech's expertise in telecommunications technology, network devices will serve as an entry point for increased sales of touch screen monitors and FA PCs. Our Smart Glass technology, which contributes to increased production at manufacturing sites, has been well received by customers. Smart Glass will serve as a product to "knock on the door with" manufacturing-related customers of the FA Department, for increased sales of manufacturing device component products.

A strategy for each department has been provided thus far, but the key points for success over the upcoming period are shared among all departments. First is "professionalizing sales activities." With large-scale recovery in the manufacturing industry still uncertain, building deeper relationships with each customer is critical to maintain and grow sales figures. It is therefore critical that each salesperson devotes their full strength as a professional

to their customers. Each salesperson should aspire to thorough expertise in all of Tachibana Eletech's products, and intimately understanding the challenges faced by their customers, to develop optimal sales proposals. That is the meaning of the "professional sales" we seek to achieve across the whole department.

Another area of focus will be increasing the product lineup we offer from other companies, in both core and non-core sectors. Whether it is robots, 3D printers, machine tooling or laser processing equipment, we will expand our products across all departments to secure a diverse range of choices, and develop an organization that can tailor an optimal proposal from that selection.

Our ultimate goal is to become a leading technology-driven trading company. Despite the severe limitations on sales activities brought by the COVID-19 crisis, customers still continued purchasing from us, showing not just the importance of deep, long-term relationships, but also the trust they had in "Technology of Tachibana." We will come together to further develop our professional skills as a technology-driven trading company, to further meet the expectations and trust of our customers.

TOPICS

Exhibiting at CEATEC 2020 ONLINE to promote Whole-Factory Smartification

We participated in the first online CEATEC, held in 2020. The centerpiece of our presentation was a virtual exhibition of Tachibana Eletech's Whole-Factory Smartification solution for addressing challenges on manufacturing sites. Solutions to an array of challenges were presented, including reducing the equipment startup lead time through 3D data-based simulations, leveraging AI technology to address labor shortages on the production line, and improving energy efficiency through comprehensive management of the production system.



Semiconductors and Electronic Devices

Main products

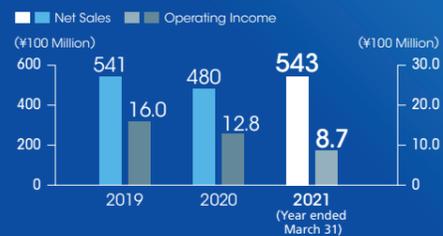


Semiconductors (microcomputers, ASICs, power devices, memory modules, analog ICs, logic ICs)
Electronic devices (memory cards, contact image sensors, liquid crystals)

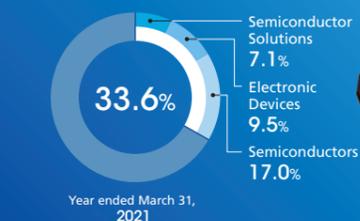
Sadayuki Takami
Director
Executive Operating Officer



Net Sales / Operating Income



Composition of Net Sales



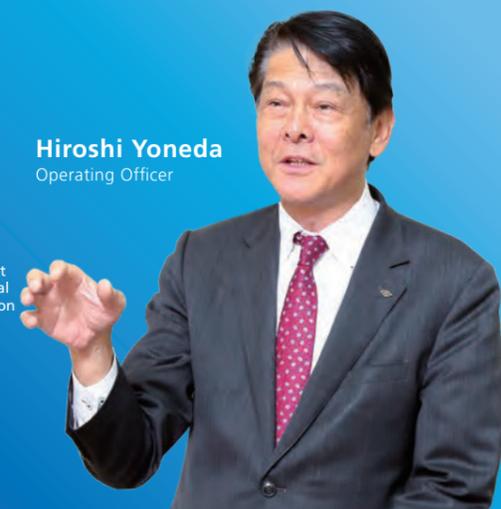
Building Services Systems

Main products

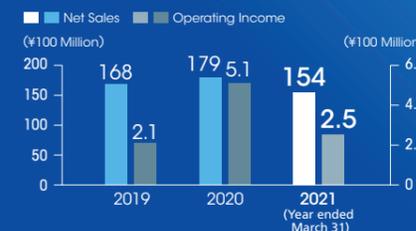


Package air-conditioners and other air-conditioning equipment, equipment for all-electric housing (Eco Cute, IH cooking heaters), room air-conditioners, power receiving/transformation equipment, monitoring and controlling equipment

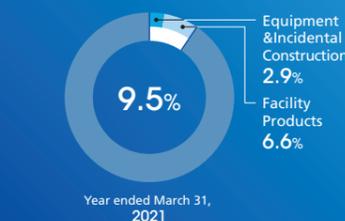
Hiroshi Yoneda
Operating Officer



Net Sales / Operating Income



Composition of Net Sales



Review 2021

Recovery in overseas market buoys results, subsidiary contributes to increased revenue

While demand had fallen among key industrial clients in the Japanese semiconductor market due to COVID-19, the market recovered from the summer of 2020, and key products such as microcomputers, memory, logic IC, and power semiconductors have performed steadily. Tachibana Electronic Solutions (TCS), acquired in April 2020, also made a major contribution to revenue. In addition to the worldwide semiconductor shortage, however, we struggled with supply shortages caused by disasters and accidents among semiconductor parts manufacturers. In the overseas market, thanks to the invigorated Chinese market, we greatly exceeded our results for the fiscal year ended March 31, 2020, particularly in China, Hong Kong and Singapore.

In electronic devices, demand fell for liquid crystal displays, memory cards and embedded image sensors.

As a result, Semiconductors and Electronic Devices recorded a 13.3% increase in net sales, year over year.

Outlook 2022

Instill Tachibana-ism throughout the group, deepen relationship with existing clients, expand product lineup

TCS has joined the Tachibana group for over a year and demonstrated synergies. In addition to securing over 100 new companies as first-time customers, sales were further increased by transferring small and medium-sized customers to TCS, which could not be adequately covered by the department previously. In addition to instilling "Tachibana-ism," which focuses on fostering in-house technologies, at TCS, we will leverage the fusion of TCS and Tachibana Eletech's technologies to further strengthen our proposal and sales capabilities.

In our expanded market, we will carefully root out missed sales opportunities, and offer services carefully tailored to the most pressing needs of our customers. We will simultaneously continue strengthening our proposals leveraging overseas

products. In addition to our core Mitsubishi Electric and Renesas Electronics products, we will seek to increase the share of overseas products to 30% of the total in-house share. The department has furthermore established the Semiconductors & Electronic Devices Planning Division to coordinate our domestic and overseas semiconductor businesses and carry out strategic planning.

While we could not achieve the initial goal set for the final fiscal year of C.C.J2200, numerous projects were delayed due to the COVID-19 crisis, and we will redouble our efforts to achieve the goal going forward. We will leverage synergies with TCS to build our sales strength and set a bold target that exceeds the goal of C.C.J 2200.

TOPICS

Tachibana ranks first for per-company views at ET online exhibition

The ET & IoT Digital exhibition, which Tachibana Eletech has participated in for the last five years, held its first online event in 2020. We exhibited ten videos created around the theme of "Connecting." In particular, the videos focusing on themes of "contactless," "remote control" and "touchless" garnered high attention due to the increased need brought by the COVID-19 crisis. With over 11,000 views, we ranked first in the per-company view rankings at the exhibition, demonstrating its robust marketing prowess.



Review 2021

Focus on sales promotions for COVID-19 response related solutions, decline in revenue due to post Olympic construction lull

15 years have passed since Eco Cute first went on sale, and the demand generated by these units entering their replacement period simultaneously, together with the recovery seen in new all-electric housing construction and apartment renovations, has driven growth in solar power generation equipment. In response to the COVID-19 crisis, we moved our sales activities online to the greatest extent possible, and improved administrative efficiency and order accuracy through our newly adopted sales management system.

Due to the lull in new construction following the burst of demand caused by the Tokyo Olympics, and the nationwide delay and cancellation of many projects caused by the COVID-19 crisis, demand fell for air conditioners such as in-store packaged air conditioners and multi-air conditioners for buildings. While we focused on short-term product delivery, including meeting the needs brought by measures to prevent the spread of COVID-19, these actions were not sufficient to bolster overall sales results.

As a result, Building Services Systems recorded a 14.1% decrease in sales year over year.

Outlook 2022

As the market moves towards zero-emissions, focus strategy on proposal and construction strength

Following through with C.C.J2200 until its final year built the foundation for the next period. First, we secured a strong sales foothold in the Tokyo area market. We have focused on securing and developing major construction clients, which has led to successfully closing large contracts. We furthermore built our capability as a Sier in solar power generation. We also developed comprehensive capability in combining both internal and external products from proposal to final construction. Industrial heating and cooling showed similar accomplishments.

We expect the market to recover in the upcoming period, and orders to increase for logistics centers, hospitals and data centers in Tokyo, Nagoya, and Osaka. Upcoming projects are also jostling at the gates thanks to the Osaka Expo 2025, with development starting for Umekita Phase 2. Furthermore, as the Tokyo metropolitan area market is much larger than the Kansai market, we will focus on making the best use of limited resources to analyze a large number of cases and steadily increase profits.

Amidst the major trend towards a zero-emissions society, construction is expected to grow nationwide for net Zero Energy Housing (ZEH) and buildings (ZEB), which make use of solar power generation, storage batteries and high-efficiency equipment to provide a sophisticated low-energy supply. Through comprehensive coverage of the equipment required for such construction, we will closely meet our customers' needs through this changing era, and focus on system sales to build increased revenues and profits.

TOPICS

Adoption of new emergency power supply system

As abnormal weather becomes increasingly normal in recent years, we face power loss due to heavy rains, and power restrictions and outages due to stoppages at nuclear power plants and decreased output from thermal power plants. In these situations, the elderly and small children face danger to their very lives if there is no one close by to help them.

Tachibana Eletech has therefore developed an on-site power system package that combines EV batteries and fixed storage batteries to secure a minimal lifeline level of electricity for people in such emergency situations, and launched sales of this package during construction. It has already become nearly standard for nursing home facilities among specific customers, and deliveries are proceeding steadily (see page 24 for details).



Main products



MMS (Metal Manufacturing Service)

Structural members and pallets for multilevel car parking towers, piping members for ships

EMS (Electronics Manufacturing Service)

Controllers for water heaters, remote controllers for air-conditioners, etc., passenger car trunk closures

In view of the future development potential of the company, we have developed this business based on the expectation that the demand for processing parts will grow in the future. We provide contract manufacturing services that only a technology-driven trading company with knowledge of design and manufacturing partners can offer. Having both MMS and EMS, we can offer comprehensive services from substrates to finished products, including exterior packaging.

Hirokazu Ueda
Operating Officer



Main products

Sales of industrial mechatronics products, including semiconductors, electronic devices, FA equipment, and electric discharge machines

Since the opening of a representative office in Singapore in 1982, we have steadily expanded overseas operations, and in 2012, we established Tachibana Overseas Holdings Ltd. (TOH) in Hong Kong, a holding company to supervise overseas subsidiaries. We are proactively undertaking the FA, Semiconductors and Electronic Devices and other businesses in East Asia and major Southeast Asian countries, including China and Singapore.

Hisanobu Nunoyama
Director
Managing Operating Officer



Net Sales for Overseas Businesses / Sales Ratio for Overseas Businesses



Review 2021

Global semiconductor shortage and COVID-19 leads to decreased sales and profit

In the MMS segment, which involves contracted work for metal processing, the fiscal year started out strongly, but due to the second wave of COVID-19 in the summer, ultimately fell short of expectations. Shelving racks for convenience store chains and logistics companies were performing strongly, but deliveries were postponed, and metal parts for multilevel car parking facilities and construction site work frames performed sluggishly due to the sudden rise of metal prices in China.

In the EMS segment of contracted electronics and electronic parts manufacturing, automotive-related demand fell due to the global semiconductor shortage, which caused auto manufacturers to sharply decrease production. Moveable platform safety fences for train stations also saw decreased demand due to delays in construction caused by COVID-19. On the other hand, we secured an order to provide the frame for drainage pumps used in apartments and other locations, which provided a stable source of new revenue. Control circuits for air conditioners used at large-scale facilities also performed well.

As a result, Manufacturing Services recorded a 24.3% decrease in sales year over year.

Outlook 2022

Increasing customer satisfaction and growing sales through stable a Japan-China-Thailand manufacturing organization

In the MMS segment, demand has recovered for shelving racks and construction frames and new orders are arriving steadily. Demand for the counterweights used in elevator-based car parking towers and the parts used in automated multilevel parking lots is also growing. Permanently assigning employees to our partner factories in Shanghai and Tianjin has led to customer satisfaction in our quality-management focused organization and repeat orders.

In the EMS segment, deliveries for moveable platform safety

fences will restart in the Autumn, making up for lost time from the previous year. In addition to receiving a large order for spot cooler control units, we have also expanded orders for washing machine LCD control screens for a major home appliance manufacturer. We have also steadily built our track record in warm water washlet and massage chair controllers, proof that customers appreciate the Tachibana Eletech's commitment to "building in quality."

As part of our C.C.J2200 initiatives, we have distributed risks between our Japan, China and Thailand partner factories to secure both stable production capacity and quality assurance. Online factory inspections were also well received. Going forward, we will enhance the sales promotions on dedicated marketing pages within the Tachibana Eletech website, and make our in-person sales negotiations more convincing by bringing physical samples for demonstration.

TOPICS

Renewal of the Electronics Manufacturing Services (EMS) Website

In September 2020, we opened a dedicated marketing web page that showcases the EMS manufacturing process through videos. We also delve into Tachibana Eletech's strengths in technology and service, which we could not fully communicate to our customers previously. We also promote our one stop service capability, offering everything from design support to parts procurement, manufacturing and quality assurance.



Review 2021

Recovering in the Chinese and ASEAN market leads to increased overseas operations sales and profits

After the COVID-19 virus first appeared in Wuhan in 2019, China quickly moved to suppress the outbreak, and the country's economy has recovered strongly since the start of 2020. All markets are showing a strong recovery, including consumer goods, general manufacturing and the automotive sector. Similarly, semiconductor and electronic parts demand, which is transferring from China to ASEAN, has rebounded with recovering exports to Europe and North America.

Overseas Operations seized the opportunity presented by strong electronic device demand in China and ASEAN to achieve increased sales and profits over the previous year. The semiconductor segment achieved double-digit growth over 2020, and the FA segment maintained the performance of the previous year. Enhancing the technological support offered by our Semiconductor & FA Engineering Centers in Shanghai and Shenzhen, and moving customer meetings online to increase consultations even amidst the COVID-19 restrictions led to this strong performance.

As a result, Overseas Operations increased both sales and profits, recording a 14.8% increase in sales revenue.

Outlook 2022

Continue advancing localization to establish Tachibana Eletech as a technology-driven trading company in Asia

Strengthening overseas operations was a strategic pillar of C.C.J2200, and Overseas Operations succeeded in building a strong cooperative bond between Japan, China and ASEAN in the final year of the plan. This network will serve as a base to enable double-digit growth once more in the upcoming period by seizing market demand for semiconductor-related products, machinery and electronic components.

The future success of our overseas operations lies in the hands of our local employees. We will continue building upon our fundamental strategy of localization - developing local clients and employees. Last year, we registered the Singapore manager as our local employee in the region for the first time. "Local production for local consumption" contracts are steadily increasing, in which our local technology support team aids local clients in design development and other activities, and we will continue building our partnerships with local IDHs* and enhancing our Engineering Centers. We will furthermore participate in Shanghai and Shenzhen related exhibitions to promote Tachibana Eletech's strength in technology. Our goal is to become a leading technology-driven trading company in Asia for electrical and electronic fields.

* Independent Design House

TOPICS

Incorporation of Malaysian branch, Tachibana Sales (Malaysia) Sdn. Bhd. launches operations

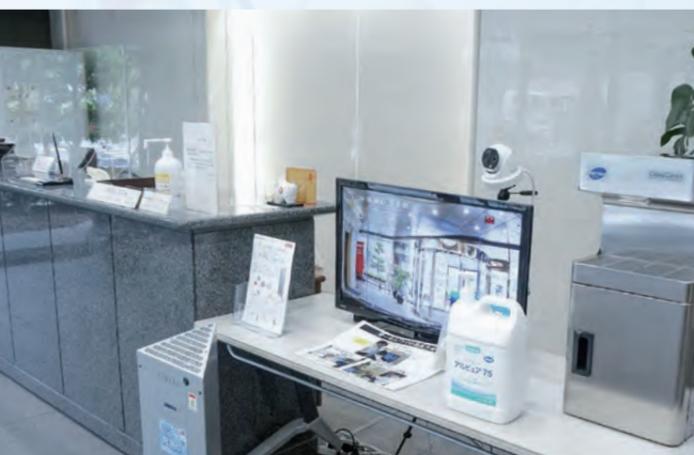
The Tachibana sales office in Malaysia, previously a branch of Tachibana Sales (Singapore) was incorporated on March 31st, 2021, and relaunched business as Tachibana Sales (Malaysia) Sdn. Bhd. on June 1st, 2021. The company carry out marketing in the Malaysian market and provide technological support to local clients. Going forward, Tachibana Sales (Malaysia) will further enhance its technological and sales strength, and contribute to expanded business overseas.



Tachibana Eletech, adapting to society's new normal

In 2020, we saw a shift to a new way of life brought about by the COVID-19 outbreak. Tachibana Eletech is proceeding with new initiatives to respond to a rapidly transforming society.

Feature 01 Employee infection prevention measures to continue business activities



With top priority placed on safety and peace of mind, Tachibana Eletech is thoroughly implementing a wide range of measures to prevent COVID-19 infection among all employees while continuing to provide products and services to customers. Digital transformation is part of this effort, including support for remote working.

Key Initiatives

- Establish a permanent Crisis Management Office
- Conduct sales negotiations online
- Promote remote working and off-peak commuting
- Reduce client visits
- Leverage Microsoft 365
- Reduce crowding in the office
- Install thermal scanner and hand sanitizers at entrances

VOICE

Shifting to sales that leverage online interaction

The COVID-19 crisis forced restrictions upon one of our most fundamental activities – visiting customers. In the face of these restrictions, however, we moved company meetings and meetings with customers online, and have prepared an environment that supports remote working.

Meeting online offers the advantage of being able to adjust the schedule to suit the customer's convenience. Furthermore, we previously visited our suppliers throughout Japan together with customers to conduct on-site inspections, but we were able to shift control panel inspections online in response to the crisis. While online sales activities now offer a resistance-free mode of interaction, we have discovered some disadvantages brought by the reduction of in-person sales. Online meetings have a predetermined theme and list of participants, which reduces the chance to hear our customers' needs and concerns through casual conversation. Additional measures are required to ensure we do not miss opportunities to propose solutions.

Meeting online and in person both offer unique advantages, and even after the COVID-19 crisis subsides, we will leverage both mediums in accordance with our customers' needs.



Haruaki Sato
FA First Department

Feature 02 Solutions that support economic activity amidst the COVID-19 crisis

Interest is growing in solutions to prevent COVID-19 infection to support continued business activities.

Tachibana Eletech will leverage its strength in technology to propose solutions carefully tailored to each customer, thereby supporting economic activity in society.

Non-contact equipment operation

Tachibana Eletech offers contact-free solutions for equipment operation. Even if the operator's hands or the buttons are not clean, contact-free operation allows equipment to be controlled without touching, making it applicable in a wide range of scenarios, including the prevention of infection. Contact-free solutions include hand gesture-based operation which detects the number of fingers and position of the hands and fingers, line-of-sight based operation, and in-air display operation. Tachibana Eletech offers comprehensive systems that leverage the complete range of contact-free options.



UV Radiation Air Sterilizer Airlia Delta, utilizing ultraviolet light to sterilize bacteria

Tachibana Eletech offers the Airlia Delta indoor air sterilizer, which takes in air and uses ultraviolet light to sterilize bacteria, releasing clean air into the room. No ultraviolet light is released from the device, preventing any effect on other equipment or people in the room. We worked with Iwasaki Electric Co., Ltd. to commercialize a lightweight model of their Airlia air sterilizer. Its compact size makes it ideal for small spaces such as reception counters and elevators.

Smart Glass, enabling comprehensive remote operational support

The COVID-19 crisis has forced restrictions upon company visits, making it difficult to provide on-site manufacturing support. Smart Glass, however, enables remote manufacturing support with a sense of realism. In addition to confirming the operator's line-of-site from a remote location, Smart Glass allows 3DCAD data and operating manuals transmitted from a remote location to be displayed on the screen, enabling an efficient form of instruction while confirming the on-site conditions. Smart Glass technology makes it possible to provide real-time instruction to overseas manufacturers directly from Japan.



On-site image transmitted by camera

Camera transmitting on-site view

Monitor for displaying remote instructions

Environmental Initiatives

Environmental Policy

Basic philosophy

Tachibana Eletech recognizes that environmental issues are spreading around the globe and represent a long-term problem that will affect our future. This is why we are working to achieve sustainable development that enables the coexistence of socioeconomic development and the earth's environment through sound business activities.

Corporate Principles

1. Effective use of resources and energy

Given the limited nature of resources and energy, we will strive to both use them effectively and make contributions to society through our business activities.

2. Compliance with environmental laws and regulations

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

3. Enhancement and improvement of our environmental management system

Following this environmental policy, we will set environmental objectives and targets, carry out initiatives, regularly review these initiatives and strive to make continual improvements.

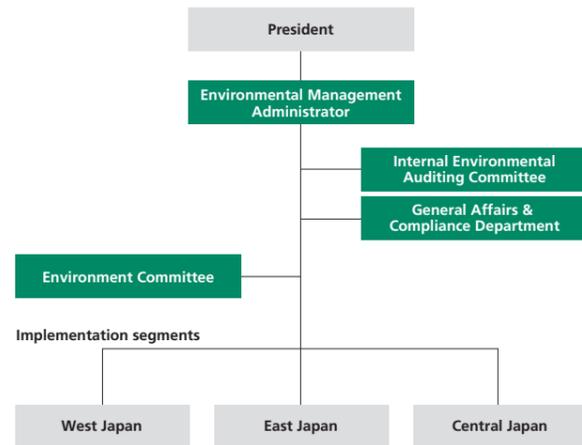
4. Promotion and publication of environmental policy

We will make this environmental policy known to all employees and also 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



Reducing the Environmental Impact of Our Businesses

Initiatives for the management of chemical substances

We support customers in their environmental responsiveness through the provision of accurate information. The General Affairs & Compliance Department is responsible for integrated management of information about chemical substances contained in the products we handle. When we receive inquiries from customers about chemical substances in any of our products, we provide all information obtained from suppliers, and inform customers if the products meet their requirements. 95% of the products we are dealing with meet the RoHS (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) Directive issued to draw attention to the effects of substances on human health. Some customers request non-RoHS products, which represents the maximum limit of RoHS adoption. The General Affairs & Compliance Dept. is engaged in appropriate administration and promotion of the chemical substance management system in accordance with in-house rules for the management of contained chemical substances and makes a self-declaration of conformance based on Guidelines for the Management of Chemical Substances in Products (provided by JAMP).

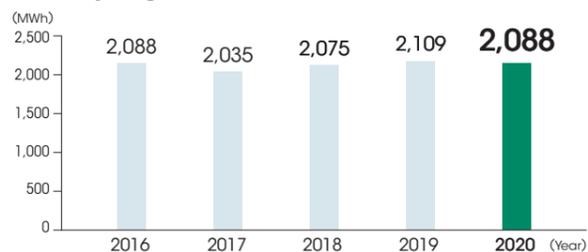
The General Affairs & Compliance Dept. also serves as the contact point for chemical substance management audits requested by customers. Starting in the year ending March 2012, the Office has been providing support for establishment and administration of the chemical substance management systems of overseas subsidiaries. Internally, the office is investing effort into the continuous implementation of various training and education programs on the management of chemical substances.

Energy conservation at offices

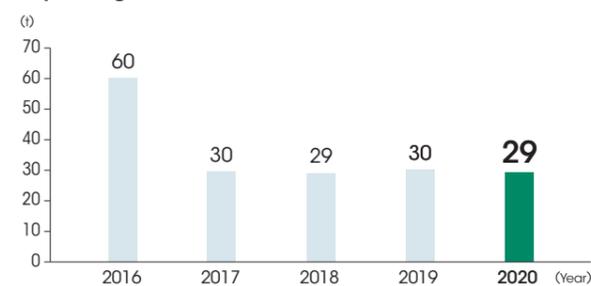
We have been contributing to power saving and carbon dioxide (CO₂) emission reductions for customers by proactively lining up equipment and systems that support their energy-saving efforts and offering a combination of products and energy-saving technologies. We are also making all-out efforts of our own to save on energy consumption and are introducing power-saving LED lighting in our office buildings. We completed the replacement of all lighting in the head office building with LED equipment in September 2012, helping significantly reduce overall building power consumption. Going forward, we will continue to work toward reducing power consumption.

Furthermore, we are advancing with our paperless office initiative with measures including digitizing reports and adopting DocuWorks to reduce paper consumption.

Electricity usage



Paper usage

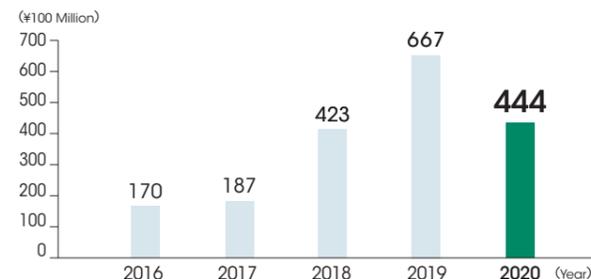


Efforts to Reduce Environmental Burden through Business and Services

Increasing sales of environmentally-conscious products

Under the policy of giving back to society by promoting the effective use of resources and energy, and increasing sales of environmentally-conscious products, we have expanded our lineup of environmentally-conscious products effective at protecting the environment, such as photovoltaic power generation systems, LED lighting, high efficiency industrial equipment, air conditioning, and building facilities. We are currently working to increase sales of these products.

Net sales of environmentally-conscious products



Photovoltaic panels:

Contributing to a clean energy society with energy creation

In addition to energy-saving efforts, society has shown stronger interest and expectations in proactive approaches to energy creation. Photovoltaic power generation systems, which do not produce CO₂ when in operation, are spreading for both general homes and industry.

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.

LED lighting:

Promoting the expanded use of LED lighting internally and externally

LED lighting is not only economical because it uses less power and has a long life, but also has unique traits such as the fact that it does not almost give off heat, does not contain hazardous materials, and does not almost attract insects. Tachibana Eletech

has launched the LED Lighting Sales Promotion Project and has since continued to help a number of customers to save power and reduce their electricity costs. We are actively working to expand the adoption of LED lighting both internally and with customers.

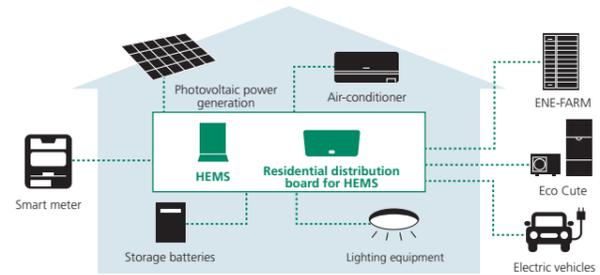
High-ceiling LED lighting is part of the permanent display at our Exhibition Hall on the first floor of the head office, aiding the further expansion of LED lighting sales.



HEMS, which realize a comfortable lifestyle with low energy consumption.

A Home Energy Management System (HEMS) connects various household appliances over the network to realize a comfortable lifestyle with low energy consumption.

Tachibana Eletech is supplying HEMS to large tower apartment buildings and condominiums through Kansai Electric Power Group. Through these activities, we are supporting the realization of smart electric apartment buildings.



Supporting energy-savings for air conditioners in the Asian region

It is said that nearly 40% of the electrical expenses for factories in southeast Asia and southern China can be attributed to air conditioning.

As a shared strategy product at its overseas bases, the Tachibana Eletech Group began sales of "Be-One," a product which allows continuous operation monitoring of air conditioners and refrigeration equipment, and regulates energy savings, in 2014. The product contributes to the promotion of energy savings in the Asian countries struggling with insufficient electrical power supplies.

Proposing various power saving solutions

As a power saving expert in electricity conservation, we propose a number of power saving solutions to our customers.

This lineup of solutions includes LED lighting and photovoltaic power generation systems as well as other solutions proposed from a variety of angles, ranging from cleaning and sprinkling of air-conditioner compressor units, application of thermal insulating paint for rooftops, on-demand control to upgrading servers to more power saving models, based on detailed inspections and analysis of offices, buildings, and various equipment. These power saving measures are compiled into small publications such as "Key to Power Saving" that are provided to customers to help achieve a society that uses less power.

Providing comprehensive support for energy conservation at factories

Tachibana Eletech offers a rich line-up of equipment and systems to support energy conservation efforts and help reduce environmental burden at production plants. By providing "products + energy conservation technology," we contribute to helping customers conserve power and reduce CO₂ emissions.

For example, the energy measurement unit and energy-saving data collection server automatically collect information on energy consumption and production yield, and assist in the visualization of the utilization status of the facility. By doing so, they enable the detection of energy loss, and further, allow for the visualization of such data anytime and anywhere through the Internet.

In addition to these equipment and systems that support energy conservation efforts, we also design and provide comprehensive energy conservation plans by combining power distribution equipment that minimizes energy loss, high-efficiency transformers, high-efficiency motors, energy-saving inverter control panels, and other systems.

Of course, by proposing solutions from the perspective of "energy conservation professionals" who understand factories, such as enhancing the maintenance and operation capabilities of systems or expediting delivery through modular systems, we provide strong support to our customers in their energy conservation activities.



Energy-saving data collection servers



High-efficiency transformers



High-efficiency motors



Energy-saving inverters

Realizing significant energy savings through motor replacement

It is said that much of the electricity consumed by factories is consumed through motors. Hence, upgrading the motors to the latest models not only improves production efficiency, but also contributes to significant energy savings for the factory.

Going forward, we aim to continue increasing the volume of orders for motor replacement systems, and to contribute to customers' efforts to conserve energy and improve production efficiency.

No. of orders for motor replacement works, and no. of units (cumulative)



Delivery for mega solar project at Kansai International Airport

We supply photovoltaic power generation systems that do not emit CO₂ during generation as part of our commitment to create clean energy. Our designs are optimized according to each particular environment and scale, based on our accumulated technologies and know-how.

In January 2020, we completed construction of a photovoltaic power generation system on the rooftop of the Terminal 2 building at Kansai International Airport. Capable of generating up to 1,300 kWh of electricity every year, this system features 4,180 panels covering an area of 226m x 100m on the building's roof. This turned out to be a complex system as it involves a large-scale photovoltaic power generation system along with integration with other systems and signals. This project was successfully completed with the cooperation of the FA System Solution Department and Building Services Systems Department.

Additionally, work was carried out in a restricted area of Kansai International Airport where planes were taking off and landing. Our ability to complete the project safely, on time and without trouble. As a result, we earned a strong degree of trust with the customer.



Environmentally Aware BCP Preparation - Photovoltaic Power and Storage Battery System

Environmental awareness is growing as we move towards a low-carbon and carbon neutral society, generating increased demand for photovoltaic power generation. Additionally, the need to prepare for increasingly frequent major natural disasters has made BCP (Business Continuity Plan) measures a subject of great focus.

Tachibana Eletech is actively promoting adoption of a power generation system that combines photovoltaic power with lithium-ion storage batteries. Using self-generated power reduces electricity bills by reducing the volume of electricity that must be purchased from power companies. This photovoltaic and storage battery power system, which does not rely on fossil fuels, reduces CO₂ emissions and offers security by providing a minimum lifeline of electrical power during emergency situations or disasters.

Lithium-ion storage batteries are both compact and lightweight, making them widely adopted in mobile phones, laptops and electric vehicles.

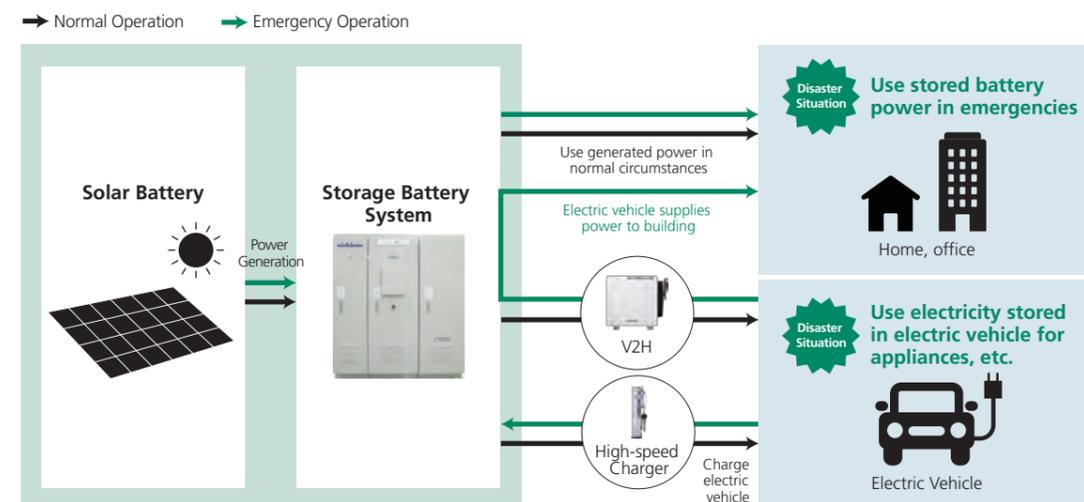
Combining storage batteries with a photovoltaic power system allows excess electricity to be stored, and then drawn from the batteries during periods of low power generation, providing an efficient system robust against weather conditions. The system can also provide

emergency power in disaster situations. Furthermore, combining photovoltaic power generation with a rapid charging system and electric vehicle allows the vehicle to be charged with solar power. In emergency situations, the electric vehicle can power the storage battery, which can then provide power to the facility, enabling more efficient use of available energy.

This combination power system also brings economic benefits. Photovoltaic power does not simply reduce the total volume of electricity purchased from the grid, it also reduces purchases at peak times during the day, and the storage battery can be charged during the less expensive nighttime period.

Tachibana Eletech has designed its system with optimal components carefully selected based on over 20 years of experience and expertise in photovoltaic power, and offers a comprehensive solution, from design to manufacturing and maintenance, carefully tailored to customer needs. Going forward, we will continue our commitment to providing renewable energy products to help achieve a low-carbon society.

Photovoltaic Power and Storage Battery System Diagram



Together with Employees

Basic Policy

Tachibana Eletech respects the diverse values of its employees and aspires to achieve a balance between employee self-realization and the growth of the company. To achieve this balance, we make efforts to address issues such as human resource development, work-life balance, diversity, harassment prevention, respect for human rights, and childcare assistance. Our goal is to create an environment where employees can grow and find a sense of fulfillment.

Creating Workplace Environments that Facilitate Work

Initiatives for work-life balance

We have created employee-friendly workplace environments where workers can balance their professional and personal lives, and we have established various action plans to fully harness the skills and talents of our workforce.

For example, we have standardized, streamlined, and leveled business processes, and eliminated our dependence on individual expertise for certain business processes. We have also created an environment that encourages eligible employees to take childcare leave, and which makes it easier for them to return to work after leave.

Following the enforcement of the revised Child Care and Family Care Leave Act on October 1, 2017, we amended our “Regulations for Childcare Leave” on the same day. Previously, leave was up to the age of 1 year and 6 months, but the leave period can now be extended to when the child reaches 2 years of age.

Initiatives towards work-style reforms

Tachibana Eletech will pursue the improvement of operations in terms of their efficiency and the promotion of women’s activity with a view toward work-style reforms.

We stopped the paper printing of faxes by introducing auto fax software and laptop computers. We have reduced paper usage for meetings by digitizing reports and adopting Microsoft 365.

The major leap towards digitization sparked by the COVID-19 crisis has been the impetus to start several new in-house projects. We will improve productivity by rationalizing and improving the efficiency of administrative work through the smooth rollout of office automation tools and systems across the whole company.

Initiatives for Diversity

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.

Supporting female practical business group leaders

In 2019, we founded a practical business group made up of female staff, and appointed six female staff to serve as leaders, a first for the company.

In the fiscal year ended March 31, 2021, these leaders worked to ensure the smooth operation of the group, responding to emergency challenges such as the switch to remote working amidst the COVID-19 crisis.

The practical business group will continue growing, as Tachibana Eletech pursues becoming a company in which males and females are equal, where there is no discrimination in work or career advancement and no disparity in pay based on gender.



Promoting Employee Health

Mental Healthcare

Tachibana Eletech provides mental health check-ups at a specialist institution for all employees every year.

Additionally, we have introduced an EAP service that provides clinical psychologists, mental health social workers and counselors to support workplace mental health. These services can be used at any time to help solve problems faced by employees or their families.

Furthermore, we will provide counselling with an occupational health practitioner that can be utilized by everyone in the company once a month.

Dissemination of health news

Quarterly, we publish and disseminate information on diet and health for the benefit of our employees.

This year, we covered techniques for maintaining a robust immune system through healthy living.

Promoting vaccination

Vaccination against influenza is provided within the company. Staff can pay only part of the cost to receive these vaccinations.

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) for fostering “wisdom” in interpersonal communication and sales, as well as for comprehensive human resource development. 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.



Note: C.A.P.UP 1500

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

Training Policy

Tachibana Eletech has established an education system aimed at promoting the growth of individual employees and the development of the organization.

Line-up of training courses

Rank-based training	New employee training, career design training, and management training, etc.
Skill improvement training	Presentation skills training and business flow training, etc.
Basic training	Basic job duties and basic technical knowledge, etc.
Specialist training	Training provided by manufacturers, etc.
Basic language training	English conversation (beginner/intermediate) and Chinese (beginner/intermediate)
Workplace training	OJT and new product/new technology training, etc.
Personal development	Various distance learning courses, etc.

Human Training Hall – Fostering human competence

We have established a Human Training Hall as a kind of social gathering space, with the aim of ensuring the DNA of Tachibana Eletech is passed on to young staff through interaction with their peers in other departments with whom they usually have no contact. This should raise the base level of ability among each and every staff member, and lead to strengthened business and developmental capacity.

Safety training

The General Affairs & Compliance Department holds safety training periodically every year.

Safety training provides instruction to improve employee awareness about occupational safety and health at plants. They

learn about past industrial accidents to newly foster the determination to eliminate all workplace accidents among each and every participant.

In the fiscal year ended March 31, 2021, we released educational safety videos for employees. In the fiscal year ending March 31, 2022, we plan to conduct safety training remotely.

Support for skills development

We provide support for obtaining qualifications, so that every single member of staff can enhance their work-related skills.

Currently, credentials eligible for support include health supervisor, licensed electrical engineer and electrician, energy manager, and other construction and engineering-related qualifications, as well as IT and information-related qualifications such as engineers in basic and applied information technology.

Teams Study Session

The management department organized a Teams Follow-up Study Session for Beginners on December 7, 2020. Teams is a Microsoft 365 communication tool, offering a variety of communication options including video meetings and chats. The study session was held remotely using Teams, with approximately 30 members in attendance.

The basic features of Teams were covered in an explanatory session, providing employees greater familiarity with an essential new tool, as most employees moved to remote working during the COVID-19 crisis. We will continue carrying out these measures to further support office automation.

Construction Safety and Hygiene Training via Video

COVID-19 made in-person training impractical, so training videos were shared together with documents covering safety and hygiene measures to be followed during construction. The videos discussed accidents and close calls that occurred during actual constructions.

Attendees viewed the videos from a web page by the General Affairs & Compliance Department. Keeping each video under ten minutes, garnered positive comments such as, "I could schedule watching the videos in between my work."

Online Disaster Training via Video

Online disaster training utilizing videos for first- and second-year employees was conducted from December 21 to 25, 2020. Training covered scenarios such as earthquakes and fires, and was conducted by sending employees links to the training videos together with materials detailing evacuation routes of headquarters and a post-training test to confirm understanding. In total, 58 employees at Tachibana Eletech and 24 employees at Tachibana Electronic Solutions participated in the training. During the training period, participants viewed the videos and filled out and returned the post-training test. 62 employees returned the post-training tests, with almost all achieving 100% scores.

On December 22, 2020, an open video screening session was held in Hall A on the ninth floor of the head office, with 12 employees attending. The video, about ten minutes in length and reviewed by the Osaka Municipal Fire Department, tells a story about employees who find themselves in crisis after responding incorrectly to an earthquake and fire that strikes their high-rise office building. An additional three videos, a total of 14 minutes in length, explain the use of fire extinguishers and emergency in-building fire hoses. The videos were well received by the participants, with one employee commenting, "the situations in the video were very realistic, and the closing question of 'what would you do?' really stuck with me."

Engineer Training

Technical training utilizing the TC Smart Lab.

The TC Smart Lab., opened on the first floor of our head office to allow customers to examine Tachibana Eletech's solutions first-hand, is also being used to conduct in-house technical training.

The TC Smart Lab. enables in-house studies of multiple machines, the combination of products across different manufacturers not previously possible, facilitating smooth dissemination of information among engineers.



Various training programs

As a technology-driven trading company, we are striving to nurture competent engineers in-house. In order to help engineers to catch up with technological trends of the times, we provide them with an opportunity to receive training on leading-edge technologies, including sensors, robots, AI and the cloud. We are also encouraging engineers to hone their technological capabilities in M2M, Tachibana Eletech's strength.

Invigorating Recruitment Activities

New graduates recruitment

We have continued actively hiring new graduates, the next generation of Tachibana Eletech, throughout the COVID-19 crisis. Recruitment efforts took on new forms throughout 2020, with explanatory seminars and interviews moving online. Online sessions featuring veteran employees were also organized, giving new graduates a chance to meet employees who graduated from universities in Osaka now working in Nagoya, encouraging cross-region communication and providing a more complete view of the company. 13 fresh faces joined Tachibana Eletech in the fiscal year ended March 31, 2021.

Mid-career recruitment

We are proactively recruiting mid-career engineers. In the fiscal year ended March 31, 2021, 15 new employees joined, bringing a diverse range of experience. They are contributing to their various businesses as immediate, on-the-ground strength.

Initiatives to Increase Motivation

The president's award

Several times in a year, we bestow the President's Award on employees who contribute to winning orders of large-scale projects or in new business areas and to business partners' commendation of the company. The winners are announced with details of their commendation in in-house newsletters to help enhance other employees' motivation and desire to improve themselves.

Club activities promoting in-house exchanges

While activities could not be carried out in the fiscal year ended March 31, 2021 due to COVID-19, we are supporting company-authorized club activities, such as the baseball club and the basketball club, to help facilitate exchanges between employees of different departments, which are useful in the promotion of smooth business operations.

Engagement with Clients and Suppliers

Tachibana Eletech is committed to offering superb products and services as a trusted company, and building a strong partnership with clients and suppliers through fair transactions done in strict accordance with all applicable laws.

Quality Management System

While the design, development, and contract manufacturing divisions (Technology Headquarters, Semiconductor Technology Headquarters, MS Headquarters), which are engaged in the work of manufacturing, have previously acquired ISO9001 accreditation for quality management systems, all divisions engaged in the semiconductors and electronic devices business (sales, planning, technological support, and quality management) also acquired the accreditation in August of 2015. Efforts are underway to implement activities to improve the quality of products and services with the aim of raising awareness on quality management among all employees in the semiconductors and electronic devices business, and to improve customer satisfaction.

Quality Management System for 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:

- 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.

In the year ended March 2014, the Office increased its specialist staff in order to accommodate an increase in the number of requests for environmental chemical investigations and conflict mineral resource investigations made by customers.

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, 2021, we received about 194 inquiries related to product quality and about 12,500 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.

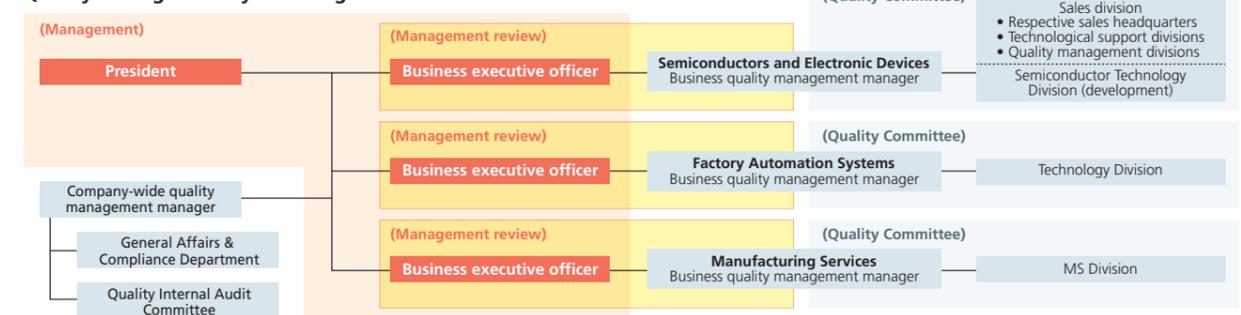
Furthermore, conflict mineral investigations have begun in earnest with the enforcement of the U.S. Dodd-Frank Act. Tachibana Eletech agrees with the measures and policies laid out in the act, carries out investigations into the use of conflict minerals contained in the products we handle and reports the results to customers.

Policy on the Environment and CSR Procurement

Tachibana Eletech created a policy on the environment and CSR procurement as part of its commitment to strengthen its CSR activities and maintain its fair business practices, based on the development of long-term and productive relationships with its suppliers.

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.

Quality management system diagram



Symbiosis with Local Communities and Society

As a member of society, Tachibana Eletech actively participates in local activities to contribute to the development of society as a whole.

Nagomi no Sato – Preserving Japan's Satoyama Environment

Since 2019, Tachibana Eletech has participated in activities to preserve Japan's traditional Satoyama (border zone or area between mountain foothills and arable flat land) environments around Hirakata City in Osaka Prefecture.

By gathering dead trees and clearing bamboo, and experiencing work such as making bamboo chips, our efforts contributed to creating a serene forest inviting to all.

In the fiscal year ended March 31, 2021, activities planned at the company level were cancelled, but a small number of staff participated in bamboo grove maintenance activities.



Supporting 3D laminated modeling manufacturing through industry-government-academia collaboration

Tachibana Eletech is working with the Kansai Bureau of Economy, Trade and Industry and universities throughout Japan to advance the Kansai-3D Commercialization Project as an industry-government-academia initiative.

In the fiscal year ended March 31, 2021, the Modelling the Whole Manufacturing Process through 3D Laminated Modeling project was launched, supporting the purchase of 3D printers by companies.

Donation to the Kansai COVID-19 Healthcare Support Fund

In June, 2020, Tachibana Eletech donated 5 million yen to the Kansai COVID-19 Healthcare Support Fund established by the Kansai Economic Federation (Kankeiren) public interest incorporated association. As the COVID-19 virus spreads around the globe causing enormous devastation, strengthening our healthcare system is of lifesaving importance.

The donations to the fund will be distributed to local governments requiring support based on deliberation with the Union of Kansai Governments, and will go towards accurately tracking the spread of infection, providing support for critically ill patients, and strengthening the healthcare system's resiliency to COVID-19.

In-company blood donation conducted to mark the 14th drive

Tachibana Eletech has been engaged in organizing blood donation drives since 2013 in cooperation with the Japanese Red Cross Society by setting blood donation as an accessible form of social contribution. Each year, blood donation drives are held at the Head Office twice a year, in summer and winter, the seasons when blood for transfusions are in particularly short supply.

In 2020, we held our 14th In-Company Blood Donation Drive on August 4, with a total of 28 people donating their blood. We will continue to hold these blood donation drives in the future.



Participated in Osaka Marathon "Cleanup Campaign"

Tachibana Eletech is implementing cleanup activities by volunteering employees each year.

Every year, Tachibana Eletech employees participate in the Osaka Marathon Clean-up Strategy organized by Osaka City to clean public spaces ahead of the Osaka Marathon.

The event was cancelled in the fiscal year ended March 31, 2021, as the Marathon itself was cancelled, but we will continue participating in the event going forward.

Continued to hold environmental outreach classes at elementary schools

At the request of the Kyoto Agenda 21 Forum, an organization that promotes environmental collaboration between the public and industry, government and academia in Kyoto, Tachibana Eletech regularly dispatches staff members to serve as instructors on environmental topics.

Activities were cancelled in the fiscal year ended March 31, 2021, but we will continue our participation going forward.

Every year, we provide lectures on topics including LED lighting, wind power and photovoltaic power, and enjoyable, instructional events such as solar-powered car experiments.



(Photo is from the fiscal year ended March 31, 2020)

Products Contributing to the Resolution of Social Problems

In modern society, companies are expected to contribute to the resolution of social and environmental problems through their business activities. Tachibana Eletech also leverages its knowledge and experience as a technology-driven trading company to sell products that can contribute to the resolution of social and environmental problems, and this section introduces a portion of those products.

Prepare for Occurrence of Natural Disasters

A "seismic relay" that stops electricity during an earthquake

This "seismic relay" stops the supply of electricity when an earthquake is detected to help prevent the fires caused by the recovery of the power supply after an earthquake.

Tachibana Eletech includes seismic relays in its line-up as a disaster prevention/reduction items and through regional disaster prevention exhibitions and seminars, such as the Earthquake Technology Expo, it is striving to introduce and disseminate the utility of the product.



A charging and discharging equipment for PHEV vehicles that also serves as a power supply

PHEVs (plug-in hybrid electric vehicles) feature a gasoline engine which operates when there is insufficient battery power and are gaining attention as next-generation eco-cars.

Tachibana Eletech develops and manufactures charging and discharging equipment for PHEV. The device goes beyond simply powering the vehicle but also serves as a "power supply" which supplies electricity to homes, facilities, and other locations during a power-outage or disaster.

Eco Cute that provides power during emergencies

We are promoting the use of Eco Cute electric heat pump and water heaters as water supply sources during emergencies. The tank holds water at approximately 90 degrees Celsius, making it a safe source of water during emergencies if the water supply is stopped.



Supporting BCP measures - A power storage system which secures a power supply in case of disaster

Securing power supply for infrastructure and the social lifeline during disasters and emergencies is a critical issue. Focus is also growing among corporations as part of their BCP (Business Continuity Plan) measures.

Tachibana Eletech has developed a "storage battery utilization solution" which combines storage batteries and photovoltaic power generation. It allows users to generate and sell electricity to cover investment expenses during normal times, but at the same time prepare for a disaster or a power outage in an emergency. In the past, when one spoke of emergency power generation, it meant using heavy oil fuel generators, but we have now evolved to a more eco-friendly and low-cost system (see page 24 for details).



Protecting the Safety of Workers Active on Construction Sites

Protecting against heat in factories

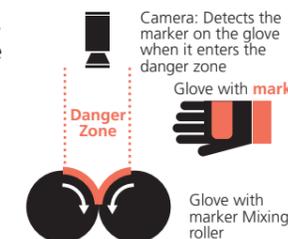
Summers have grown more fierce in recent years, and the radiant heat of machinery has made it easier for factories to grow dangerously hot. Excessive indoor heat reduces the efficiency of workers and presents the danger of heat stroke. Even with air conditioners, it can be difficult to sufficiently cool a large factory space, making measures to combat indoor heat a critical topic for the manufacturing industry.

The Move Oasis System offered by Tachibana Eletech creates a cool work environment even on days of extreme heat with simple installation. Indoors and outdoors, it can improve working conditions for on-site staff.



Safety system for mixing rolls

Sometimes it is necessary to put one's hand into a mixing roll, and this can easily result in severe entanglement accidents. We have proposed a system to prevent accidents wherein markers are attached to the gloves that workers wear and the equipment stops running if the marker is sensed at a certain point, set as the "Danger Zone." We hope to further increase worker safety, by preventing accidents before they occur.



Supporting the Lives of the Elderly

A headphone-type hearing aid offering excellent wearability

Hearing aids are indispensable in improving the quality of life (QOL) for elderly people with hearing loss. Tachibana Eletech develops, manufactures, and delivers headphone-type hearing aids with a noise cancellation function for nursing care facilities.

The hearing aids have gained popularity at nursing care sites as “hearing aids which are soft on the ears, and can be worn naturally, just like glasses.”

Wheelchair accessible home elevator

Home elevators installed in individual houses are extremely useful devices for elderly people, especially for wheelchair users who frequently visit the second floor or higher.

Responding to the growing interest of individual users, we will continue our PR activities in the future.



New-form barrier-free boarding bridge

Tachibana Eletech supplied parts for the full flat model boarding bridges newly installed at three domestic airports.

In the pursuit of passenger safety and comfort, we managed to make the floor fully flat, using a universal design. We have achieved a boarding bridge that is easy to traverse with wheelchairs and luggage.



Supporting Advanced Medical Care

A 3D printer for medical devices, supporting high-level medical service

3D printers are gaining attention as a technology that will revolutionize manufacturing. Recently, there are an increasing number of examples of their adoption in the medical field for items such as robotic hands and artificial bones. In 2014, Tachibana Eletech established the 3D Manufacturing Promotion Association, and is collaborating with various organizations and government agencies such as the Ministry of Economy, Trade and Industry to promote the dissemination of 3D printers and educate citizens and students.



Supporting Traffic Safety

Seat belt control unit necessary for automated driving

Self-driving vehicles are said to be important for solving problems of the aging society as well. The use of seat belts is under consideration as a way to alert a driver of danger in driving a vehicle in the automated driving mode.

We undertake the whole process from development to delivery of the unit that lets vehicle passengers know the danger by automatically adjusting the tensions of seat belts when it detects a dangerous situation while the vehicle is moving, thereby supporting the automated driving of vehicles.

Platform screen door in stations to prevent falling accidents

For elderly people with unsteady legs and those with visual impairment, the platform of a train station is never a “safe area.” The installation of safety barriers that prevent falls from the platform and contact accidents with the train is an urgent matter for society.

Tachibana Eletech contributes to securing the safety of the station platform through the development, manufacturing, and supply of platform screen doors.

Board of Directors and Auditors



Takeo Watanabe
President,
CEO & COO
President and CEO



Hitoshi Yamaguchi
Director
Executive Operating Officer
General Manager of Factory Automation Systems Division and Factory Automation & Electrical Device Sales Office
In charge of Head Office bases



Sadayuki Takami
Director
Executive Operating Officer
In charge of the Semiconductors and Electronics Devices



Hisanobu Nunoyama
Director
Managing Operating Officer
Director of the Tokyo Branch Office and General Manager of Tokyo Administration Department
In charge of Tokyo Branch Office bases and Overseas Operations



Makoto Ikuta
External Director
Vice President of the Kansai Branch, Mitsubishi Electric Corporation



Masato Tsujikawa
External Director
Kansai Law & Patent Office
Staff attorney



Kiyoshi Matsushashi
Standing Auditor



Yasuhiro Otani
External Auditor
Certified Public Accountant
Representative employee of KVI
Licensed Tax Accountant Corporation



Hiroumi Shioji
External Auditor
Attorney at law
Director of Shioji Law Office

Activities of External Directors

Segment	Name	Status of Attendance	
		Board of Directors Meetings (12 meetings held)	Board of Auditors Meetings (6 meetings held)
External Director	Makoto Ikuta	12 times in attendance (100%)	—
	Masato Tsujikawa	12 times in attendance (100%)	—
External Auditor	Yasuhiro Otani	12 times in attendance (100%)	6 times in attendance (100%)
	Hiroumi Shioji	12 times in attendance (100%)	6 times in attendance (100%)

Corporate Governance Structure and Initiatives

Tachibana Eletech recognizes the strengthening of corporate governance as an important management issue and promotes the enhancement of our internal control system. At the same time, we have established the basic policy of enhancing our corporate value by continuing to carry out our business activities under a management system that is sound and transparent.

1 Board of Directors

The Board of Directors comprises six members and meets every month in regular meetings and also in extraordinary meetings convened when necessary. Two of the six directors are outside directors, and we aim to strengthen the oversight of management by improving the transparency and reliability of the Board of Directors, as well as making meetings more dynamic through the opinions, advice and checks of those outside directors. Meetings of the Board of Directors were convened 12 times in the fiscal year under review, where active discussions were held on resolutions and reports.

2 Board of Auditors

The Board of Auditors formulates and implements audit policies, audit plans, audit methods, allocation of audit operations, etc., and exchanges opinions with an independent auditing company. Meetings of the Board of Auditors were convened six times during the fiscal year under review. Two of the three corporate auditors are outside auditors who serve as independent officers.

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.

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 12 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 14 times in the fiscal year ended March 31, 2021.

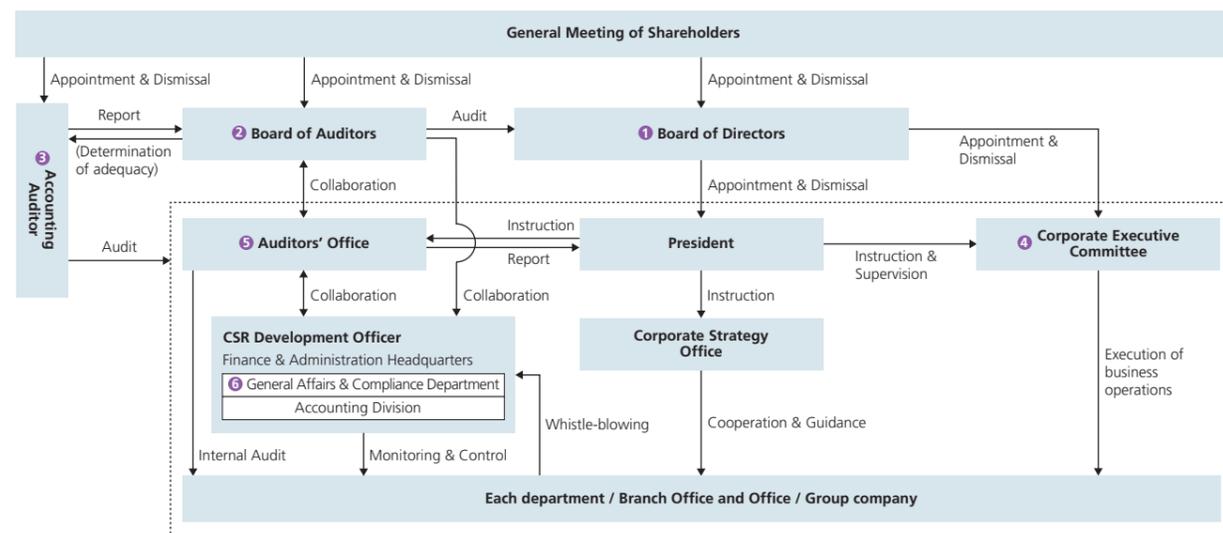
5 Auditors' Office

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 requests that related departments prepare manuals such as practical sales manuals and individual rules related to accounting matters to facilitate risk management and internal audit activities. The Compliance Office also makes the importance of the internal audit known to the entire company. A structure has been put in place so that the President, Directors in Charge and the Board of Directors can quickly ascertain the situation when the risk of business losses is detected.

Corporate Governance Structure



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

As the highest decision-making organ, shareholders' meetings make decisions on important matters and hear reports on the auditing results of consolidated financial statements.

Shareholders can now exercise their voting rights over the Internet using their computer or smartphone.

Our 92nd Share Holders' Meeting was held on June 29, 2021. Measures were taken to prevent the spread of COVID-19, such as providing hand sanitizer, requiring participants to wear masks, and installing partitions.



Share Holders' Meeting



COVID-19 prevention measures at entrance

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.

Our disclosures are fully in line with the timely disclosure rules set by the securities exchange and other relevant laws, such as the Companies Act and the Financial Instruments and Exchange Act.

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.

Earnings presentation materials are published on our corporate website in a downloadable PDF format.

Company briefings for individual investors

Every year, we hold company information sessions for individual investors with the aim of increasing name recognition, corporate awareness, and acquiring new investors and fans.

While company briefings were cancelled in the fiscal year ended March 31, 2021, we enhanced our investor relations web pages to strengthen our information dissemination in place of company briefings (see page 35 for details).

Individual briefing sessions for institutional investors

We hold individual briefings for institutional investors with the goal of increasing our market cap through improved corporate value and achieving of a fair stock price.

Individual briefings were held online during the fiscal year ended March 31, 2021, with focus placed on sharing Tachibana Eletech's unique characteristics and strengths.

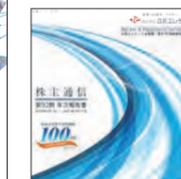
Rich IR Media

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

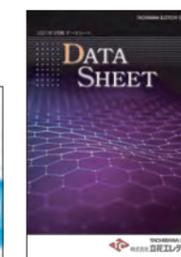
- Annual report
- Shareholder newsletter
- Datasheet (5 years of consolidated financial statements)
- Stock Voice – an Internet TV show for individual investors
- Corporate advertising in an informational magazine for individual investors
- IR section of our corporate website
- IR Video clip for the introduction of our company



Annual report 2021



Shareholder newsletter



Datasheet



Internet TV show Stock Voice



IR section of our corporate website

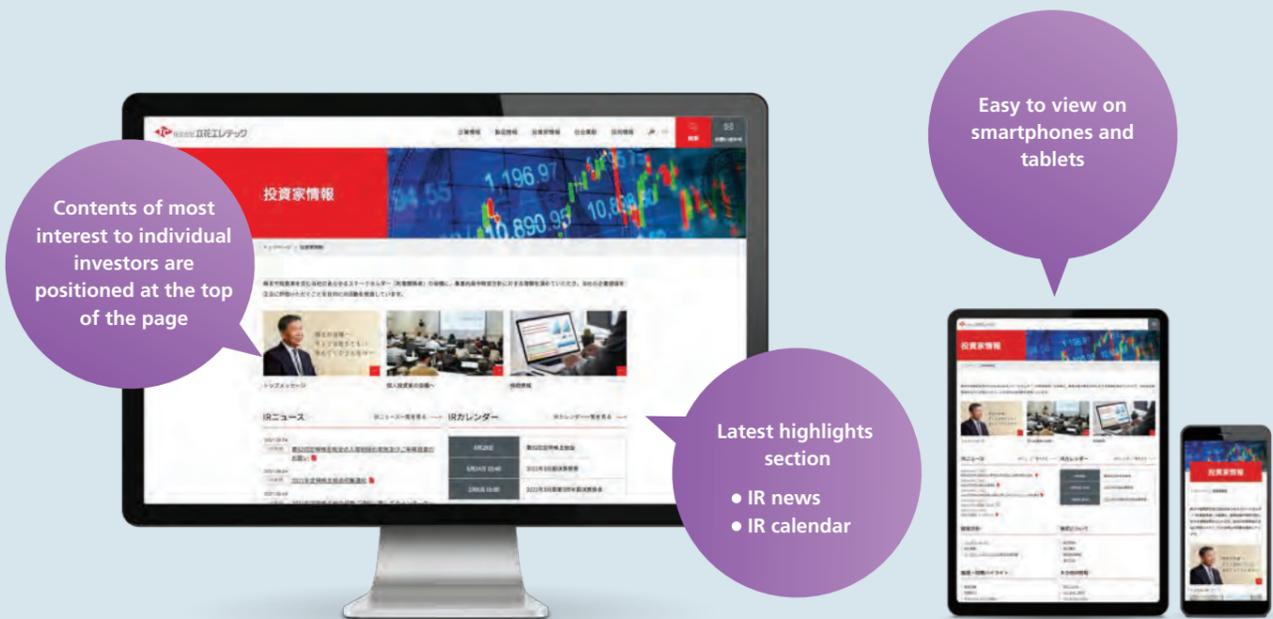


IR Video clip for the introduction of our company

Special Feature

Enhancing information for investors through website renovation

Tachibana Eletech has increased opportunities for dialogue with investors in recent years through a range of activities, including explanatory seminars for individual investors. In 2020, however, the COVID-19 crisis severely limited our ability to share information in-person with investors. We took this as an opportunity to renovate our website to make it easier to use for investors.



Getting to know Tachibana Eletech even more through newly created contents.

Tachibana Eletech by the Numbers

A collection of key numerical data, including financial figures. Data includes a company overview such as annual sales, number of branches, engineers and patents.



Quick Intro to Tachibana Eletech

A page that introduces Tachibana Eletech to first-time visitors, based on the concept of "getting to know Tachibana Eletech in five minutes."



Strategic Businesses & Products

Regularly updated highlights, featuring the TC Smart Lab, opened in 2020 and videos produced for CEATEC ONLINE.



In our goal to become the "technology-driven trading company people choose," focus was placed on designing an easy-to-use website for not only investors, but also customers, suppliers and those looking to build a career at Tachibana Eletech. Going forward, we will leverage the website to increase our brand value and create new business opportunities. Furthermore, we created a Chinese-language site together with the renovation of our Japanese and English-language sites. We will continue our commitment to disseminating comprehensive IR information for both Japanese and overseas investors.



Corporate website
<https://www.tachibana.co.jp/en/>



Investor Relations website
<https://www.tachibana.co.jp/en/ir/>

Compliance and Risk Management Structure and Initiatives

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.

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.

Information Security System

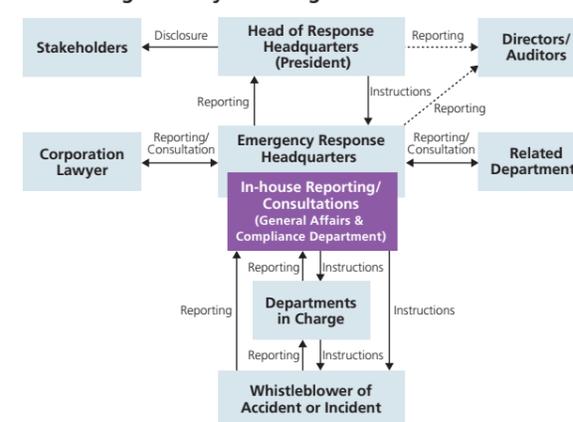
We handle the personal information of customers and information related to products and services according to a contract. Therefore, we are seeking to strengthen our information security system and maintain and manage it at a high level, from various security system implementations to conducting awareness education for employees, in order to protect myriad information assets handed from customers in a more rigorous manner.

Risk Management System

Risk Management System

Operational risks are constantly evolving and their impacts may also change. We prevent crises by identifying risks every year and analyzing, assessing and addressing these risks. If such risks emerge, our goal is to minimize damages to every extent possible.

Risk Management System Diagram



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. In the fiscal year ended March 31, 2021, the Crisis Management Office, which became a permanent department in April 2020, provided information on COVID-19 countermeasures and other subjects to all employees.

Crisis Management Office Diagram



Compliance Hotline

We have established a hotline for employees to report and receive consultation on compliance violations. This hotline is

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

Basic Policy on Anti-Social Forces

The following basic policy has been established in response to anti-social forces. Both officers and employees alike comply with this policy to ensure the security and the appropriateness of our operations.

1. Response as an organization
2. Coordination with external specialist institutions
3. Shutting off all relationships, including transactional ones
4. Civil and criminal legal responses to any incidents
5. Prohibition of backdoor trade and the provision of funds

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.

Our company holds 7 patents, primarily in the field of technologies related to automobile safety equipment. While these technologies are often not directly seen, they nevertheless make vital, powerful contributions to society. Additionally, we hold 7 trademark rights as a corporate identity which contributes to the penetration of our corporate image.

Statement of Business Risks and Other Risks

Risks which may affect the Tachibana Eletech Group's business performance, financial position, etc. include, but are not limited to, the following.

Forward-looking statements in this report are based on the Group's judgment as of the end of the fiscal year under review (March 31, 2021).

1. Changes in economic climate

The Tachibana Eletech Group is engaged primarily in the business of selling systems which include FA equipment and products, semiconductor device products, and facility equipment products. Our customers are in a wide range of industries centered around the manufacturing industry. As the circumstances of each customer are susceptible to a fall in demand in the industry in which it operates and a reduction in capital investment attributable to changes in the economic climate, there is a possibility that the Group's business performance and financial position will be affected.

2. Relationship with major customers

The Tachibana Eletech Group mainly deals in FA equipment and products, such as inverters, servos and programmable controllers, and semiconductor products, including microcomputers, ASICs, power devices and contact image sensors, which are primarily supplied by Mitsubishi Electric Corporation and Renesas Electronics Corporation. Accordingly, there is a possibility that the Group's business performance and financial position will be affected by the business strategies, etc. of these major suppliers. Likewise, there is a possibility that the Group will also be affected by trends in the market strategies and product strategies of its major clients to which the products are supplied.

3. The occurrence of large-scale disasters

There is a risk that the Tachibana Eletech Group will suffer damage to its company office buildings, and furthermore, the Head Office function and logistical and sales functions may also experience damage if a large-scale disaster occurs, such as earthquake, typhoon or fire, etc. Furthermore, if product procurement or sales are greatly affected due to damage experienced by our suppliers or clients, or by a delay in the restoration of societal infrastructure, there is a risk that the Group's business performance and financial position will be adversely affected.

4. Occurrence of social or political unrest

There is a risk that the Group's business in general will be adversely affected in case of major social or political unrest caused by terrorism, international conflict or pandemic causing business activities to stagnate.

5. Information security

The Tachibana Eletech Group possesses confidential information regarding clients and suppliers, sales, and technology, for promoting the development of its business activities. While the management structure of this information is being enhanced, and security measures have been implemented for the

information system, in the event of an unforeseen incident involving data destruction or leakage due to a computer virus or unauthorized access, etc., there is a risk that the Group's business performance or financial position will be affected due to a loss in reputation or an obligation to pay indemnity liabilities.

6. Impacts of the COVID-19 pandemic

It remains unclear when the COVID-19 pandemic will subside, making it difficult to predict the business environment the Group will face at that time. Therefore, there is a risk that the Group's business performance will be affected by the future happenings, but at the current point in time, it is difficult to reasonably calculate these impacts.

Given this situation, the Group has established the Crisis Management Department, headed by the administrative director and under the direct supervision of the President, CEO, and COO, organized to be responsible for the Group's pandemic response. As a result, the Group now has a monopole structure covering information gathering and command chain. In addition, the Group is striving to mitigate risks so that business activities do not stagnate by thoroughly managing health and introducing systems for working from home or staggering shifts.

7. Collection of receivables

The Tachibana Eletech Group pays due attention to credit management, including investigating and analyzing customers on a regular basis. However, the Group could incur a loss from bad debt if receivables become uncollectible in the event of the rapid deterioration in cash flows of customers, bankruptcy of customers, etc.

8. Fluctuations in foreign exchange rates

The Tachibana Eletech Group's business operations include selling products to overseas customers as well as procurement from overseas suppliers. Local currency-quoted items in each region, including net sales, costs and assets, are converted into yen in the consolidated balance sheet. Values for these items when converted into yen, even if they remain unchanged in local currencies, could be affected by fluctuations in foreign exchange rates at the time of conversion. In order to mitigate risks of exchange rate fluctuations, the Tachibana Eletech Group is striving to minimize the impact of exchange rate fluctuations among major currencies, including the US dollar and the Japanese yen, by utilizing currency hedge transactions such as forward exchange contracts. However, the Group's earnings performance and financial position could still be affected by the timing of concluding forward exchange contracts and rapid exchange rate fluctuations.

9. Retirement benefit obligations

The Tachibana Eletech Group's employee retirement benefit expenses and obligations are calculated on the basis of assumptions set in actuarial calculations such as the discount rate, and the expected long-term rate of return of pension assets.

Retirement benefit expenses could increase due to a reduction in the discount rate and changes in investment yields in the future.

CSR Structure and Initiatives

CSR Policy

Our basic policy on CSR is to encourage, in recognition of our social responsibilities, sound management practices by steadily realizing our management vision, corporate philosophy, and code of conduct.

We also take a proactive stance in promoting CSR based on the pillars of compliance, risk management, quality / safety / environmental management, and social contribution founded on corporate governance.

1. Strengthen risk management

Management risks facing companies today have become larger and more diverse than ever before. This is why thorough risk management is essential for the continuity of business operations and enhancing corporate value. Our goal is to achieve management that is well respected by society because of its proper risk management, enhancements to corporate value and securing of talented human resources.

2. Develop talented human resources

We will move forward with a plan that enables each and every employee to think and act in order to fulfill our corporate social responsibilities through our CSR initiatives.

3. Enhance corporate brand value

We will promote our image as a company that fulfills its social responsibilities and will strive to enhance our corporate brand value as a company that is trusted by customers and investors.

4. Make contributions to society

In addition to economic contributions, we will strive to contribute to society by carrying out initiatives to reduce the burden on the environment, including the reduction of pollutants and CO₂ mitigation, and our involvement in immediate community activities.

5. Procurement considerate of CSR

We will build partnerships with our business partners through fair transactions that comply with CSR and related laws and regulations, such as various labor laws and regulations, regulations on management of contained chemical substances, and regulations on conflict minerals.

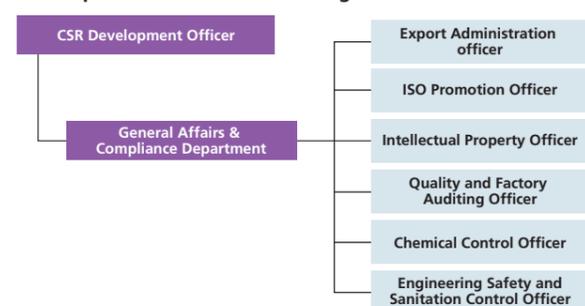
6. Disclosure

We will strive to proactively disclose information directly at exhibitions, investor briefings, and investor relations presentations, and indirectly to the general public using tools such as our corporate website and paper-based media.

CSR Implementation Structure

With our fundamental goal to contribute to society through sound business activities, we will pursue CSR on a daily basis under the leadership of CSR Development Officer and directed by the General Compliance Department.

CSR implementation structure diagram



Acquisition of ISO Certification

The Tachibana Eletech Group conducts proper checks on the environment, quality, and information security, which we have positioned as our priority CSR issues, through ISO (International Organization for Standardization) assessments conducted from the perspective of external parties.

As part of our CSR activities, we have acquired ISO14001 certification for our environmental management system, ISO9001 certification for quality control and customer satisfaction, and ISO27001 for our information security management system.

ISO14001 (Environment)

Certification body	BSI Group Japan K.K. (BSI)
Date of certification	June 29, 2001
Expiration date	October 10, 2021
Business location certified	All domestic business sites
Acquisition status of affiliates	Tachibana Device Component Co., Ltd. TACHIBANA SALES (H.K.) LTD. TACHIBANA SALES (S)PTE., LTD.

ISO9001 (Quality)

Certification body	Japan Quality Assurance Organization (JQA)
Date of certification	August 8, 2003
Expiration date	August 7, 2024
Business location certified	Head Office, Branch Offices (Tokyo and Nagoya), Tohoku Sales Office
Acquisition status of affiliates	Tachibana Device Component Co., Ltd.

ISO27001(Information security)

Certification body	BSI Group Japan K.K. (BSI)
Date of certification	November 2, 2006
Expiration date	November 1, 2021
Business location certified	All domestic business sites

The State of ISO Initiatives

Each business establishes its own goals, and takes continuous steps to improve while implementing the PDCA cycle. Internal audits are also conducted. In addition, effective improvements are made through the implementation of regular assessments by external institutions.

ISO27001(Information security management system)

We acquired ISO27001 (information security) certification for some of our business sites in November 2006 and acquired the certification at all business sites across Japan in November 2017.

Under the operational structure of the leadership by the President as shown in the diagram below, we are carrying out activities for improvements by implementing the PDCA cycle under an annual plan, and striving to continuously improve information security and preserve confidential and important information of our customers, business partners and the company.

Acquisition of Company-wide Information Security Certification

In September 2020, we received a regular BSI review for ISO 14001 (environment) and ISO 27001 (information security) certification. Starting from the fiscal year ended March 31, 2019, we have combined the two certification reviews to improve efficiency.

As a result of the review, the nonconformities from the fiscal year ended March 31, 2020 were resolved, and the total number of indications were reduced, representing a major improvement.

Based on this result, it was judged that our management system is operating effectively. Improvement areas noted in the

review: 12 cases; recommended items: 12 cases of implementing improvement measures; good point: 4 cases, together with involvement of all employees through the Information Security Committee (all managers in attendance: about 200 people, held 2 times per year) to implement improvement activities.

Assessment Items in the External Audit (Excerpt)

Opportunity for improvement

- 1.) Improved control of DocuWorks access rights is required. Currently Department A can view the contents of a folder owned by Department B.
- 2.) Improvements are required to the delayed identification of root causes and resolution of nonconformities identified by internal audit, and the delayed collection or non-collection of agreement forms for smart phones handed out during COVID-19 pandemic.

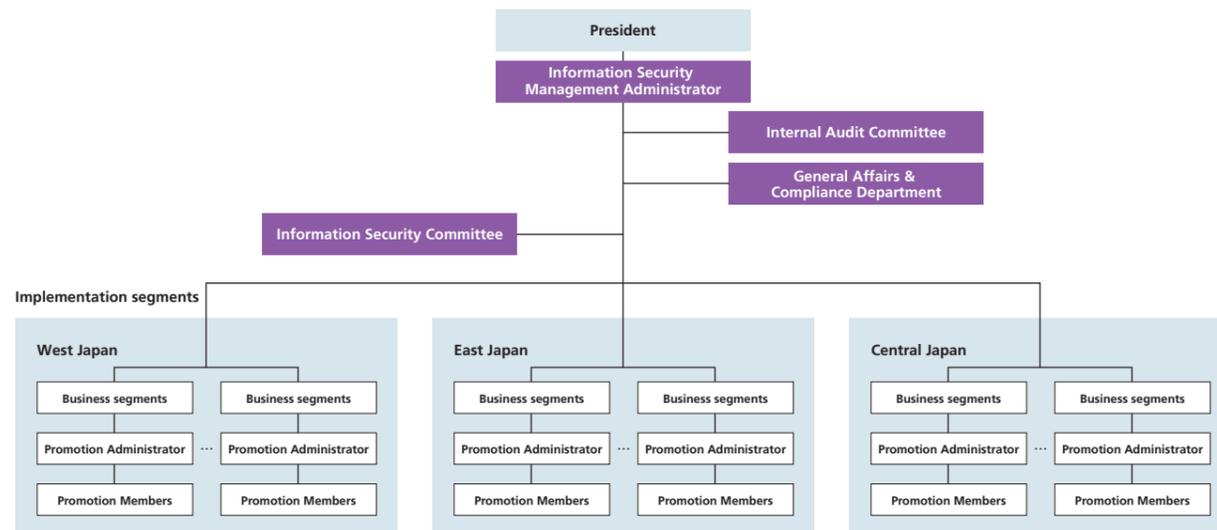
Recommendations

- 1.) In appropriate cases, signing of a NDA (non-disclosure agreement) should be recommended during sales discussions prior to the receipt of an order during sales negotiations with clients.
- 2.) Steps must be taken to prevent mistakes when using the new fax system, which was recently changed, to prevent incorrect transmissions.

Good Point

- 1.) A risk assessment of intellectual property was conducted according to company rules, and required information security goals were set for the appropriate departments, and measures were carried out accordingly.
- 2.) The independent measure to improve information security awareness through an "Information Security Comprehension Test" and post-test follow-up is praiseworthy.

Information security management structure diagram



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Financial Overview (Year Ended March 31, 2021)

1. Analysis of financial position in the fiscal year under review

The consolidated balance sheet for the fiscal year ended March 31, 2021, includes the impact of acquiring Tachibana Electronics Solutions Co., Ltd. as a consolidated subsidiary.

In the consolidated fiscal year ended March 31, 2021, total assets increased by JPY 6.832 billion year-on-year to JPY 120.265 billion.

Current assets increased by JPY 2.320 billion year-on-year to JPY 90.725 billion. This was primarily due to an increase in products of JPY 2.637 billion.

Fixed assets increased by JPY 4.529 billion year-on-year to JPY 29.539 billion. This was mainly due to the appreciation of investment securities of JPY 3.750 billion and the appreciation of assets held for retirement benefits of JPY 634 million, due to an increase in the market value of securities held due to the robust stock market.

In the consolidated fiscal year ended March 31, 2021, total liabilities increased by JPY 1.592 billion year-on-year to JPY 45.058 billion.

Current liabilities increased by JPY 208 million year-on-year to JPY 41.221 billion, mainly due to an increase in trade notes and trade accounts payable of JPY 742 million, and a decrease in unpaid corporate tax of JPY 403 million.

Fixed liabilities increased by JPY 1.384 billion year-on-year to JPY 3.837 billion. This was mainly due to an increase in deferred tax liabilities of JPY 1.393 billion.

In the fiscal year ended March 31, 2021, total net assets increased by JPY 5.239 billion year-on-year to JPY 75.206 billion. This was primarily due to an increase in retained earnings of JPY 2.422 billion and an increase in unrealized gains on available-for-sale securities of JPY 2.755 billion.

2. Analysis of management results in the fiscal year under review

In the fiscal year under review, Japan's economy continued to face a severe situation due to the prolonged COVID-19 pandemic. While exports recovered to a certain degree in the latter half of the fiscal year, the uncertainty of the economic outlook is growing due to continued rebounds of COVID-19 outbreaks.

Based on these market conditions, it is difficult to predict when capital investment will fully recover among our mainstay semiconductor and automotive related customers, despite some recovery seen due to the rebounding economy in China.

Under this situation, Tachibana Eletech Group, as a technology-driven trading company adapted to the next generation of society, focused on sales and services with top priority placed on safety and peace of mind to promote the dissemination of new manufacturing technologies, including factory automation leveraging robotics and M2M technology, solutions that address labor saving needs, and 3D printing,

Tachibana Eletech Group continued to promote its technological strengths through participation in major exhibitions such as CEATEC 2020 ONLINE, Manufacturing World Osaka and ET & IoT Digital 2020. It furthermore opened the TC Smart Lab. on the first floor of the company headquarters, which allows customers to evaluate the effectiveness of Tachibana Eletech's solutions first-hand. In this way, investments for the future were proactively maintained. Additionally, digital transformation was advanced and initiatives undertaken to rationalize and improve the efficiency of administrative work to improve profitability amidst the COVID-19 crisis, when sales activities are curtailed.

In terms of our network, we decided to close Pt. Tachibana Sales Indonesia, which we established in 2014 as our subsidiary in Indonesia, because we determined that it would unlikely be able to expand its business in the future.

As a result, in the consolidated fiscal year ended March 31, 2021, net sales decreased 5.3% year-on-year to JPY 161.440 billion, operating income fell 33.2% compared with the previous quarter to JPY 4.033 billion, and ordinary income declined 31.4% compared with the previous quarter to JPY 4.388 billion. Net income attributable to shareholders in the parent company also fell by 21.2% over the previous quarter to JPY 3.457 billion.

In the above results, extraordinary income of JPY 395 million was recorded as a gain on negative goodwill from the acquisition of shares of Yashima Electronics Solutions Co., Ltd.

1. Cost of sales, and selling, general and administrative expenses

In tandem with the decrease in net sales, cost of sales declined by JPY 6.825 billion, or 4.6% year-on-year, to JPY 140.325 billion. The ratio of cost of sales to net sales increased slightly by 0.6 points to 86.9%.

Selling, general and administrative expenses fell by JPY 269 million, or 1.6% year-on-year, to JPY 17.082 billion. This was mainly due to a decrease sales expenses due to COVID-19.

2. Operating income

Operating income decreased by JPY 2.005 billion, or 33.2% year-on-year, to JPY 4.033 billion. The ratio of operating income to net sales decreased by 1.0 points from the previous consolidated fiscal year to 2.5%.

3. Non-operating income/loss

Non-operating income decreased by JPY 36 million year-on-year to JPY 642 million. This was mainly due to a decrease in dividend income. Non-operating expenses decreased by JPY 29 million from the previous consolidated fiscal year to JPY 287 million.

4. Ordinary income

Ordinary income decreased by JPY 2.012 billion, or 31.4% year-on-year, to JPY 4.388 billion. Ordinary income to net sales ratio decreased by 1.1 points from the previous consolidated fiscal year to 2.7%.

5. Extraordinary income/loss

Extraordinary income increased by JPY 370 million year-on-year to JPY 398 million. This was mainly due to the gain on negative goodwill of JPY 395 million due to the acquisition of Tachibana Electronics Solutions Co., Ltd. as a subsidiary in fiscal year ended March 21, 2021.

Extraordinary loss declined JPY 52 million over the previous consolidated fiscal year.

6. Net income attributable to shareholders of the parent company

Net income attributable to shareholders of the parent company decreased by JPY 932 million, or 21.2% year-on-year, to JPY 3.457 billion.

3. Analysis of sources of capital and liquidity of funds

1. Status of cash flows

The Tachibana Eletech Group's balance of cash and cash equivalents on March 31, 2021 stood at JPY 17.415 billion, an increase of JPY 1.658 billion over a year earlier.

(Cash flow from operating activities)

Net cash provided by operating activities came to JPY 4.948 billion, against net cash earnings of JPY 5.176 billion in the previous fiscal year. This was mainly attributed to a decrease in net income before income taxes to JPY 4.787 billion. The decrease in accounts receivable-trade increased to JPY 4.480 billion, and inventories increased by JPY 2.106 billion and corporate tax paid declined JPY 1.597 billion.

(Cash flow from investing activities)

Net cash used in investing activities amounted to JPY 1.302 billion, against net cash earned of JPY 1.401 billion in the previous fiscal year. This primarily arose from outlays of JPY 275 million for the acquisition of tangible fixed assets, JPY 325 million for the acquisition of intangible fixed assets, and JPY 458 million for the acquisition of subsidiary shares accompanying a change in the scope of consolidation.

(Cash flow from financing activities)

Net cash used by financing activities amounted to JPY 1.835 billion, against net cash used of JPY 1.634 billion in the previous fiscal year. This was mainly attributable to outlays of JPY 813 million due to a decrease in short-term funding and JPY 1.035 billion for the dividends paid.

2. Funding demand

The Tachibana Eletech Group's demand for operational funds was mainly driven by cash advances made between payments for purchases and collection of payments for sales, as well as operating expenses such as selling, general and administrative expenses. Funding is procured through our own reserved and through loans from financial institutions.

Consolidated Balance Sheet

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 17,416	¥ 15,757	\$ 156,901
Short-term investments (Notes 6, 8, and 13)	1,673	1,361	15,072
Receivables (Note 13):			
Trade notes	17,202	18,294	154,973
Trade accounts	37,614	38,896	338,865
Other	1,744	1,764	15,712
Allowance for doubtful receivables	(48)	(60)	(432)
Inventories (Note 7)	14,337	11,703	129,162
Other current assets (Note 14)	787	708	7,089
Total current assets	90,725	88,423	817,342
PROPERTY AND EQUIPMENT:			
Land (Note 8)	2,528	2,529	22,775
Buildings and structures (Note 8)	7,965	7,931	71,757
Machinery and equipment	59	59	540
Furniture and fixtures	1,461	1,263	13,162
Construction in progress	71	22	640
Lease assets (Note 12)	59	38	532
Total	12,143	11,842	109,406
Accumulated depreciation	(6,950)	(6,640)	(62,622)
Net property and equipment	5,193	5,202	46,784
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6 and 13)	21,873	18,044	197,054
Investments in associated companies	63	141	568
Asset for retirement benefits (Note 9)	919	285	8,279
Deferred tax assets (Note 11)	160	117	1,441
Other assets	1,332	1,221	12,000
Total investments and other assets	24,347	19,808	219,342
TOTAL	¥ 120,265	¥ 113,433	\$ 1,083,468

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Notes 8, 12, and 13)	¥ 2,014	¥ 1,537	\$ 18,144
Current portion of long-term debt (Notes 8 and 13)	56	23	505
Payables (Note 13):			
Trade notes	7,652	8,517	68,937
Trade accounts	26,273	24,666	236,694
Other	1,188	1,286	10,703
Income taxes payable	446	849	4,018
Accrued expenses	1,382	1,465	12,450
Other current liabilities (Note 14)	2,211	2,671	19,918
Total current liabilities	41,222	41,014	371,369
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8, 12, and 13)	83	79	748
Long-term other payable	64	63	577
Liability for retirement benefits (Note 9)	707	653	6,369
Deferred tax liabilities (Note 11)	2,814	1,421	25,351
Other long-term liabilities	169	237	1,522
Total long-term liabilities	3,837	2,453	34,567
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12 and 14)			
EQUITY (Notes 10 and 17):			
Common stock—authorized, 96,000,000 shares; issued, 26,025,242 shares in 2021 and 2020	5,874	5,874	52,919
Capital surplus	6,999	6,999	63,054
Retained earnings	56,018	53,596	504,667
Treasury stock—at cost, 787,464 shares in 2021 and 787,366 shares in 2020	(894)	(894)	(8,054)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	6,759	4,004	60,892
Deferred gain (loss) on derivatives under hedge accounting	4	(8)	36
Foreign currency translation adjustments	(42)	199	(378)
Defined retirement benefit plans	488	196	4,396
Total equity	75,206	69,966	677,532
TOTAL	¥ 120,265	¥ 113,433	\$ 1,083,468

Consolidated Statement of Income

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET SALES (Note 18)	¥ 161,440	¥ 170,541	\$ 1,454,414
COST OF SALES	140,325	147,151	1,264,189
Gross profit	21,115	23,390	190,225
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Notes 9 and 12)	17,082	17,352	153,892
Operating income	4,033	6,038	36,333
OTHER INCOME (EXPENSES):			
Interest and dividend income	378	444	3,405
Gain from bargain purchase (Note 5)	396		3,568
Interest expense	(23)	(22)	(550)
Foreign exchange loss	(61)	(68)	(207)
Other — net	64	47	577
Other income — net	754	401	6,793
INCOME BEFORE INCOME TAXES	4,787	6,439	43,126
INCOME TAXES (Note 11):			
Current	1,203	1,856	10,838
Deferred	127	193	1,144
Total income taxes	1,330	2,049	11,982
NET INCOME	¥ 3,457	¥ 4,390	\$ 31,144
	Yen		U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Notes 2 and 16):	2021	2020	2021
Net income per common share	¥ 136.99	¥ 173.94	\$ 1.23
Cash dividends applicable to the year	37.00	48.00	0.33

Diluted net income per share is not disclosed because no dilutive securities exist.
See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Year Ended March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET INCOME	¥ 3,457	¥ 4,390	\$ 31,144
OTHER COMPREHENSIVE INCOME (LOSS) (Note 15):			
Unrealized gain (loss) on available-for-sale securities	2,755	(910)	24,820
Deferred gain (loss) on derivatives under hedge accounting	12	(8)	108
Foreign currency translation adjustments	(241)	(16)	(2,171)
Defined retirement benefit plans	292	(194)	2,630
Total other comprehensive income (loss)	2,818	(1,128)	25,387
COMPREHENSIVE INCOME	¥ 6,275	¥ 3,262	\$ 56,531
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 6,275	¥ 3,262	\$ 56,531
Noncontrolling interests			

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

	Thousands					Millions of Yen				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total Equity
BALANCE, APRIL 1, 2019	25,238	¥ 5,874	¥ 6,999	¥ 50,418	¥ (893)	¥ 4,914	¥ 0	¥ 215	¥ 390	¥ 67,917
Net income attributable to owners of the parent				4,390						4,390
Cash dividends, ¥48 per share				(1,212)						(1,212)
Purchase of treasury stock	(0)				(1)					(1)
Disposal of treasury stock										
Net change in the year						(910)	(8)	(16)	(194)	(1,128)
BALANCE, MARCH 31, 2020	25,238	5,874	6,999	53,596	(894)	4,004	(8)	199	196	69,966
Net income attributable to owners of the parent				3,457						3,457
Cash dividends, ¥37 per share				(1,035)						(1,035)
Purchase of treasury stock	(0)				(0)					(0)
Disposal of treasury stock	0				0					0
Net change in the year						2,755	12	(241)	292	2,818
BALANCE, MARCH 31, 2021	25,238	¥ 5,874	¥ 6,999	¥ 56,018	¥ (894)	¥ 6,759	¥ 4	¥ (42)	¥ 488	¥ 75,206

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total Equity
BALANCE, MARCH 31, 2020	\$ 52,919	\$ 63,054	\$ 482,847	\$ (8,054)	\$ 36,072	\$ (72)	\$ 1,793	\$ 1,766	\$ 630,325
Net income attributable to owners of the parent			31,144						31,144
Cash dividends, \$0.33 per share			(9,324)						(9,324)
Purchase of treasury stock				(0)					(0)
Disposal of treasury stock				0					0
Net change in the year					24,820	108	(2,171)	2,630	25,387
BALANCE, MARCH 31, 2021	\$ 52,919	\$ 63,054	\$ 504,667	\$ (8,054)	\$ 60,892	\$ 36	\$ (378)	\$ 4,396	\$ 677,532

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥ 4,787	¥ 6,439	\$ 43,126
Adjustments for:			
Income taxes — paid	(1,598)	(2,306)	(14,396)
Depreciation and amortization	456	404	4,108
Gain from bargain purchase	(396)		(3,568)
Provision for doubtful receivables	(13)	5	(117)
Changes in assets and liabilities:			
Decrease in receivables — trade	4,480	8,815	40,360
Decrease in accounts receivable — other	93	30	838
Decrease (increase) in inventories	(2,107)	1,655	(18,982)
Increase (decrease) in payables — trade	448	(9,631)	4,036
Decrease in provision for employee bonuses	(158)	(347)	(1,423)
Decrease in liability for retirement benefits	(235)	(139)	(2,117)
Other — net	(809)	252	(7,288)
Total adjustments	161	(1,262)	1,451
Net cash provided by operating activities	4,948	5,177	44,577
INVESTING ACTIVITIES:			
Net change in time deposits	(250)	159	(2,253)
Proceeds from redemptions of short-term investments		200	
Purchases of property and equipment	(276)	(306)	(2,487)
Purchases of intangible assets	(325)	(210)	(2,929)
Proceeds from sales of property and equipment	1	26	8
Purchases of investment securities	(229)	(1,467)	(2,064)
Proceeds from sales of investment securities	74	191	666
Proceeds from redemption of investment securities	150		1,350
Payment for purchase of Tachibana Electronic Solutions Co., Ltd. net of cash acquired (Note 4)	(458)		(4,126)
Other — net	11	5	104
Net cash used in investing activities	(1,302)	(1,402)	(11,731)
FINANCING ACTIVITIES:			
Net change in short-term bank loans	(813)	(400)	(7,324)
Proceeds from long-term debt	60		541
Repayments of long-term debt	(33)	(12)	(297)
Net change in treasury stock		(1)	
Dividends paid	(1,035)	(1,210)	(9,324)
Other — net	(14)	(11)	(128)
Net cash used in financing activities	¥ (1,835)	¥ (1,634)	\$ (16,532)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	¥ (152)	¥ (22)	\$ (1,369)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,659	2,119	14,945
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,757	13,638	141,956
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 17,416	¥ 15,757	\$ 156,901

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain

reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which TACHIBANA ELETECH CO., LTD. (the “Company”) is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥111 to \$1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of and for the years ended March 31, 2021 and 2020, include the accounts of the Company and its 16 (15 in 2020) significant subsidiaries (together, the “Group”).

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Principles of Consolidation — The accompanying consolidated financial statements as of March 31, 2021, include the accounts of the Company and its 16 (15 in 2020) significant subsidiaries. Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements. Investments in the remaining 1 unconsolidated subsidiary and 1 associated company (0 unconsolidated subsidiary and 2 associated companies in 2020) are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

c. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Under Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements,” the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting

Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of research and development; (d) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Business Combinations — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent’s ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent’s ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary. The Company acquired 100% of the shares of Tachibana Electronic Solutions Co., Ltd. on April 1, 2020, and accounted for this acquisition by the purchase method of accounting (see Note 5).

e. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, all of which mature within three months of the date of acquisition.

f. Allowance for Doubtful Receivables — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. Inventories — Inventories are stated at the lower of cost, principally determined by the average cost method, or net selling value.

h. Short-Term Investments and Investment Securities — Securities included in short-term investments and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, for which there is positive intent and ability to hold to maturity are reported at amortized cost; and (2) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

i. Property and Equipment — Property and equipment are stated at cost. Depreciation is computed primarily by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016. The range of useful lives is principally from 3 to 50 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 20 years for furniture and fixtures.

j. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Retirement and Pension Plans — The Company and certain subsidiaries participate in defined benefit pension plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Prior service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

l. Asset Retirement Obligations — An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Leases — Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet. All other leases are accounted for as operating leases.

n. Standards for Recognition of Revenues

Construction Contracts — Construction revenue and construction costs are recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the consolidated balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

Sales Transactions Involving Installation Work — In Factory Automation Systems Business and Building Services Systems Business, there are certain sales transactions involving installation work in addition to delivery of products. Such sales transactions are recorded at the time of acceptance by the customer subsequent to completion of installation work.

o. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

p. Foreign Currency Transactions — Both short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

However, short-term and long-term receivables and payables covered by forward exchange contracts are translated at the contract rates. Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts.

q. Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated balance sheet date, except for equity which is translated at the historical rate. Differences arising from such translations are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate.

r. Derivatives and Hedging Activities — The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts are employed to hedge foreign currency exposures on procurement of products from overseas suppliers. Forward contracts applied for forecasted (or committed) transactions are measured at fair value, and unrealized gains/losses are deferred until the underlying transactions are completed.

s. Per Share Information — Net income per common share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted net income per share is not disclosed because there are no dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

t. Accounting Changes and Error Corrections — Under ASBJ Statement

No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies – When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation – When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates – A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors – When an error in prior-period financial statements is discovered, those statements are restated.

u. New Accounting Pronouncements

Revenue Recognition — The ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition" on March 31, 2020, and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition" on March 26, 2021. The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Fair Value Measurement — On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement," and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the current accounting standards, nonmarketable available-for-sale securities are stated at cost.

The accounting standards are effective for annual periods beginning on or after April 1, 2021.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

3. SIGNIFICANT ACCOUNTING ESTIMATE

Recoverability of Deferred Tax Assets

(1) Carrying amounts

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Deferred tax assets	¥ 160	\$ 1,441
Deferred tax liabilities	(2,814)	(25,351)

(2) Information on the significant accounting estimate

The Group records deferred tax assets as long as the deductible temporary differences and operating loss carryforwards are deemed to be recoverable. The recoverability of deferred tax assets is determined by whether each entity of the Group has sufficient taxable income and is measured by estimation of its future taxable income based on future business plan. This estimation may be affected by changes in uncertain economic conditions in the future, etc. If the future taxable income falls below the estimated amount due to deviations from the business plan, the deviation may have a material impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

4. CONSOLIDATED STATEMENT OF CASH FLOWS

A breakdown of assets and liabilities at the start of consolidation of Tachibana Electronic Solutions Co., Ltd., a new subsidiary resulting from the acquisition of shares on April 1, 2020, along with details regarding the acquisition cost for shares in Tachibana Electronic Solutions Co., Ltd. are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Assets acquired	¥ 3,290	\$ 29,640
Liabilities assumed	2,364	21,297
Gain from bargain purchase	396	3,568
Cash paid for the capital	530	4,775
Cash and cash equivalents	(72)	(649)
Payment for purchase of Tachibana Electronic Solutions Co., Ltd. net of cash acquired	¥ 458	\$ 4,126

5. BUSINESS COMBINATION

(Business Combination by Acquisition)

a. Outline of the business combination

(1) Name of acquired company and its business outline

Name of the acquired company : Yashima Electronic Solutions, Ltd.

Business outline: Electronic device/component business

(2) Major reason for the business combination

The Company, as an electrical and electronic technology-driven trading company, has five businesses, Factory Automation Systems, Semiconductors and Electronic Devices, Building Services Systems, Manufacturing Services, and Overseas Operations. One of the main businesses, Semiconductors and Electronic Devices, sells semiconductors and electronic device products available as standard designs or customized designs to meet customer needs, and designs and develops microcomputers, ASICs, and custom LSIs.

The Company decided to acquire Yashima Electronic Solutions, Ltd. based on the expectation that the market would grow and its revenue would increase because the customer base is different, in addition to the opportunity to strengthen its ability to propose solutions by complementing each other's technologies in areas of strength. The Company will strive to expand earnings by leveraging the synergies of each business.

(3) Date of business combination

April 1, 2020

(4) Legal form of business combination

Acquisition of shares by cash

(5) Name of the company after the combination

Tachibana Electronic Solutions Co., Ltd.

(6) Ratio of voting rights acquired

100%

(7) Basis for determining the acquirer

It is based on the fact that the Company acquired 100% of voting rights by means of share acquisition in consideration for cash.

b. The period for which the operations of the acquired company are included in the consolidated financial statements

The operations of the acquired company for the 12 months from April 1, 2020, to March 31, 2021, were included in the consolidated statement of income for the year ended March 31, 2021.

c. Acquisition cost of the acquired company and related details of each class of consideration

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Consideration for acquisition—Cash	¥ 530	\$ 4,775
Acquisition cost	¥ 530	\$ 4,775

d. Major acquisition-related costs

Advisory fees and commissions to the lawyers and financial institutions: ¥17 million (\$153 thousand)

e. Amount of gain from bargain purchase recognized, and reasons for the gain from bargain purchase recognized

(1) Amount of gain from bargain purchase recognized

¥396 million (\$3,568 thousand)

(2) Reasons for the gain from bargain purchase recognized

As net assets at fair value at the time of the business combination exceeded the acquisition cost, the difference is recognized as gain from bargain purchase.

f. The assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Assets acquired	¥ 3,290	\$ 29,640
Liabilities assumed	2,364	21,297
Net assets acquired	¥ 926	\$ 8,343

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

6. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Short-term investments:			
Time deposits other than cash equivalents	¥ 1,572	¥ 1,361	\$ 14,162
Government and corporate bonds	101		910
Total	¥ 1,673	¥ 1,361	\$ 15,072
Investment securities:			
Marketable equity securities	¥ 14,394	¥ 10,667	\$ 129,676
Government and corporate bonds	7,144	7,141	64,360
Nonmarketable equity securities	146	40	1,315
Others	189	196	1,703
Total	¥ 21,873	¥ 18,044	\$ 197,054

The costs and aggregate fair value of investment securities classified as available-for-sale at March 31, 2021 and 2020, were as follows:

March 31, 2021	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥ 4,713	¥ 9,698	¥ (17)	¥ 14,394
Government and corporate bonds	7,265	15	(35)	7,245
Others	132	57		189
Total	¥ 12,110	¥ 9,770	¥ (52)	¥ 21,828

March 31, 2020	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥ 4,683	¥ 6,364	¥ (380)	¥ 10,667
Government and corporate bonds	7,340	9	(208)	7,141
Others	163	33		196
Total	¥ 12,186	¥ 6,406	¥ (588)	¥ 18,004

March 31, 2021	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	\$ 42,460	\$ 87,369	\$ (153)	\$ 129,676
Government and corporate bonds	65,450	135	(315)	65,270
Others	1,189	514		1,703
Total	\$ 109,099	\$ 88,018	\$ (468)	\$ 196,649

The impairment loss on available-for-sale equity securities for the year ended March 31, 2020, was ¥52 million.

7. INVENTORIES

Inventories at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Merchandise	¥ 14,329	¥ 11,692	\$ 129,090
Work in process	7	10	63
Raw materials	1	1	9
Total	¥ 14,337	¥ 11,703	\$ 129,162

8. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2021 and 2020, included bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.28% to 1.60% and 0.51% to 1.14% at March 31, 2021 and 2020, respectively.

Long-term debt at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Loans from banks and other financial institutions, due serially to 2020 with interest rates ranging from 0.70% to 1.20% (2021) and 1.20% to 1.25%(2020):			
Collateralized		¥ 33	
Unsecured	¥ 110	50	\$ 991
Obligation under finance leases	29	19	262
Total	139	102	1,253
Less current portion	56	23	505
Long-term debt, less current portion	¥ 83	¥ 79	\$ 748

Annual maturities of long-term debt at March 31, 2021, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ 56	\$ 505
2023	14	127
2024	20	180
2025	29	261
2026	19	171
2027 and thereafter	1	9
Total	¥ 139	\$ 1,253

The carrying amounts of assets pledged as collateral for the above secured and collateralized long term debt at March 31, 2021, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Time deposits included in short-term investments	¥ 157	\$ 1,414
Land	46	415
Buildings and structures - net of accumulated depreciation	1	9
Total	¥ 204	\$ 1,838

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

9. RETIREMENT AND PENSION PLANS

The Company and certain subsidiaries participate in defined benefit pension plans, and the Company has a retirement benefit trust. In addition, the Company participates in defined contribution pension plans.

For defined benefit pension plans and unfunded lump-sum payment plans, which some subsidiaries of the Company adopted, the liability for retirement benefits and the periodic retirement benefit costs are computed by the simplified method.

Defined Benefit Pension Plans

(1) The changes in defined benefit obligation, excluding plans adopting the simplified method, for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 4,804	¥ 4,802	\$ 43,279
Current service cost	251	240	2,261
Interest cost	48	48	432
Actuarial losses	(67)	19	(603)
Benefits paid	(220)	(305)	(1,982)
Increase due to new consolidation	208		1,874
Balance at end of year	¥ 5,024	¥ 4,804	\$ 45,261

(2) The changes in plan assets, excluding plans adopting the simplified method, for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 5,088	¥ 5,215	\$ 45,838
Expected return on plan assets	52	52	468
Actuarial losses	500	(192)	4,505
Contributions from the employer	339	303	3,054
Benefits paid	(219)	(290)	(1,973)
Increase due to new consolidation	133		1,198
Balance at end of year	¥ 5,893	¥ 5,088	\$ 53,090

(3) The schedule of the net defined benefit liability accounted for by the simplified method for the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 653	¥ 640	\$ 5,883
Periodic benefit cost	56	63	504
Benefits paid	(48)	(45)	(432)
Contributions to the pension plans	(5)	(5)	(45)
Balance at end of year	¥ 656	¥ 653	\$ 5,910

(4) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Funded defined benefit obligation	¥ 5,345	¥ 5,139	\$ 48,153
Plan assets	(5,958)	(5,153)	(53,676)
	(613)	(14)	(5,523)
Unfunded defined benefit obligation	401	382	3,613
Net liability arising from defined benefit obligation	¥ (212)	¥ 368	\$ (1,910)

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Liability for retirement benefits	¥ 707	¥ 653	\$ 6,369
Asset for retirement benefits	(919)	(285)	(8,279)
Net liability arising from defined benefit obligation	¥ (212)	¥ 368	\$ (1,910)

(5) The components of net periodic retirement benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost	¥ 251	¥ 240	\$ 2,261
Interest cost	48	47	432
Expected return on plan assets	(53)	(52)	(477)
Recognized actuarial gains	(151)	(74)	(1,360)
Amortization of prior service cost	5	5	45
Periodic benefit cost in simplified method	56	63	504
Net periodic benefit costs	¥ 156	¥ 229	\$ 1,405

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Prior service cost	¥ 5	¥ 5	\$ 45
Actuarial gains	416	(285)	3,748
Total	¥ 421	¥ (280)	\$ 3,793

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized prior service cost	¥ 5	¥ 10	\$ 45
Unrecognized actuarial gains	(708)	(292)	(6,378)
Total	¥ (703)	¥ (282)	\$ (6,333)

(8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2021 and 2020, consisted of the following:

	2021	2020
	Debt investments	17%
Equity investments	39	36
General account	39	43
Others	5	5
Total	100%	100%

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	1.0%	1.0%
Expected rate of return on plan assets	1.0%	1.0%
Expected rate of salary increase	4.5%	4.5%

Defined Contribution Pension Plans

The amounts of required contributions to the defined contribution pension plans of the Company and certain subsidiaries for the years ended March 31, 2021 and 2020, were ¥156 million (\$1,405 thousand) and ¥128 million, respectively.

10. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a board of directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Company's board of directors (the "Board of Directors") may declare dividends (except for dividends in kind) at any time during the fiscal year if a company has prescribed so in its articles of incorporation. The Company meets all the above criteria. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of a company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional

paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2021 and 2020. Its foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2021 and 2020, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Allowance for doubtful receivables	¥ 41	¥ 45	\$ 369
Accrued bonuses	306	333	2,757
Enterprise tax	41	61	369
Valuation loss on investment securities	114	130	1,027
Liability for retirement benefits	16	186	144
Loss on devaluation of merchandise	161	117	1,450
Tax loss carryforwards	30	21	270
Other	338	381	3,045
Total deferred tax assets	1,047	1,274	9,431
Less valuation allowance for tax loss carryforwards	(13)	(21)	(117)
Less valuation allowance for temporary differences	(517)	(545)	(4,657)
Total less valuation allowance	(530)	(566)	(4,774)
Deferred tax assets	517	708	4,657
Deferred tax liabilities:			
Undistributed earnings of overseas subsidiaries	161	148	1,450
Unrealized gains on available-for-sale securities	2,886	1,742	26,000
Other	124	122	1,117
Deferred tax liabilities	3,171	2,012	28,567
Net deferred tax liabilities	¥ (2,654)	¥ (1,304)	\$ (23,910)

The expiration of tax loss carryforwards, the related valuation allowances, and the resulting net deferred tax assets as of March 31, 2021 and 2020, were as follows:

	Millions of Yen						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards						¥ 30	¥ 30
Less valuation allowances for tax loss carryforwards						(13)	(13)
Net deferred tax assets relating to tax loss carryforwards						17	17

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

March 31, 2020	Millions of Yen						Total
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	
Deferred tax assets relating to tax loss carryforwards						¥ 21	¥ 21
Less valuation allowances for tax loss carryforwards						(21)	(21)
Net deferred tax assets relating to tax loss carryforwards							

March 31, 2021	Thousands of U.S. Dollars						Total
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	
Deferred tax assets relating to tax loss carryforwards						\$ 270	\$ 270
Less valuation allowances for tax loss carryforwards						(117)	(117)
Net deferred tax assets relating to tax loss carryforwards						153	153

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2021, is as follows:

	2021
Normal effective statutory tax rate	30.6%
Expenses not deductible for income tax purposes	1.5
Income not taxable for income tax purposes	(0.5)
Taxation on per capita basis	0.9
Change in valuation allowance	(0.5)
Gain from bargain purchase	(2.5)
Difference in subsidiaries' tax rates	(1.2)
Other — net	(0.5)
Actual effective tax rate	27.8%

Information on reconciliation of tax rates for the year ended March 31, 2020 were not disclosed as difference between the statutory tax rate and the effective tax rate was not more than 5% of the statutory tax rate.

12. LEASES

The Group leases certain machinery, computer equipment, and other assets. Total rental expenses for the years ended March 31, 2021 and 2020, were ¥508 million (\$4,577 thousand) and ¥510 million, respectively.

Future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Due within one year	¥ 25	¥ 24	\$ 225
Due after one year	12	32	108
Total	¥ 37	¥ 56	\$ 333

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses mainly bank loans to fund its ongoing operations. Cash surpluses are invested in bank deposits or low-risk financial assets. Derivatives are used to reduce foreign currency exchange risk for receivables and payables denominated in foreign currencies, not for speculative purposes.

(2) Nature, Extent of Risks Arising from Financial Instruments, and Risk Management for Financial Instruments

Trade receivables, such as trade notes and trade accounts, are exposed to customer credit risk.

The Group manages its credit risk from receivables based on internal guidelines, which include monitoring of payment terms and balances and monitoring major customers' financial statuses on a regular basis.

Other receivables are mainly rebate receivables from major vendors, and the Company considers their credit risks to be limited.

Securities included in short-term investments and investment

securities, mainly equity instruments of customers and suppliers of the Group and high credit rating bonds, are exposed to market price fluctuations. The market values are reported to the Group's administrative director on a regular basis.

Payment terms of trade payables, such as trade notes and trade accounts, are mainly less than one year.

Although foreign currency trade receivables and payables are exposed to fluctuations in foreign currency exchange rates, the Group reduces such foreign currency exchange risk by using forward foreign currency contract hedges.

Short-term bank loans and long-term bank loans are mainly used to finance the Group's operating activity payments.

(3) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Please see Note 14 for the details of the fair value of derivatives.

(a) Fair value of financial instruments

	March 31, 2021			March 31, 2020			March 31, 2021		
	Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Losses	Carrying Amount	Fair Value	Unrealized Gain/Losses	Carrying Amount	Fair Value	Unrealized Gain/Losses
Cash and cash equivalents	¥ 17,416	¥ 17,416		¥ 15,757	¥ 15,757		\$ 156,901	\$ 156,901	
Trade receivables	54,816			57,190			493,838		
Allowance for doubtful receivables	(48)			(60)			(432)		
Subtotal	54,768	54,768		57,130	57,130		493,406	493,406	
Other receivables	1,744	1,744		1,764	1,764		15,712	15,712	
Short-term investments and investment securities	23,400	23,400		19,365	19,365		210,810	210,810	
Total	¥ 97,328	¥ 97,328		¥ 94,016	¥ 94,016		\$ 876,829	\$ 876,829	
Short-term bank loans	¥ 2,014	¥ 2,014		¥ 1,537	¥ 1,537		\$ 18,144	\$ 18,144	
Trade payables	33,925	33,925		33,183	33,183		305,631	305,631	
Long-term bank loans	110	108	¥ (2)	83	83	¥ (0)	991	975	\$ (16)
Total	¥ 36,049	¥ 36,047	¥ (2)	¥ 34,803	¥ 34,803	¥ (0)	\$ 324,766	\$ 324,750	\$ (16)
Derivative financial instruments	¥ 5	¥ 5		¥ (11)	¥ (11)		\$ 45	\$ 45	

Cash and cash equivalents, trade receivables, other receivables, trade payables, and short-term bank loans

The carrying values approximate fair value because of their short maturities.

Short-term investments and investment securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for the equity instruments and at the quoted price obtained from financial institutions for certain debt instruments. Fair value information for short-term investments and investment securities by classification is included in Note 6.

Long-term bank loans

The fair values of long-term bank loans are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

Fair value information for derivatives is included in Note 14.

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Investments in equity instruments that do not have a quoted market price in an active market	¥ 210	¥ 181	\$ 1,892

(4) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	March 31, 2021				March 31, 2020			
	Millions of Yen				Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 17,416				¥ 15,757			
Trade receivables	54,816				57,190			
Other receivables	1,744				1,764			
Short-term investments and investment securities:								
Time deposits	1,673				1,361			
Available-for-sale securities with contractual maturities:								
Government and corporate bonds		¥ 300	¥ 4,950	¥ 1,900		¥ 300	¥ 4,950	¥ 1,900
Total	¥ 75,649	¥ 300	¥ 4,950	¥ 1,900	¥ 76,072	¥ 300	¥ 4,950	¥ 1,900

	March 31, 2021			
	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	\$ 156,901			
Trade receivables	493,838			
Other receivables	15,712			
Short-term investments and investment securities:				
Time deposits	15,072			
Available-for-sale securities with contractual maturities:				
Government and corporate bonds		\$ 2,703	\$ 44,595	\$ 17,117
Total	\$ 681,523	\$ 2,703	\$ 44,595	\$ 17,117

Please see Note 8 for annual maturities of long-term bank loans.

4. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major

international financial institutions, the Group does not anticipate any losses arising from credit risk.

These derivative transactions entered into by the Group are executed by the international division and an overseas subsidiary.

Derivative transactions entered into by the Group are controlled by the financial department in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is not applied

	March 31, 2021				March 31, 2020				March 31, 2021			
	Millions of Yen				Millions of Yen				Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:												
Selling USD	¥ 10		¥ (0)	¥ (0)	¥ 7		¥ (0)	¥ (0)	\$ 88		\$ (4)	\$ (4)
Selling CNY	5		(0)	(0)	3		(0)	(0)	45		(3)	(3)

The fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

Derivative transactions to which hedge accounting is applied

	Hedged Item	March 31, 2021			March 31, 2020			March 31, 2021		
		Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:										
Buying USD	Payables	¥ 75		¥ 4	¥ 92		¥ 0	\$ 676		\$ 36
Buying HKD	Payables	4		0	2		(0)	36		1
Buying CNY	Payables	18		2	425		(11)	162		18

The fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

15. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 3,898	¥ (1,290)	\$ 35,117
Reclassification adjustments to profit or loss	1	25	9
Amount before income tax effect	3,899	(1,265)	35,126
Income tax effect	(1,144)	355	(10,306)
Total	¥ 2,755	¥ (910)	\$ 24,820
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	¥ 17	¥ (12)	\$ 153
Amount before income tax effect	17	(12)	153
Income tax effect	(5)	4	(45)
Total	¥ 12	¥ (8)	\$ 108
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (241)	¥ (24)	\$ (2,171)
Reclassification adjustments to profit or loss		8	
Total	¥ (241)	¥ (16)	\$ (2,171)
Defined retirement benefit plan:			
Gains arising during the year	¥ 510	¥ (190)	\$ 4,594
Reclassification adjustments to profit or loss	(89)	(90)	(802)
Amount before income tax effect	421	(280)	3,792
Income tax effect	(129)	86	(1,162)
Total	¥ 292	¥ (194)	\$ 2,630
Total other comprehensive income (loss)	¥ 2,818	¥ (1,128)	\$ 25,387

Notes to Consolidated Financial Statements

TACHIBANA ELETECH CO., LTD. and Its Subsidiaries Years Ended March 31, 2021 and 2020

16. NET INCOME PER SHARE

The average number of common shares used in the computation was 25,237,784 shares for 2021 and 25,238,061 shares for 2020.

17. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2021, was approved at the Board of Directors' meeting held on May 24, 2021:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥20 (\$0.18) per share	¥ 505	\$ 4,550

18. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate

financial information is available, and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

The Group has three reportable segments, each of which has products and services as described in the table below. The segments are categorized by available separate financial information and evaluated by management regularly. Management discusses the segments' financial information in order to make decisions, such as how to allocate resources among the Group. The Group plans domestic and overseas strategies based on the segments.

Reportable Segment	Products and Services
Factory Automation Systems Business	Programmable controllers, inverters, AC servos, various types of motors, power distribution control equipment and control devices, industrial robots, electric discharge machines, laser beam machines, connectors, embedded systems, industrial computers, and touch panels
Semiconductors and Electronic Devices Business	Semiconductors (microcomputers, ASIC, power devices, memory modules, analog IC, and logic IC) Electronic devices (memory card contact image sensors and LCD)
Building Services Systems Business	Package air conditioners and other air-conditioning equipment, LED lighting, photovoltaic power generation systems, all electrical appliances, room air-conditioners, elevators, power receiving/transformation equipment, and monitoring and controlling equipment

2. Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

3. Information about Sales, Profit (Loss), Assets, and Other Items

Year Ended March 31, 2021

	Millions of Yen							
	Reportable Segments			Total	Others	Total	Reconciliation	Consolidated
Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Building Services Systems Business						
Sales:								
Sales to external customers	¥ 88,071	¥ 54,347	¥ 15,382	¥ 157,800	¥ 3,640	¥ 161,440		¥ 161,440
Intersegment sales or transfers								
Total	¥ 88,071	¥ 54,347	¥ 15,382	¥ 157,800	¥ 3,640	¥ 161,440		¥ 161,440
Segment profit (Operating profit)	¥ 2,920	¥ 868	¥ 248	¥ 4,036	¥ (3)	¥ 4,033		¥ 4,033
Segment assets	44,319	23,261	8,594	76,534	2,816	79,350	¥ 40,915	120,265
Other:								
Depreciation	279	109	53	441	15	456		456
Increase in property and equipment and intangible assets	336	140	73	549	20	569		569

Year Ended March 31, 2020

	Millions of Yen							
	Reportable Segments			Total	Others	Total	Reconciliation	Consolidated
Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Building Services Systems Business						
Sales:								
Sales to external customers	¥ 99,946	¥ 47,976	¥ 17,907	¥ 165,829	¥ 4,712	¥ 170,541		¥ 170,541
Intersegment sales or transfers								
Total	¥ 99,946	¥ 47,976	¥ 17,907	¥ 165,829	¥ 4,712	¥ 170,541		¥ 170,541
Segment profit (Operating profit)	¥ 4,208	¥ 1,282	¥ 514	¥ 6,004	¥ 34	¥ 6,038		¥ 6,038
Segment assets	47,945	17,969	9,455	75,369	2,901	78,270	¥ 35,163	113,433
Other:								
Depreciation	257	86	47	390	14	404		404
Increase in property and equipment and intangible assets	357	133	75	565	22	587		587

Year Ended March 31, 2021

	Thousands of U.S. Dollars							
	Reportable Segments			Total	Others	Total	Reconciliation	Consolidated
Factory Automation Systems Business	Semiconductors and Electronic Devices Business	Building Services Systems Business						
Sales:								
Sales to external customers	\$ 793,432	\$ 489,613	\$ 138,577	\$ 1,421,622	\$ 32,792	\$ 1,454,414		\$ 1,454,414
Intersegment sales or transfers								
Total	\$ 793,432	\$ 489,613	\$ 138,577	\$ 1,421,622	\$ 32,792	\$ 1,454,414		\$ 1,454,414
Segment profit (Operating profit)	\$ 26,306	\$ 7,820	\$ 2,234	\$ 36,360	\$ (27)	\$ 36,333		\$ 36,333
Segment assets	399,270	212,802	77,423	689,495	25,370	714,865	\$ 368,603	1,083,468
Other:								
Depreciation	2,514	982	477	3,973	135	4,108		4,108
Increase in property and equipment and intangible assets	3,027	1,261	658	4,946	180	5,126		5,126

Notes: Segment assets included in the reconciliation line as of March 31, 2021 and 2020, which were ¥40,915 million (\$368,603 thousand) and ¥35,163 million, respectively, are corporate assets, which are not allocated to each reportable segment and primarily comprise financial resources (cash and cash equivalents and short-term investments) and long-term investment funds (investment securities).

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of TACHIBANA ELETECH CO., LTD.:

Opinion

We have audited the consolidated financial statements of TACHIBANA ELETECH CO., LTD. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of recognition of gain from bargain purchase	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>Appropriateness of recognition of gain from bargain purchase</p> <p>As described in Note 5, "Business Combination" to the consolidated financial statements, TACHIBANA ELETECH CO., LTD. acquired all shares of Yashima Electronic Solutions, Ltd. (currently Tachibana Electronic Solutions Co., Ltd.) on April 1, 2020 and accounted it as a consolidated subsidiary.</p> <p>As a result of the accounting for the business combination in accordance with "Accounting Standard for Business Combinations" ("ASB") Statement No. 21, the net asset value at the time of the business combination exceeded the acquisition costs, and the difference of 395 million yen was recognized as a gain from bargain purchase and recorded in other income in the consolidated financial statement of income.</p> <p>In business combination, the acquisition costs should be allocated to assets acquired and liabilities assumed based on their fair value. In case where a gain from bargain purchase is expected to be recognized, it is necessary to reassess whether all identifiable assets and liabilities have been identified and whether the allocation of acquisition costs is appropriate (Paragraph 33 of ASB Statement No. 21).</p> <p>Accordingly, the business combination transaction in which a gain from bargain purchase is recorded is considered to be an unusual transaction and the appropriateness of accounting treatment needs to be carefully evaluated. Moreover, the fair value used in the allocation of acquisition costs includes management's estimates.</p> <p>Therefore, we determined appropriateness of recognition of gain from bargain purchase as a key audit matter.</p>	<p>In assessing the appropriateness of the recognition of gain from bargain purchase, our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> We performed inquiry of management to understand the background of the share acquisition, the process of determining the acquisition costs, the cause of bargain purchase and future business strategies. We performed the following procedures related to the expert's share valuation report as the basis for the acquisition cost, obtained by the Group. We compared the future business plan used in the share valuation report with the underlying business plan. With the assistance of our valuation specialists, we evaluated the reasonableness of the valuation methodology. We performed the following procedures related to the purchase price allocation based on the fair value for the assets acquired and liabilities assumed. We sent confirmation requests and compared the balances to the supporting documents in order to test the existence of the assets acquired and liabilities assumed. We also inspected the supporting documents to evaluate the validity of the fair value. We inspected the share valuation report, the finance, tax and legal due diligence reports and the minutes of the Board of Directors' meetings, to evaluate the completeness of the liabilities identified.

Appropriateness of the timing of revenue recognition of sales transactions involving installation work	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>Appropriateness of the timing of revenue recognition of sales transactions involving installation work</p> <p>As described in Note 18, "Segment Information" to the consolidated financial statements, the net sales of the Factory Automation Systems Business were 88,071 million yen and the net sales of the Building Services Systems Business were 15,382 million yen for the current consolidated fiscal year. In these reporting segments, there are certain sales transactions involving installation work in addition to delivery of products. As described in Note 2, "Summary of Significant Accounting Policies" to the consolidated financial statements, such sales transactions are recorded not at the time of shipment of the product but at the time of acceptance by the customer subsequent to completion of installation work.</p> <p>Sales transactions involving installation work are separately classified in the Enterprise Resource Planning ("ERP") system. Sales involving installation work are not recognized at product shipment date recorded in the ERP system but recognized at the completion date of installation work.</p> <p>The determination of whether the sales transaction involves installation work is judged based on the performance obligation and other contract terms. If this determination is incorrect, there is a risk of recognizing revenue in the wrong period. Moreover, many sales transactions involving installation work are accepted in March, and the contract prices are relatively high. In the case that the sales transactions involving installation work are recognized in the wrong fiscal year, the impact on the financial statements would be significant.</p> <p>Therefore, we determined the appropriateness of the timing of revenue recognition for sales transactions involving installation work as a key audit matter.</p>	<p>In evaluating the appropriateness of the timing of revenue recognition of the sales transactions involving installation work, our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of certain internal controls relevant to the process of recording the sales transactions involving installation work. In this assessment, we focused our testing on internal controls over management's judgement and approval in determining whether the transactions were classified into sales transactions involving installation work. We analyzed the fluctuation of sales transactions involving installation work recorded in March 2021 by customer and made inquiry about the reason of the significant fluctuation, if any. We performed an analysis on the sales transactions that were recorded at the time of product shipment in March 2021, by sales department, customer and sales amount. Based on the analysis, we selected a sample of such sales transactions and evaluated whether the transactions should have been classified into sales transactions involving installation work, by inspecting the performance obligation and other contract terms included in external vouchers such as purchase orders from customers.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
June 22, 2021

Company Data (as of July 1, 2021)

Company Outline

Company Name in English
TACHIBANA ELETECH CO., LTD.

Date of Founding
September 1, 1921

Date of Establishment
July 12, 1948

Capital
5,874 billion yen

Number of Employees
882 (Consolidated 1,426) as of March 31, 2021

Stock Listings
First Section of the Tokyo Stock Exchange

ISO Acquisitions
Product Quality Management System
ISO9001 JQA-QMA10303

Environmental Management System
ISO14001 EMS693431

Information Security Management System
ISO27001 IS 509430

Offices

Head Office 1-13-25 Nishi-honmachi, Nishi-ku, Osaka
Branch Offices Tokyo, Nagoya
Branches East Kanto, North Kanto, Kanagawa, Mikawa, Tokai, Hokuriku, Mie, Shiga, South Osaka, Kobe, Himeji, Hiroshima, Shikoku, Kyushu
Sales Offices Tohoku

History

1921 Norimitsu Tachibana founded Tachibana Shokai. ①

1925 Special contract made with Mitsubishi Corporation.

1947 Special contract made with Mitsubishi Electric Corporation.

1948 Tachibana Shokai Ltd established. ②

1961 Head Office moved to Nishi-ku in Osaka City. ③

1962 Special contract with Mitsubishi Electric Corporation annulled to make new agency agreement.

1982 Singaporean branch office established.

1985 Osaka Software Center established.

1986 Listed as the specified brand in the Second Section (New Second Section) of the Osaka Securities Exchange.

1987 Tachibana Sales (Singapore) Pte. Ltd. established.

1988 Hong Kong branch office established.

1990 Listed as stock on the Second Section of the Osaka Securities Exchange.

1992 Tachibana Sales (Hong Kong) Ltd. established.

1994 Head Office newly built. ④

1997 Tachibana Sales (Taiwan) Co., Ltd. established.

2000 Shenzhen Semiconductor Technology Center established.

2001 Ritsuryokai established.

Renamed "Tachibana Eletech Co., Ltd." ⑤

Acquired ISO14001.

2002 Tachibana Sales (Shanghai) Ltd. established.

2003 Acquired ISO9001.

2004 Listed on the Second Section of the Tokyo Stock Exchange.

2005 Listed on the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange. ⑥

2006 Acquired ISMS.

Board of Directors and Auditors

Takeo Watanabe
President, CEO & COO

Hitoshi Yamaguchi
Director, Executive Operating Officer

Sadayuki Takami
Director, Executive Operating Officer

Hisanobu Nunoyama
Director, Managing Operating Officer

Makoto Ikuta
External Director

Masato Tsujikawa
External Director

Kiyoshi Matsushashi
Standing Auditor

Yasuhiro Otani
External Auditor

Hiroumi Shioji
External Auditor

Hiroshi Yoneda
Operating Officer

Hirokazu Ueda
Operating Officer

Mitsuru Tada
Operating Officer

Yoshinori Matsuura
Operating Officer

Masaki Shiroshita
Operating Officer

Satoru Nagayasu
Operating Officer

Hiroyuki Sano
Operating Officer

Koji Kobayashi
Operating Officer

2007 Tachibana Sales (Korea) Ltd. established.

Tachibana Sales (Bangkok) Co., Ltd. established.

Tachibana Overseas Holdings (in-house company) established.

Move from ISMS certification standard to ISO27001.

2008 Minami Osaka Building completed (the Minami Osaka branch office and the "Risshikan" training center with accommodation/dormitory). ⑦

2010 Tachibana Kouwa System Service Co., Ltd. established through the merger between Tachibana ES and Kouwa Kogyo.

Daidensha Co., Ltd. becomes wholly owned subsidiary. ⑧

Beijing Office, Shenzhen Office established.

2011 Wuhan Office established.

2012 Tachibana Overseas Holdings Ltd. incorporated as a supervising holding company for overseas subsidiaries. ⑨

Dalian Office established.

Conclude a capital and business tie-up agreement with Takagi Co., Ltd.

Tachibana Device Component Co., Ltd. established.

2013 Malaysia Office established.

2014 PT Tachibana Sales (Indonesia) established.

Establishment of Qingdao Sales Office

Acquisition of company building for the Tokyo Branch Office, and relocation ⑩

Conversion of Takagi Co., Ltd. to consolidated subsidiary ⑪

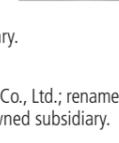
2015 Start of Medium/Long-Term Management Plan (C.C.J 2200)

2019 Conversion of Takagi Co., Ltd. wholly owned subsidiary.

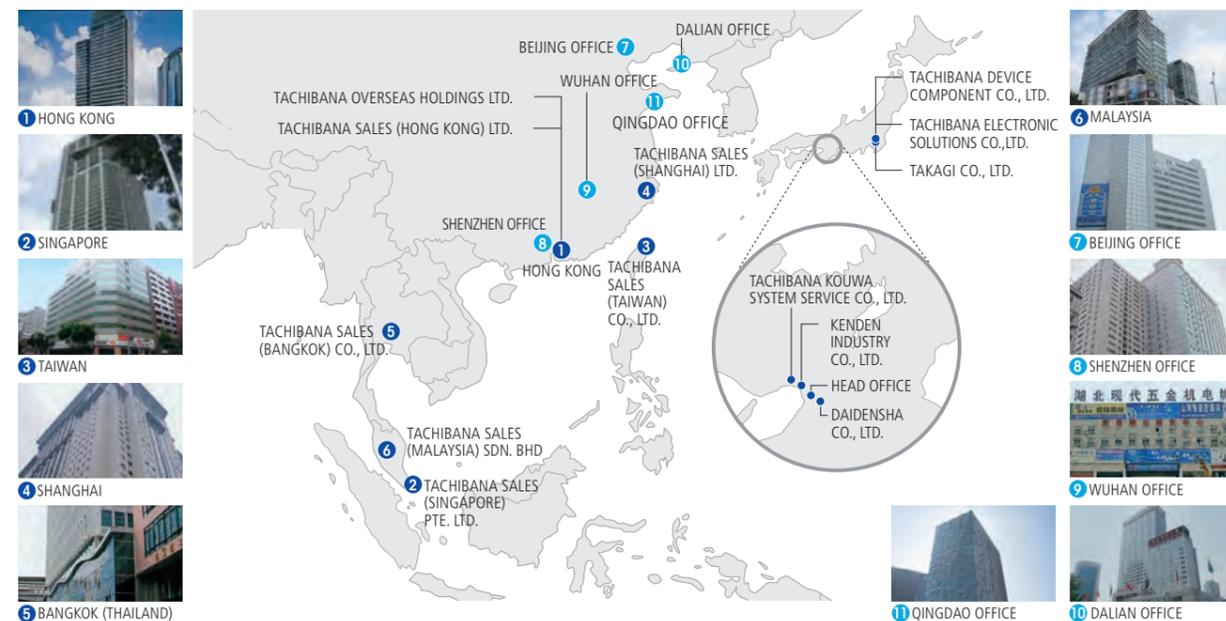
2020 Tachibana Sales (Malaysia) Sdn.Bhd established.

Acquisition of all shares of Yashima Electronic Solutions Co., Ltd.; renamed Tachibana Electronic Solutions Co., Ltd. as a wholly-owned subsidiary.

2021 100th Anniversary



Subsidiaries and Affiliates ● Corporation ● Office



[Domestic]
KENDEN INDUSTRY CO., LTD.
 2-6-23, Mitejima, Nishiyodogawa-ku, Osaka 555-0012
 Tel. 81-6-6471-9451
TACHIBANA KOUWA SYSTEM SERVICE CO., 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

[Overseas]
TACHIBANA OVERSEAS HOLDINGS LTD.
 Unit 2605, 26F., One Kowloon No.1, Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong
 Tel. +852(2838)8103
TACHIBANA SALES (SINGAPORE) PTE. LTD. Office: Malaysia
 10 Anson Road #30-07 International Plaza Singapore 079903
 Tel. +65(6270)4567
TACHIBANA SALES (HONG KONG) LTD.
 Unit 2605, 26F., One Kowloon No.1, Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong
 Tel. +852(2838)8103
TACHIBANA SALES (TAIWAN) CO., 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
 Room K, 18F, Huamin Empire Plaza, No.728 West Yanan Road, Shanghai, 200050, PRC
 Tel. +86(21)3100-1700
TACHIBANA SALES (BANGKOK) CO., LTD.
 62 Thaniya Building 8FL., Room No.803-804, Silom Road Suriyawong Bangrak, Bangkok 10500, Thailand
 Tel. +66(2)652-5191
TACHIBANA SALES (MALAYSIA) SDN. BHD
 First Subang S-14-05, Jalan SS15/4G, 47500 Subang Jaya, Selangor, Malaysia
 Tel. +603(5888)6502

Organizational Structure



Investor Information

Authorized Number of Shares:
96,000 thousand

Issued Number of Shares:
26,025 thousand

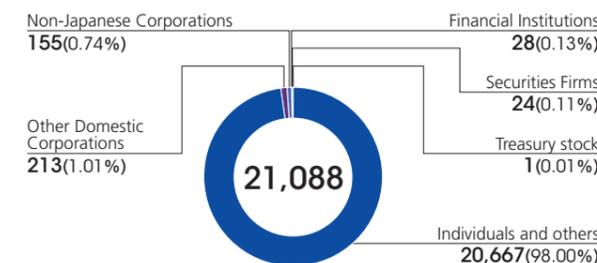
Number of Shareholders:
21,088

Major Shareholders

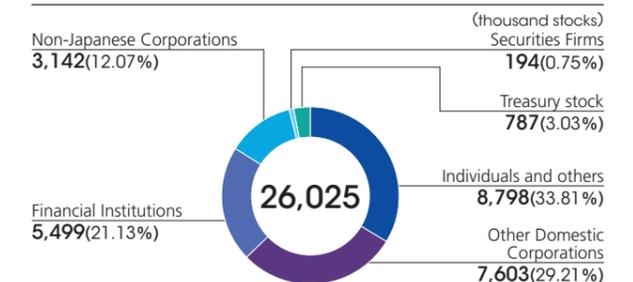
Shareholders	Shares (thousand stocks)	Ratio of shareholders (%)
Mitsubishi Electric Corporation	1,921	7.61
Sansei Technos Co., Ltd.	1,478	5.86
Tachibana Eletech's Employees Shareholders' Association	1,167	4.62
MUFG Bank, Ltd.	1,082	4.29
Kinden Corporation	754	2.99
Noritz Corporation	742	2.94
Custody Bank of Japan, Ltd.(trust account)	508	2.02
Nippon Life Insurance Company	471	1.87
The Master Trust Bank of Japan, Ltd. (trust account)	465	1.84
Takebishi Corporation	459	1.82
Total	9,051	35.86

Notes: 1. Shown with less than 1,000 shares truncated.
 2. In addition to the above, there are 787 thousand shares of treasury stock owned by Tachibana Eletech.

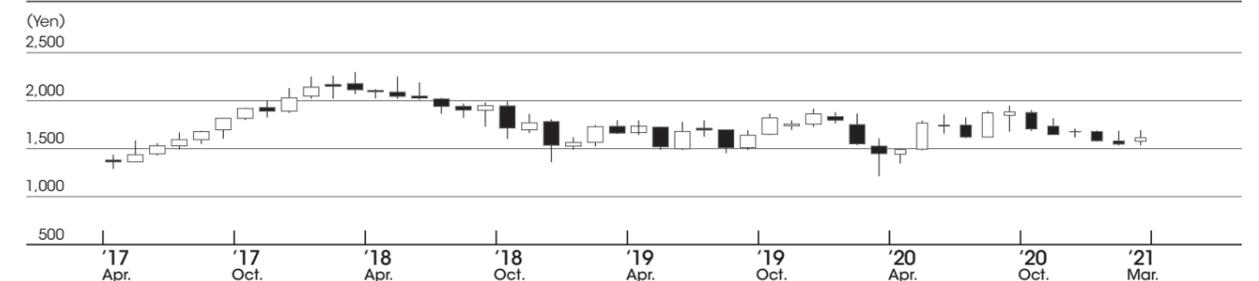
Distribution by Number of Shareholders



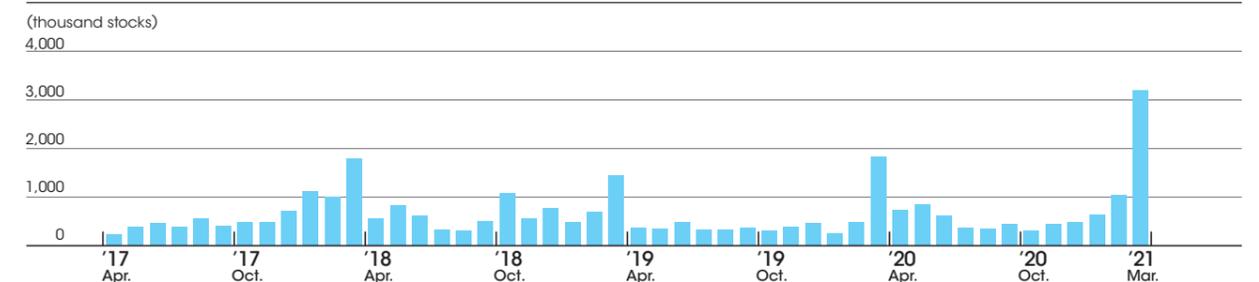
Distribution by Number of Shares Held



Share Price Trends (Tokyo Stock Exchange)



Trade Volume Trends (Tokyo Stock Exchange)





1-13-25, Nishi-Honmachi, Nishi-ku,
Osaka, 550-8555, Japan
Tel. +81-6-6539-2718

<https://www.tachibana.co.jp/>

