

Message from the President

Although we face difficult times with greater uncertainty, we will strive to correctly grasp changes and achieve our plans for FY2023.

FY2022 Business Environment and Operating Performance

The economic environment of our Group during the fiscal year ended March 31, 2023 (FY2022) showed a trend toward gradual recovery as a result of the normalization of economic activities, despite the impact of the prolonged COVID-19 pandemic.

On the other hand, supply chain disruptions caused by the shortage of semiconductors and other industrial materials, soaring energy resource prices due to the protracted conflict between Russia and Ukraine and inflationary pressures with accompanying monetary-tightening policies mainly in the United States and Europe have contributed toward an economic downturn. As a result, the outlook remains uncertain.

In this operating environment, both sales and income increased, and our business remained solid with the exception of the Automotive and Construction Machinery Industries segment, which was impacted significantly by difficulties in procuring parts.

As a result of such efforts, we recorded operating profit of ¥9,264 million, ordinary profit of ¥12,277 million and profit attributable to owners of parent of ¥6,796 million (respectively, up 22.5%, 13.6% and 19.0% year on year) on net sales, of ¥157,380 million, which were up 11.7% in FY2022.

The following shows the results in each segment.

While the Automotive and Construction Machinery Industries segment was affected by the global semiconductor shortage, the weak yen pushed net sales up in this segment to ¥84,949 million (up 4.1% year on year), but operating profit decreased to ¥379 million (down 81.3% year on year) as profitability deteriorated due to soaring raw material prices and higher electricity rates.

As a result of the recovery in customer operations overseas, the General Machinery Industry segment posted net sales of ¥33,761 million (up 16.7% year on year) and operating profit of ¥3,619 million (up 47.7% year on year).

While the Semiconductor Industry segment was affected by the postponement of investment caused by the slowdown in the semiconductor industry, particularly with memory, expansion with new sales led to net sales of ¥16,702 million (up 37.0% year on year) and operating profit of ¥1,842 million (up 174.3% year on year) in this segment.

Net sales in the Marine Industry segment were ¥13,553 million (up 16.2% year on year) as a result of continued favorable conditions in the new shipbuilding market and an increase in demand for repair parts in Europe. Operating profit was ¥3,326 million (up 39.6% year on year).

Net sales in the Aerospace Industry segment were ¥8,413 million (up 30.2% year on year) and operating profit was ¥91

FY2022 Business Summary

Despite significant impact from parts procurement difficulties, our businesses achieved growth in net sales and operating profit thanks to steady performance amid resumed economic activities in countries around the world.

The EKK Group's Business Environment and Future Course

Although there are significant factors driving uncertainty, such as soaring raw material prices and energy resource prices, we will focus on developing new products and expanding their sales in anticipation of booming next-generation mobility and energy markets. Furthermore, we will build a new business portfolio utilizing our Semiconductor Industry as a primary growth driver.

million (up 481.8% year on year), mainly as a result of increased sales to the aircraft industry.

The EKK Group's Business Environment and Future Course

In the current business environment, while we saw repeated expansion and contraction of COVID-19 infection rates, the global economies generally followed a recovery trend. Moreover, businesses of the Group have solid prospects regarding production and sales, which is reflective of growth in the various markets.

On the other hand, in the automotive industry, which is the main market of the Group, global automobile production trends remain uncertain due to prolonged supply shortages of semiconductors used in vehicles and expanding geopolitical risks.

The shift from vehicles with a conventional internal combustion engine to EVs is also accelerating for achieving carbon neutrality as a measure against climate change, and the Group's segments are entering a period of transformation.

Based on these circumstances, we started formulating a new three-year medium-term management plan that begins from FY2023.

In the medium-term management plan, we will conduct initiatives for each of the Main Items for Promotion in order to respond to market changes. At the same time, we will also mainly focus on the semiconductor industry business as a future growth driver and work to build a business portfolio that will bring stable earnings.

We will also continue to develop "next-generation products with proprietary technology that contribute to environmental preservation and energy efficiency" for next-generation mobility and energy markets, which we have been engaged in up until now. By making proposals to each market, we aim to realize medium- to long-term growth for our Group while achieving the targets of this plan.

Chairman of the Board and President,
Representative Director
Eagle Industry Co., Ltd.

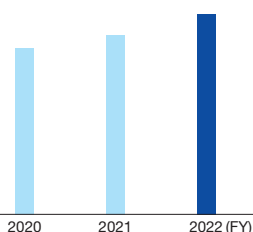
Tetsuji Tsuru



FY2022 Earnings Highlights

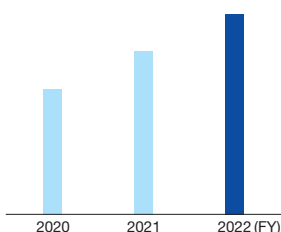
Net sales

¥157,380 million
+11.7% YoY ↗



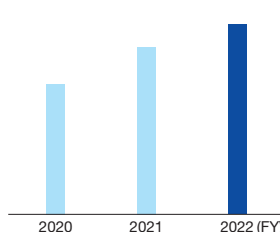
Operating profit

¥9,264 million
+22.5% YoY ↗



Ordinary profit

¥12,277 million
+13.6% YoY ↗



Profit attributable to owners of parent

¥6,796 million
+19.0% YoY ↗

