



2021

ANNUAL REPORT

 ENOMOTO Co., Ltd.

Contents

Management Strategy

President's Message	01
Officer Matrix	03
Our Ways	05
1 st STEP of Vision 2030	06
Helping to Achieve the Sustainable Development Goals (SDGs) through Our Business Activities ..	07
ESG - Solar Power Generation Equipment	08

Financial Review

Summary of Selected Financial Data (consolidated)	09
Highlights	10
Business Composition by Segment	11
Consolidated Financial Statements	13

Corporate Information

Company History	17
Corporate Data	18



President
Nobuyuki Takeuchi

武内 延公

I would like to express my sincere gratitude to you, our shareholders, for your continued support. I would also like to express my sincere condolences to those who have passed away due to the novel coronavirus disease (COVID-19), and I pray for a quick recovery of those who contracted the disease.

Management Philosophy

The ENOMOTO Group has been contributing to Japanese manufacturing since its founding in 1962, underpinned by its Management Philosophy of “recognizing that people are at the heart of business management, ENOMOTO is committed to healthy manufacturing as its contribution to the development of an affluent society.” Achievements in this regard have involved developing numerous new technologies related to press processing, establishing die technologies encompassing a wide range of processes such as blanking, bending, drawing and resin molding, and coming up with ultrafine composite machining technologies for metal and plastic geared to addressing fast-evolving market needs for miniaturization, higher performance and more functions.

Our products in particular include lead frames for opto-electronic devices typified by light-emitting diodes (LEDs) which constitute an energy-saving product that helps combat global warming, components for micro pitch connectors installed in smartphones and other IT devices and various types of semiconductor lead frames essential for facilitating the spread of self-driving vehicles and IoT. We take pride in these products, which are key technological elements poised to help bring about advances in society going forward. Also, we believe that supplying these products to major manufacturers worldwide will enable the Group to continue playing an indispensable role with respect to helping in bringing about a prosperous society in the future.

2020 Economic Condition





In the previous fiscal year, Japan's economy was under the strong influence of COVID-19, in which corporate activities and overall national life became prominent from the beginning of 2020. There are still risks that could lead to economic stagnation, such as the re-expansion of infections and the emergence and epidemics of new mutant strains domestically and internationally, but some industries, mainly the manufacturing industry, are on a strong recovery trend. In the electronic components industry to which the group belongs, although the first half was generally sluggish due to regional or city-based lockdowns in other countries and the confusion caused by policies with restrictions on corporate activities, the second half was on a sharp recovery trend due to global demand for automobiles and improvements in consumer sentiment.





Under such circumstances, the Group has been endeavoring to increase its sales and earnings power through efforts that involve further improving quality and systematically reducing production costs by automating and streamlining manufacturing processes.

2020 Our Financial Performance

In the fiscal year ended 31 March 2021, the Company consequently generated net sales of 22,999 million yen (up 1.5% YoY), operating profit of 1,563 million yen (up 15.0% YoY), ordinary profit of 1,561 million yen (up 12.0% YoY), and profit attributable to owners of parent of 1,489 million yen (up 63.1% YoY) due to the additional recording of deferred tax assets.

We will continue to work as one to improve our business performance and strengthen our management base, and we look forward to your continued support.

		Inside Directors			
					
		Nobuyuki Takeuchi	Homare Shiratori	Mitsuhiro Kushima	Nobuo Sakurai
Roles and Responsibilities		Representative director	Managing Director	Managing Director	Director
		President / Chief Executive Officer	Chief Officer of Domestic Business	Chief Officer of Overseas Business	Chief Officer of Headquarters Production
Gender	● Male ○ Female	●	●	●	●
Independent Officer					
Skills	Management Strategy	★	★	★	
	Technology and Quality Control	★			★
	Marketing and Sales	★	★		★
	Global Business	★	★		
	Human Resource Development		★	★	
	Environment and Society			★	★
	Finance and Accounting			★	
	Legal and Governance		★		
	Risk Management	★		★	

		Outside Directors			
					
		Tadashi Kato	Sachiko Yamaki	Michiyo Ujiie	Hiroshi Muto
Roles and Responsibilities		Director	Director	Director	Director
		Audit and Supervisory Committee Member	Audit and Supervisory Committee Member	Audit and Supervisory Committee Member	Audit and Supervisory Committee Member
Gender	● Male ○ Female	●	○	○	●
Independent Officer					
Skills	Management Strategy				★
	Technology and Quality Control				
	Marketing and Sales				★
	Global Business				★
	Human Resource Development		★	★	★
	Environment and Society		★	★	
	Finance and Accounting	★		★	
	Legal and Governance	★	★		
	Risk Management	★	★	★	

Motto

心技一体

SHINGI ITTAI

Shingi ittai : Heart and technique are both essential for our manufacturing and we can't make good products with either of them. Since our start in small lab, we have cherished the spirit of craft workers and their technique.

Management Philosophy

People are at the heart of business.

Through sound manufacturing, we contribute to the realization of prosperous society.

Vision 2030

「BUILD the FUTURE with DIE TECHNOLOGY」

Finer and faster with leading-edge technology,
We aim to be your best partner for living and business.

Target

We continue to speedily provide high-quality products to the cutting-edge market with the evolution of die technology.

We create innovation by building a work environment that takes on challenges without fear of failure.

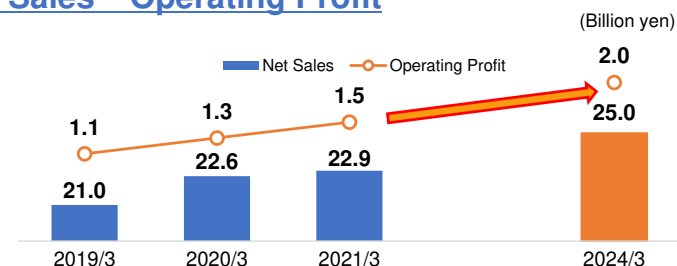
We contribute to the realization of carbon-free society by putting fuel cell parts to practical use.



Our Goals For 1st STEP (Apr 2021 ~ Mar 2024)



Net Sales · Operating Profit



How We Achieve Our Goals: Investment in Growing Fields



How We Increase Our Marginal Profit



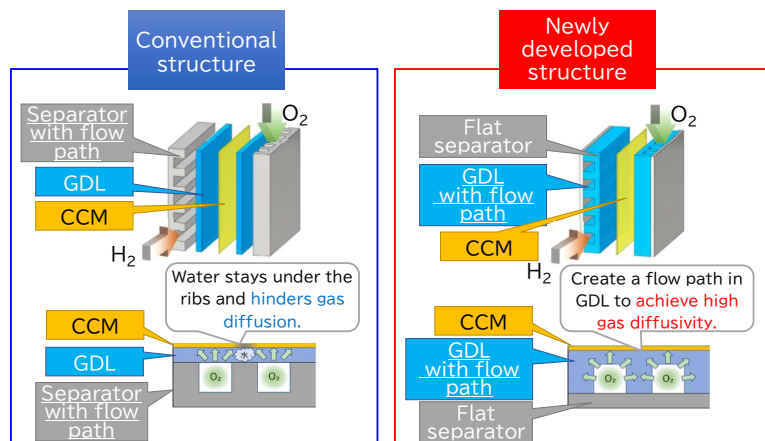


Strengthen development and analysis of
 ※1 “GDL integrated flat separator”
 To realize high efficiency, high output and high durability PEFC. ※2

※ 1 GDL: Gas Diffusion Layer ※2 PEFC : Polymer Electrolyte Fuel Cell

ENOMOTO Co., Ltd. in collaboration with the University of Yamanashi and Osaka University, applied for and has been selected as a “Collaborative Industry-Academia-Government R&D Project for Solving Common Challenges Toward Dramatically Expanded Use of Fuel Cells and Related Equipment” by the National Research and Development Corporation New Energy and Industrial Technology Development Organization (NEDO).

This project is a research and development consignment project to solve common problems newly revealed by the industry toward the realization of the performance values that fuel cell vehicles should aim for after 2030. It will be implemented from 2021 to 2024 as present schedule.



(Source:) https://www.nedo.go.jp/news/press/AA5_101458.html

(Contact us)
 ENOMOTO Co., Ltd. Development Dept.
 TEL:0553-34-8020 E-MAIL:enomoto-kaihatsu@enomoto.co.jp

Our Action

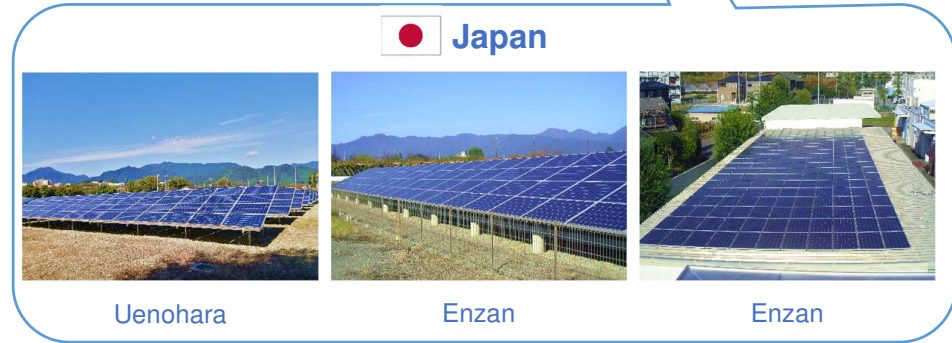
Past Action

- Installed 4 solar power generation equipment.

On-Going Action

- Under research for installing solar power generation equipment in Tsugaru Factory, Japan.

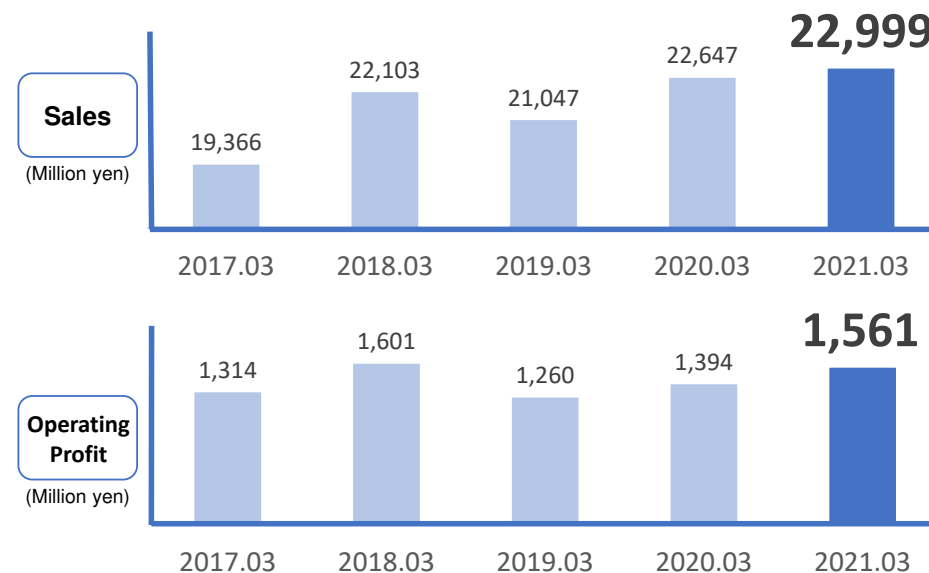
Generate a total of
1.4_{MW}



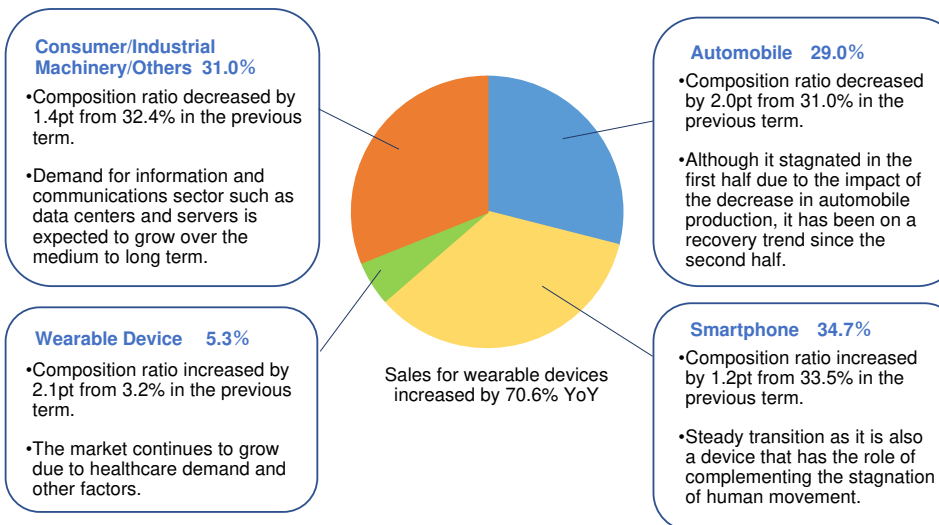
Summary of Selected Financial Data (consolidated)

	51st term Fiscal year ended 31 Mar 2017	52nd term Fiscal year ended 31 Mar 2018	53rd term Fiscal year ended 31 Mar 2019	54th term Fiscal year ended 31 Mar 2020	55th term Fiscal year ended 31 Mar 2021
Net sales (Million yen)	19,366	22,103	21,047	22,647	22,999
Ordinary Profit (Million yen)	1,314	1,601	1,260	1,394	1,561
Profit (loss) attributable to owners of parent (Million yen)	936	1,246	912	912	1,489
Comprehensive income (Million yen)	640	1,205	624	778	1,362
Net assets (Million yen)	12,377	14,761	15,069	15,610	16,739
Total assets (Million yen)	20,491	23,479	23,497	24,211	25,577
Net assets per share (Yen)	2,061.63	2,169.16	2,240.94	2,321.46	2,487.46
Basic earnings (loss) per share (Yen)	153.33	199.29	134.37	135.86	221.66
Diluted earnings per share (Yen)	152.86	198.32	133.98	135.46	221.01
Equity-to-asset ratio (%)	60.4	62.7	64.0	64.4	65.3
Rate of return on equity (%)	7.6	9.1	6.1	5.9	9.2
Price-earnings ratio (Times)	8.5	8.0	6.3	6.0	9.3
Net cash provided by (used in) operating activities (Million yen)	2,203	2,012	592	2,357	2,506
Net cash provided by (used in) investing activities (Million yen)	(769)	(1,557)	(1,238)	(1,501)	(2,402)
Net cash provided by (used in) financing activities (Million yen)	(901)	1,175	(536)	(333)	(113)
Cash and cash equivalents (Million yen)	2,422	4,085	2,858	3,346	3,324
Number of employees	1,055	1,126	1,253	1,243	1,240
[Average number of temporary employees] (Number of persons)	[633]	[586]	[637]	[457]	[468]

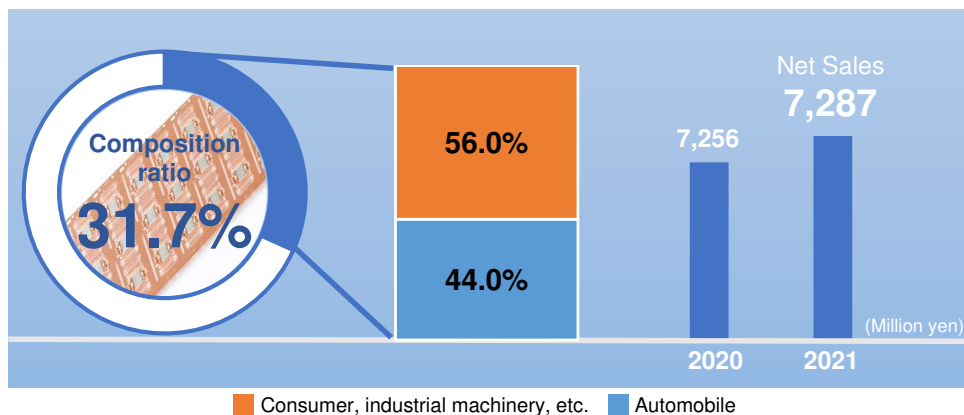
Highlights



Sales composition ratio of mass-produced products by application

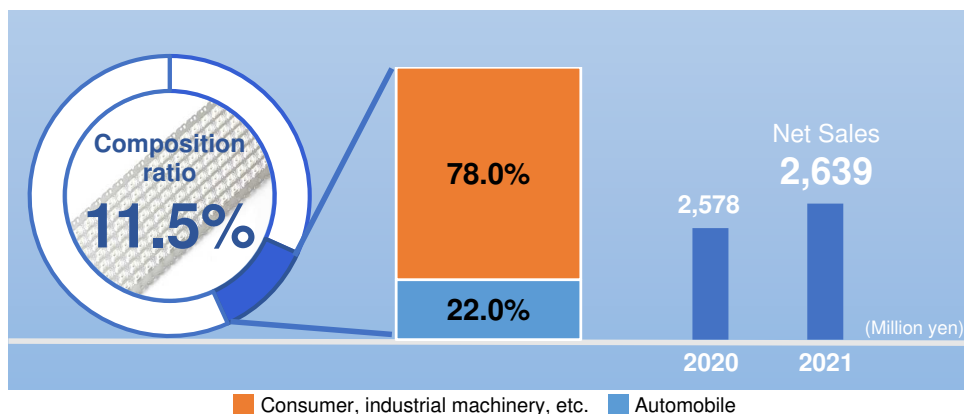


Business Composition by Segment



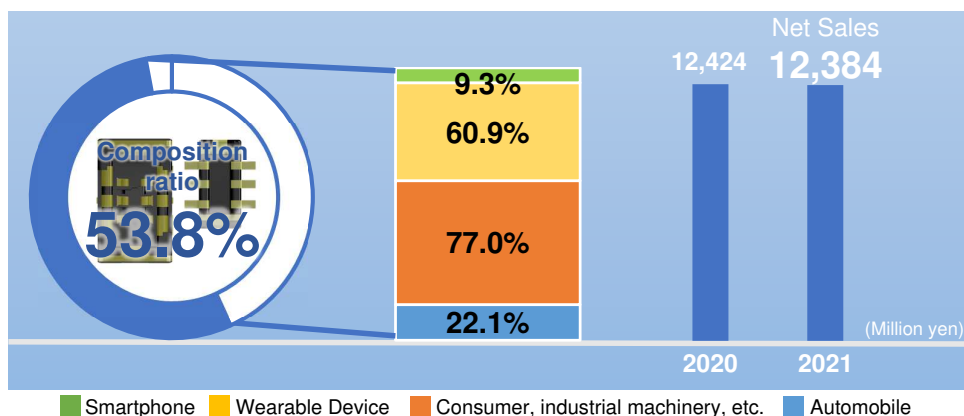
Lead frame for IC / Transistor

Net Sales 7,287 million yen (Decreasing 2.6% - YoY)
 This item group is mainly for automobiles and consumer equipment. In the first half, parts for automobiles were affected by the decrease in demand for automobiles, mostly overseas. However, the demand turned to recovery trend from the second half.



Lead frame for opto-electronic devices

Net Sales 2,639 million yen (Decreasing 7.5% - YoY)
 This item group is mainly for LED. The demand of automobiles and parts for large displays at customer attraction facilities has decreased.



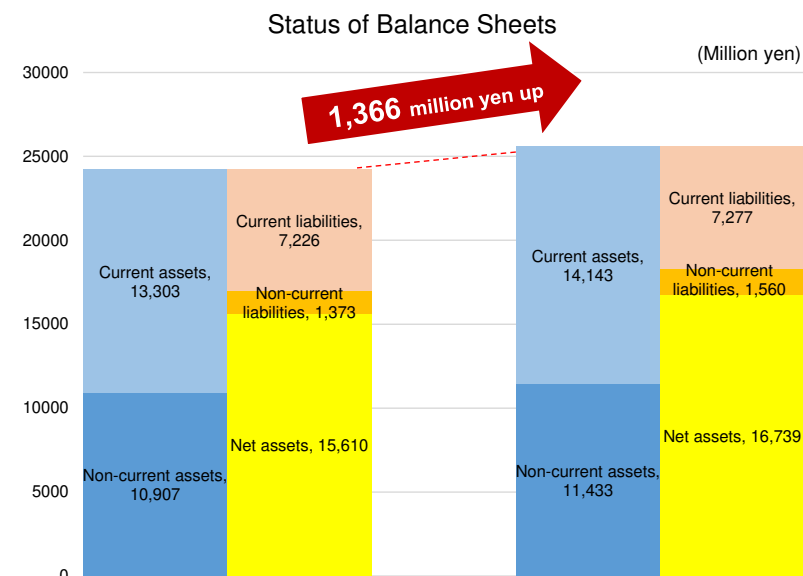
Connector parts

Net Sales 12,384 million yen (Raised 7.2% - YoY)
 This item group is mainly for automobiles and mobile terminals. The demand for automobiles parts has recovered since half of the year, and demand for smartphone parts and wearable terminal parts has remained at a high level.

Others : Net Sales 688 million yen (Decreasing 8.4% - YoY) This item group is mainly for relay parts.

Consolidated Balance Sheets(summary)

	(Million yen)	
	As of 31 Mar 2020	As of 31 Mar 2021
Assets		
Current assets	13,303	14,143
Non-current assets	10,907	11,433
Property, plant, and equipment	9,831	10,222
Intangible assets	177	189
Investments and other assets	898	1,021
Total assets	24,211	25,577
Liabilities		
Current liabilities	7,226	7,277
Non-current liabilities	1,373	1,560
Total liabilities	8,600	8,838
Net assets		
Shareholder's equity	15,892	17,191
Share capital	4,749	4,749
Capital surplus	5,082	5,082
Retained earnings	6,213	7,508
Treasury shares	(153)	(148)
Accumulated other comprehensive income	(297)	(467)
Share acquisition rights	15	15
Total net assets	15,610	16,739
Total liabilities and net assets	24,211	25,577



Current assets

In the fiscal year ended 31 March 2021, the amount of Current assets was 14,143 million yen due to an increase in Trade receivables and Inventories. (839 million yen more than the previous fiscal year.)

Non-current assets

The amount of Non-current assets was 11,433 million yen due to an increase in Construction in Progress related to the expansion of Tsugaru factory. (526 million yen more than the previous fiscal year.)

Total liabilities

The amount of Total liabilities was 8,838 million yen due to an increase in Trade payables and Long-term borrowings related to the expansion of Tsugaru factory. (237 million yen more than the previous fiscal year.)

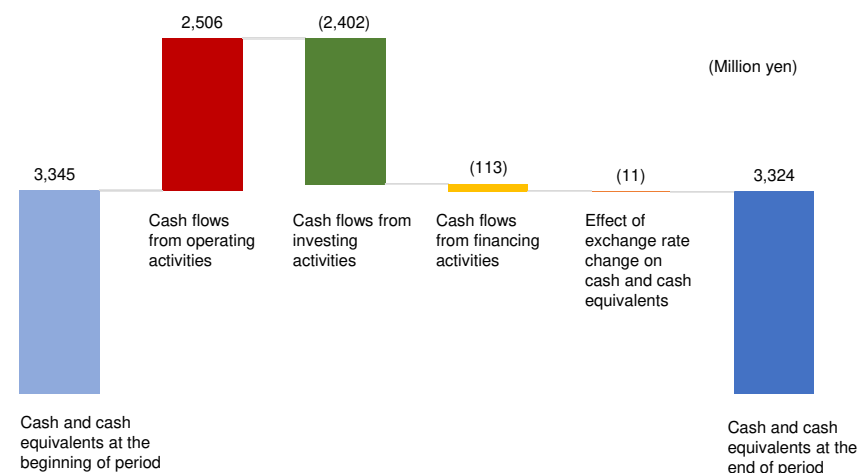
Net assets

Net assets was 16,739 million yen due to an increase in Retained earnings. As a result, Capital adequacy ratio was 65.4%.

Consolidated Statements of Income(summary)

	(Million yen)	
	As of 31 Mar 2020	As of 31 Mar 2021
Net sales	22,647	22,999
Cost of sales	19,053	19,183
Gross profit	3,593	3,815
Selling, general and administrative expenses	2,234	2,252
Operating profit	1,358	1,563
Non-operating income	141	117
Non-operating expenses	106	118
Ordinary profit	1,394	1,561
Extraordinary income	102	13
Extraordinary losses	336	117
Profit before income taxes	1,160	1,457
Income taxes - current	291	276
Income taxes - deferred	(43)	(308)
Total income taxes	247	(31)
Profit	912	1,489
Profit attributable to owners of parent	912	1,489

Consolidated Statement of Cash Flows(summary)



The status of Cash Flows

Cash and cash equivalents (hereinafter referred to as “Cash”) was 3,324 million yen at the end of the fiscal year ended 31 March 2021. (21 million yen less than the previous fiscal year.)

Cash flows from operating activities

Obtained cash as a result of operating activities was 2,506 million yen. This was because of an increase in cash due to accounting profit before income taxes and Depreciation. On the other hand, the factor of a decrease in cash was an increase in Trade receivables.

Cash flows from investing activities

Used cash as a result of investing activities was 2,402 million yen. This was due to purchase of Property, plant and equipment.

Cash flows from financing activities

Used cash as a result of financing activities was 113 million yen. This was because of an increase in cash due to an increase in Long-term borrowing related to the expansion of Tsugaru factory. On the other hand, the factor of a decrease in cash was the repayments of short-term borrowings and dividends paid.

Company History

Date	Event
April 1967	Enomoto Manufacturing Co., Ltd. is established in Sagamiko-machi, Tsukui-gun, Kanagawa Prefecture (currently Midori-ku, Sagami-hara City, Kanagawa Prefecture) for the purpose of manufacturing precision molds and processing press parts using those molds for electronic components.
December 1969	The Uenohara Factory is established in Uenohara-machi, Kitatsuru-gun, Yamanashi Prefecture (currently Uenohara City, Yamanashi Prefecture) to expand the business.
March 1973	The headquarters is relocated from Sagamiko-machi, Tsukui-gun, Kanagawa Prefecture to Uenohara-machi, Kitatsuru-gun, Yamanashi Prefecture.
April 1987	The Enzan Factory is established in Enzan City, Yamanashi Prefecture (currently Koshu City, Yamanashi Prefecture) with the aim of expanding the sales of LED lead frames and increasing the efficiency of mold component processing.
July 1990	The company changes its name from Enomoto Manufacturing Co., Ltd. to Enomoto Co., Ltd.
November 1990	Registers over-the-counter with the Japan Securities Dealers Association.
June 1991	Tsugaru Enomoto Co., Ltd. is established in Goshogawara City, Aomori Prefecture.
March 1995	The Iwate Factory is established in Otsuchi-cho, Kamihei-gun, Iwate Prefecture.
August 1995	The Uenohara Factory is relocated to the grounds of Uenohara Industrial Park.
October 1995	Enomoto Philippine Manufacturing Inc. is established in the Republic of the Philippines. (Currently a consolidated subsidiary)
August 1997	Iwate Enomoto Co., Ltd. is established and the Iwate Factory's business is transferred.
November 2000	Enomoto Hong Kong Co., Ltd. is established in the Hong Kong Special Administrative Region of the People's Republic of China. (Currently a consolidated subsidiary)
January 2001	Zhongshan Enomoto Co., Ltd. is established in Zhongshan, Guangdong Province, People's Republic of China. (Currently a consolidated subsidiary)
April 2003	The headquarters address is changed to 8154-19 Uenohara, Uenohara-machi (currently 8154-19 Uenohara, Uenohara City, Yamanashi Prefecture).
April 2004	Acquires the subsidiaries, Tsugaru Enomoto Co., Ltd. and Iwate Enomoto Co., Ltd., and establishes the Tsugaru Factory and the Iwate Factory.
December 2004	Cancels registration as an over-the-counter company with the Japan Securities Dealers Association and lists its shares on the JASDAQ Securities Exchange (currently the JASDAQ Market of the Osaka Securities Exchange).
July 2013	The company is listed in the Tokyo Stock Exchange JASDAQ (Standard) following the merger of the Tokyo Stock Exchange and the Osaka Securities Exchange.
December 2015	Constructs Cavite Factory No. 2 for Enomoto Philippine Manufacturing Inc., located in the Province of Cavite in the Philippines, to increase production capacity.
December 2017	Changes the market listing from the Tokyo Stock Exchange JASDAQ (Standard) to the Second Section of the Tokyo Stock Exchange.
November 2018	The company is listed in the First Section of the Tokyo Stock Exchange.

Corporate Data

Trade name	ENOMOTO Co., Ltd.
Establishment	April 1967 (Founded July 1962)
Securities code	6928 (Tokyo Stock Exchange)
Headquarters location	8154-19, Uenohara, Uenohara City, Yamanashi, Japan
Capital	JPY 4,749 million
Business description	<ol style="list-style-type: none"> 1. Manufacture of various semiconductor components and electronic components 2. Development, design, and manufacture of various precision molds, automatic mechanical equipment, etc.
Telephone number	+81-554-62-5111
Consolidated subsidiaries	<p>ENOMOTO PHILIPPINE MANUFACTURING INC.</p> <p>ENOMOTO HONG KONG Co., Ltd.</p> <p>ZHONG SHAN ENOMOTO Co., Ltd.</p>