

JAE Report 2023



Technology to Inspire Innovation



■ Global Corporate Slogan

Technology to Inspire Innovation

JAE focuses on technological development and product creation that inspire customer's innovation

■ Corporate Philosophy

“Explore, Create and Practice”

In response to the boundless, changing needs of society, our duties are never-ending exploration and creation. Business enterprise must essentially be like the earth as it spins and revolves through the boundless universe, in the midst of incessant change.

Exploration and **creation** are born in an environment of freedom and independence, and raised by relentless quest and actions which vigorously transcend barriers and difficulties.

Practicing this principle and further making contributions to society; this more than anything is the goal of our business, and the source of our development.

■ Basic Management Policy

JAE has promoted global business expansion based on the consolidated management of the JAE Group including all its subsidiaries; enhancement of global marketing and product development capabilities; and innovation of product quality and product creation, in order to gain a high level of trust as partners with its worldwide customers.

Japan Aviation Electronics Industry (JAE) was founded in 1953 with a vision of contributing to the future development of aviation electronics. Since then, we have been engaging in and developing three major business lines consisting of the Connector Business, User Interface Solutions Business, and Aerospace Business against a backdrop of our distinctively innovative and creative technologies and development capabilities underpinned by our corporate philosophy of “Explore, Create and Practice.” With fiscal 2023 marking our 70th anniversary, we have adopted a two-Representative Director managerial framework with Tsutomu Onohara appointed as Chairman (Representative Director) and Masayuki Muraki appointed as President (Representative Director), effective from April 1, 2023.

Going forward, we will hold to our global slogan of “Technology to Inspire Innovation” whereby “JAE focuses on technological development and product creation that inspire customer’s innovation.” This will involve placing focus on technology development and manufacturing technologies to accelerate our customers’ innovation. At the same time, we have conducted our business operations under the basic policies of promoting global business expansion based on the consolidated management of the JAE Group including all its subsidiaries; enhancing global marketing and product development capabilities; and innovating product quality and product creation. Following these policies, we aim to gain a high level of trust, as partners, with our worldwide customers.

In this year’s JAE Report, we provide detailed information about the Company’s sustainability initiatives including its Sustainability Policy formulated in fiscal 2022 and promotion system. We also elaborate on the respective elements of our technology development, product creation, and global marketing efforts that create value for the Company. We hope that you will take a moment to read the report to gain greater understanding of the Company.

We seek your ongoing support as we maintain our efforts in terms of enhancing our corporate value and contributing to achieving a sustainable society going forward.



Tsutomu Onohara
Chairman
(Representative Director)



Masayuki Muraki
President
(Representative Director)

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Value Creation Platform

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Companies covered under the report

Japan Aviation Electronics Industry, Limited and 27 Group companies
(Of which, 18 are consolidated subsidiaries)

Reporting period

Fiscal 2022 (from April 1, 2022 to March 31, 2023)

Where required to provide the most recent information or compare with past performance, information pertaining to dates outside the stated period is also included.

Published

October 2023

Note

The plans, strategies, results forecasts and targets for the Company and its consolidated subsidiaries noted in this report are forecasts and targets as of the time of publication, and include risks and uncertainties. Note that actual results may differ greatly from the forecasts and targets, etc. based on various factors.

Seven Decades of History: JAE Group

Since our founding in 1953, we have developed our business through a commitment to product creation, technology development and global marketing, underpinned by our corporate philosophy of “Explore, Create and Practice” and now in 2023, we are celebrating our 70th anniversary. We will continue to create innovation to resolve social issues and contribute to achieving a better society, based on our global slogan of “Technology to Inspire Innovation.”

1953 —

Establishment of the Business

In August 1953, JAE was established with the aspiration of contributing, through electronics technology, to the aerospace industry era that was sure to come to Japan in the future. At the time, Japan was lagging behind Western countries due to the postwar lull in the aircraft industry, and aviation electronics was as yet an unknown field. For these reasons, JAE acquired new technologies by obtaining contracts to repair electronic equipment from the US Far East Air Force (FEAF), which was the largest user of state-of-the-art electronic equipment at the time, and also pursued research and studies on electronics both in Japan and overseas. In the process, we focused on the importance and potential of connectors used in aviation electronic equipment and began importing and selling connectors under technical license agreement with US-based Cannon Electric Co. Later, after acquiring the technology, we began manufacturing our own connectors.



Connectors



As the first president of Japan Aviation Electronics Industry, he began the business with an order to repair a single transformer for a fee of five dollars. After the humble beginning, the business went on to win an annual contract in the face of fierce competition, as well as concluding a technology agreement with a major overseas company after he personally attended top-level negotiations. As demonstrated in these and other successes, his foresight and his outstanding ability to action laid the foundation for the company as it is today. As president and as chairman, he took responsibility for the management of the company for more than 20 years, and established its basic approach as a corporation, which was his another significant achievement. On the occasion of the 20th anniversary of our founding, then-chairman Numoto set out the corporate philosophy of “Explore, Create and Practice” with the aim of ushering in the next phase of development for the business, and these concepts have been passed down unbroken to the present day.

Founder **Minoru Numoto**

■ Net sales ■ Overseas sales

* Figures from fiscal 1953 to fiscal 1981 represent non-consolidated performance and figures from fiscal 1982 onward are for a consolidated performance

* Overseas sales from fiscal 1996 onward are shown

1953

1960

1970

1961 —

Laying the foundation of JAE's three business lines

In August 1961, we signed a technical assistance agreement with US-based Honeywell and began manufacturing equipment such as gyroscopes and autoflight systems for the F104 jet fighter, the next major fighter aircraft. This project became the foundation of our current Aerospace Business.

In the connector field, whereas our initial focus had been on defense-related equipment, private companies became our main customers by around 1960 with connectors being used for a diverse range of applications including wireless communication equipment, television and radio broadcasting equipment, machine tools, and electric motors. Furthermore, in December 1963, the Company began production of new electrical couplers for the Tokaido Shinkansen slated to go into service the following year. In 1962, the Company began manufacturing contactless switches and relays, which later led to the formation of its current User Interface Solutions Business. Thus, the foundations for our three core businesses were developed.



Gyro components

1977 —

Aggressive overseas expansion

In March 1977, we established our first overseas subsidiary, Zet Marketing Company (present JAE Electronics, Inc.) in the US, state of California for the purposes of collecting technical information, engaging in trade with the US, performing market research, and taking on customer development.

In 1984, we established JAE Taiwan in order to respond to a rapid increase in connector exports to Southeast Asia. Next, we established JAE Oregon in 1988 to build a product supply chain in the US. In the 1990s, we accelerated the global expansion by establishing production and sales subsidiaries in Hong Kong, Singapore, South Korea, the Philippines, the United Kingdom, and China (Wuxi, Wujiang, and Shanghai).



Zet Marketing Company at the time it was established

Net sales
(Billions of yen)

100.0

1973

Net sales of over ¥10.0 billion
(¥13.0 billion in FY1973)

Listed on the Tokyo Stock Exchange,
the Second Section

1980

Listed on the Tokyo
Stock Exchange,
the First Section

50.0

0

(Fiscal year)

2003—

Business expansion in growth markets

In response to the spread of mobile phones, notebook PCs, and digital TVs that began in the late 1990s, we contributed to the informatization of society by developing and manufacturing connectors that take advantage of our strengths in high-speed transmission. Especially since the 2010s, our business has grown sharply along with rapid expansion of the smartphone market. In the automotive market as well, we continued to steadily expand our business by enhancing our lineup of connector products for information and communication systems and safety systems as in-vehicle electronics progressed, and by commercializing capacitive touch panels for automotive. We also promoted the industrial and infrastructure market as our third priority market, thereby strengthening each of our business lines.

Strengthening of production systems to support rapid growth

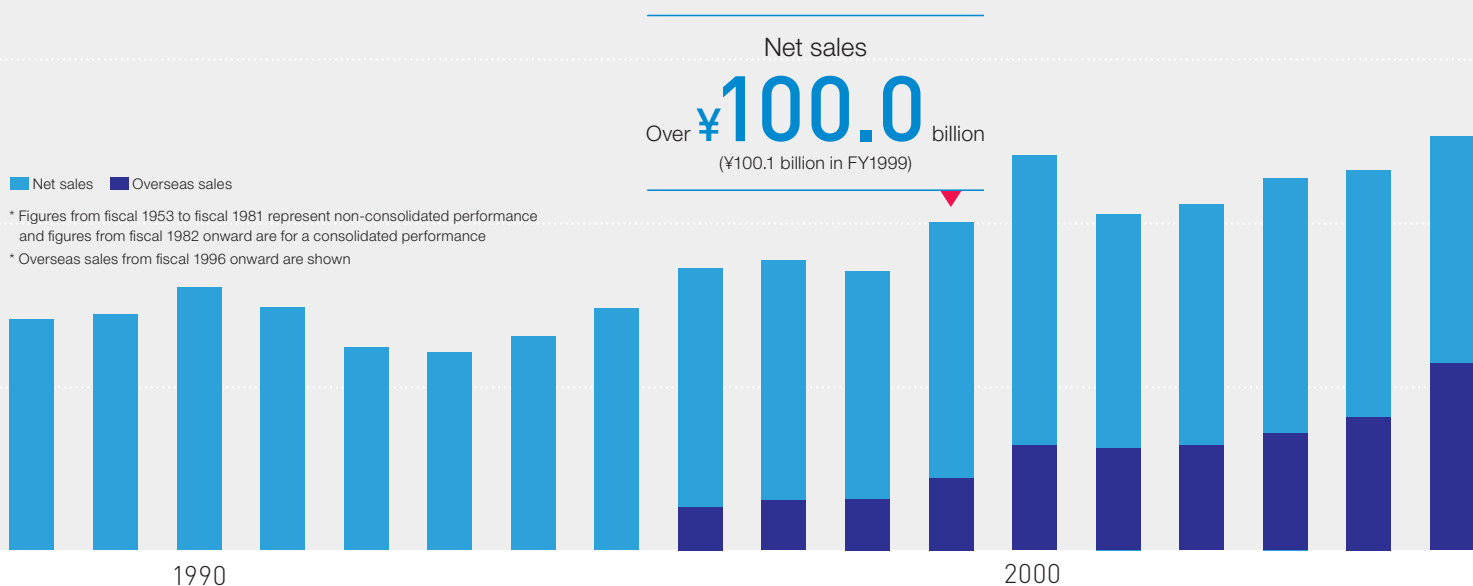
In order to adequately respond to rapid business expansion and mass production of new products, we strengthened our production sites and made large investments in facilities. In the Connector Business, we made a large investment in 2012 to establish a mass production system for new products in order to expand our business targeting smartphones. In addition, we strengthened production systems to meet demand for local procurement of harnesses in the automotive market and the expansion of businesses that target overseas markets, thereby increasing production capacity in each of our business lines. Furthermore, we promoted in-house manufacturing, automation, and labor-saving initiatives.

TOPICS

Contributions to developing connectors standards - HDMI™ connectors -

With the advancement of digitalization and high-definition television broadcasting, digital consumer equipment market rapidly expanded, and we have developed the “DC1 series” digital interface connector. The DC1 series is compliant with the HDMI standard and has a structure that supports high-speed transmission and EMI-considered countermeasures, as well as a structure that allows for easy insertion and removal of connectors.

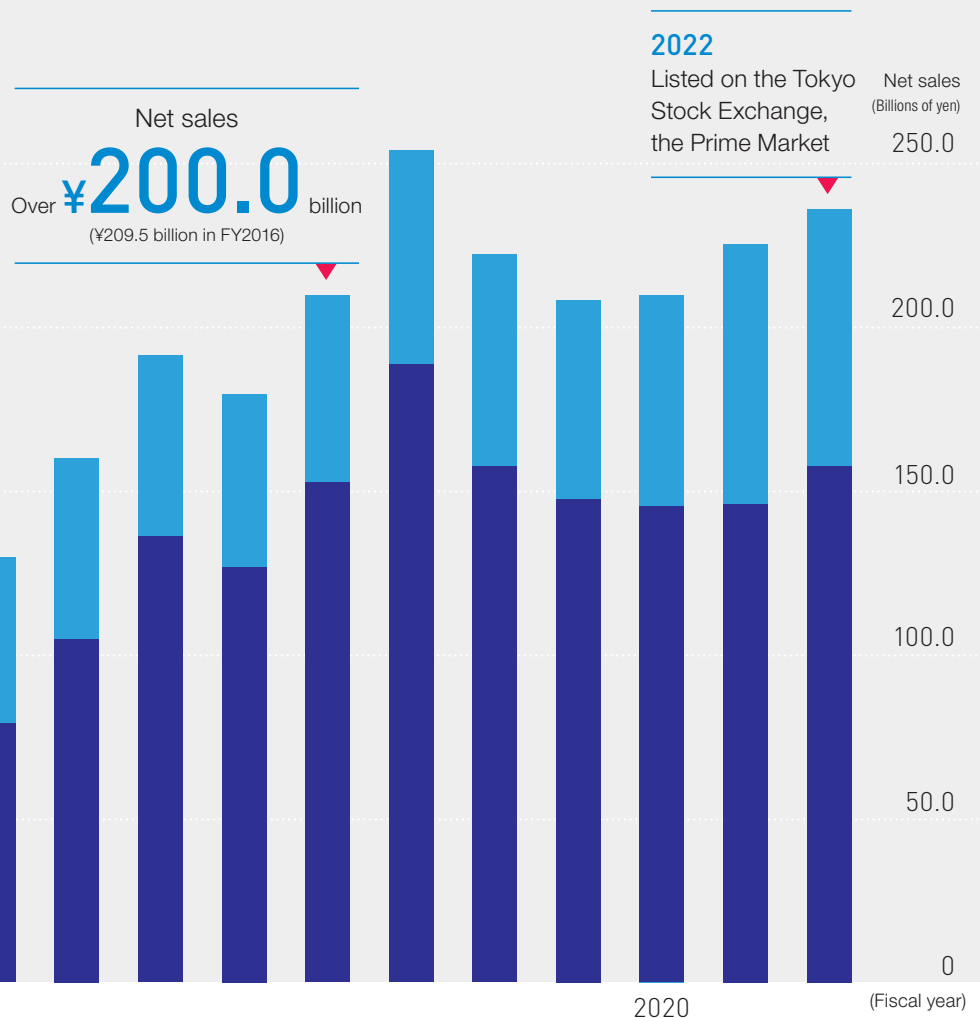
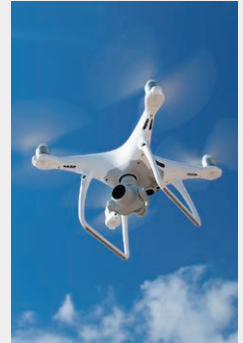
Having proposed connectors to HDMI Licensing, LLC from the initial stage of formulating standards, our proposed design was adopted as the standard. This enabled us to quickly launch the DC1 series on the market, where it was adopted by many consumer electronics manufacturers. The DC2 series, specifically designed for miniaturization and high-speed applications, was also launched on the market. For these contributions to the spread of digital broadcasting, we received an Emmy Award (Technology & Engineering category) in 2009.



2023 —

Aiming for sustainable growth

Going forward, JAE will continue to create value by harnessing its strengths with respect to its technology development capabilities and manufacturing technologies with a focus on the following five key areas where it is able to contribute to solving social issues through its business activities: Connected Society, Safe Mobility, Clean Energy, Industrial Innovation, and Air, Space and Ocean. We will continue to provide innovative and creative technologies and products under our corporate philosophy of “Explore, Create, and Practice.” Specifically, we will expand our lineup of high-current connectors and charging plugs for EVs for the carbon neutral era while contributing to the shift to smart factories with operation panels and pendants (teaching devices) used for industrial robots and providing highly reliable and high-quality flight controllers and radar altimeters for industrial drones that will be put into full operation in the future.



Creating the future through “CONNECTION” technology

With three major business lines, we remain committed to providing the global market with innovative and creative technology and products.

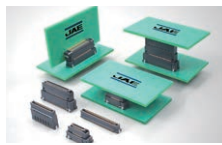
Connector Business

Connectors are key devices that provide links for electrical and optical signals. We, with advanced and reliable “CONNECTION” technology, support the evolving IoT-oriented society.

Automotive



Automotive Digital Camera Connectors



Floating Board-to-Board Connectors

Industrial and Infrastructure

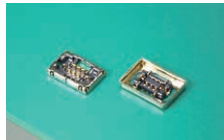


One-Touch/ Screw Mating Compatible Circular Waterproof Connectors



EV Charging and Discharging Connectors

Mobile Devices



Fully Shielded Board-to-Board Connectors

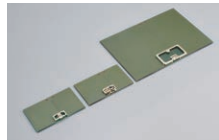


USB Type-C® Connectors

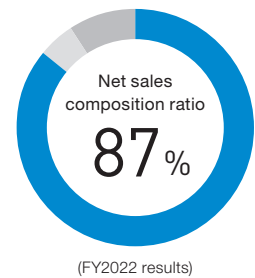
Wireless



Compact and High-Performance Antennas



Mounting Image of Compact and High-Performance Antennas



User Interface Solutions Business

We develop products for “connecting people and equipment” focused on input device technology and provide optimal solutions tailored to users and environments in which they are used.

Automotive



Capacitive Touch Panel for Automotive (Film Type)



Capacitive Touch Panel for Automotive (Glass Type)

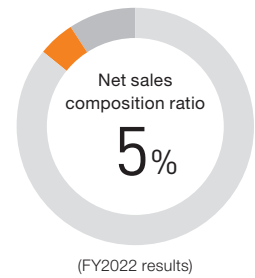
Industrial and Infrastructure



Robot Teach Pendant



Panel Unit for Diagnostic Ultrasound System



Aerospace Business

Since JAE’s inception, we have pursued “Motion Sensing & Control (technology to detect and control movement),” and been providing high-precision and high-reliability products that can operate under severe environmental conditions from deep sea to outer space using that technology.

Industrial, Infrastructure and Automotive



MEMS-IMU



High-Brightness Liquid Crystal Color Display

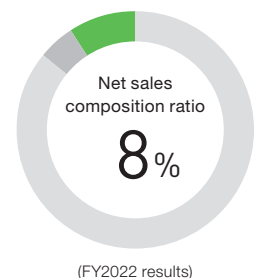
Defense and Space



Inertial Measurement Unit for Launch Vehicle



Accelerometer



Solution of social issues through business activities

The JAE Group is working to create social value through co-creation with customers in five key domains, and contributing to solving social issues through its business activities, while fulfilling its responsibilities as a member of society.

► Details here: <https://www.jae.com/en/csr/areas>



1

CONNECTED SOCIETY

Healthy and comfortable society where the people in the world are connected with each other



2

SAFE MOBILITY

Safe and secure mobility society



3

CLEAN ENERGY

Society with environmentally friendly energy



4

INDUSTRIAL INNOVATION

Efficient and safe production activities



5

AIR, SPACE AND OCEAN

Frontier exploration in air, space and ocean



SUSTAINABLE DEVELOPMENT GOALS

Solution of social issues through business activities



Business activities as a responsible member of society



Message from the Management



Tsutomu Onohara
Chairman
(Representative Director)

Masayuki Muraki
President
(Representative Director)

Celebrating Our 70th Anniversary

Onohara The year 2023 marks the Company's 70th anniversary. Founded in August 1953 with its sights set on developments in the up-and-coming field of aviation electronics, the Company has since overcome various obstacles in achieving growth underpinned by the corporate philosophy of "Explore, Create and Practice," while starting from scratch in uncharted territory. We extend our heartfelt gratitude to everyone who has extended their support and cooperation to the Company thus far.

In this milestone year of our 70th anniversary, we have sought to further strengthen our management by adopting

a two-Representative Director managerial framework with Masayuki Muraki having assumed the role of President. As Chairman, I will focus on strengthening the management foundation, including promoting sustainability management, while President Muraki will be responsible for overall business operations as Chief Officer of business operation.

In order for our company to achieve further growth in the future, under this new system, all employees will take on challenges and develop our business dynamically, while valuing our corporate philosophy, thereby achieving sustainable growth for which our company aims.

Appointment to Role of President

Muraki We are encountering a transition phase in the electronic components industry to which the Company belongs. For instance, the mobile devices market, a growth driver for approximately a decade, is no longer expected to grow in terms of smartphone production volume. On the other hand, business has been shifting to the automotive market amid advancements in terms of EV adoption and

autonomous driving, and also shifting to the industrial and infrastructure market, where promotion of smart factories and utilization of IoT technologies and AI are progressing. We are at a phase where I feel the Company must adapt to these market changes by reshaping its business portfolio and making significant changes particularly with respect to its development and manufacturing framework.

TOP MESSAGE

As we approach a turning point in our businesses, we will engage in business with a sense of urgency underpinned by our new management system on the occasion of our 70th anniversary

Amid such circumstances, we aspire to instill a culture where all employees of the JAE Group are able to work with a sense of urgency and embrace new challenges. To such ends, it is imperative that we fully strive to ensure two-way communication by effectively conveying our management

policies and Medium-term Management Plan down to respective levels of responsibility and by providing forums for on-site employees to express their unfiltered opinions as needed. I intend to apply such feedback to management of our operations going forward.

Looking Back on Fiscal 2022

Muraki Looking back on fiscal 2022, the business environment was affected by exchange rates particularly in terms of yen depreciation with the currency having exceeded ¥150 to the US dollar for the first time since 1990, some 32 years ago. In the electronics industry associated with the Company, effects on production brought about by semiconductor shortages in the automotive market began to ease during the latter half of the fiscal year. Meanwhile, the smartphone market encountered persisting stagnation while the industrial and infrastructure market endured a downturn in demand during the second half, despite robust conditions in the first half.

Amid these business environment, in the Connector Business, we encountered largely unchanged sales in mobile

devices, but managed to sustain growth in automotive market as well as industrial and infrastructure market. In the User Interface Solutions Business, sales in automotive decreased due to effects of customer adjustments to production and also due to effects of production having been discontinued by a certain customer, but we gained business that will facilitate growth going forward in the industrial and infrastructure market. The Aerospace Business posted record-high sales, bolstered by demand for industrial and infrastructure products including sensors for oil drilling and linear motors for semiconductor manufacturing equipment.

Despite having secured higher sales relative to fiscal 2021 due to these business circumstances, challenges remain particularly in terms of profitability.

Message from the Management



Achieving Growth Going Forward

Muraki Although we are currently encountering effects of a downturn in demand associated with sluggish markets in China with respect to mobile devices and the industrial and infrastructure market, we nevertheless aim to achieve growth by allocating resources to development and marketing with our sights set on newly emerging technologies and markets from a medium-term perspective. In particular, we aim to achieve growth on a worldwide basis in part by serving the automotive market where technological innovation is progressing in new business domains in terms of products for advanced driver assistance systems (ADAS) and EVs. This will also involve serving the industrial and infrastructure market where we anticipate demand for factory automation (FA) and machine tools amid expansion of that market as a result of manufacturers adopting labor-saving and automation solutions to cope with the declining labor force, as well

as demand for telecommunication infrastructure and EV charging infrastructure.

To achieve such international growth, we will further promote new product development and work to gain new orders, while seeking to strengthen our marketing system, technology development system, and sales promotion system with the aim of taking the lead in tapping demand in growth markets characterized by rapid technological change.

Furthermore, in drastically reorganizing our business portfolio, we recognize the importance of transforming our manufacturing technology and rebuilding our production systems and production maps, and will focus on these areas.

We will steadily take on these initiatives to achieve growth going forward while seeking to address the challenge of achieving greater profitability.

Promotion of Sustainability Management

Onohara The notion of JAE achieving sustainable growth well into the future is contingent on us taking on sound initiatives with respect to growth strategy, engaging in efforts to resolve social issues through our business activities, and fulfilling our roles and responsibilities as a corporation.

The Company engages in business activities enlisting its corporate slogan of “Technology to Inspire Innovation” (JAE focuses on technological development and product creation that inspire customer’s innovation). Underpinned by the corporate slogan, the Company aims to contribute to society

amid co-creation with its customers in having established the five key areas of: Connected Society, Safe Mobility, Clean Energy, Industrial Innovation, and Air, Space and Ocean.

Meanwhile, we have established as major pillars of the Company's management policies the aims of engaging in initiatives to address environmental issues, harnessing diverse human resources, and achieving a society that empowers women. Specifically, our Medium-term Management Plan accordingly sets forth a fiscal 2030 target of a 55% reduction in greenhouse gas emissions compared to fiscal 2017. In fiscal 2022, we formulated our Sustainability Policy, and appointed a Corporate Officer in Charge of Sustainability Promotion to fortified group-wide initiatives related to the environment, harnessing human resources, and other such objectives.

Furthermore, we have established the Corporate Risk Management Committee from the perspective that managing

risk serves as a crucial element of maintaining and increasing corporate value. The committee has embarked on systematic initiatives seeking to identify risks that hinder growth and business continuity, and aiming to minimize the effects of such risks. Through such activities, the committee has been prioritizing and considering environmental issues, geopolitical risk, and information security risk, which are matters of high importance warranting immediate attention.

Amid mounting societal expectations with respect to companies, we will actively promote sustainability management and fortify our management base with our sights set on achieving sustainable growth.

▶ Our sustainability management can be found here: [page 35](#)

To Our Stakeholders

Onohara The business environment surrounding JAE is undergoing significant changes and we believe it is essential that the Company itself continually adapt to these changes and respond flexibly with a sense of urgency.

Through our business activities, we seek to achieve sustainable growth as a company while placing focus on

resolving social issues. This results in all employees of the JAE Group doing their utmost to ensure that all stakeholders associated with JAE come to recognize the Company's value. As such, we hope to receive your ongoing support and cooperation going forward.



Value Creation Model

In preparation for achieving an “environmentally friendly mobility and IoT-oriented society” in accordance with its corporate philosophy of “Explore, Create and Practice,” the Japan Aviation Electronics Group is seeking to promote its basic management policy and to achieve the goals of its Medium-term Management Plan (FY2021 - FY2025), in order to contribute to the resolution of social issues in five key areas.



Social issues

Transition to a recycling-oriented society

Progress of decarbonization, effective use of resources

Declining labor force in major countries

Social change due to the COVID-19 pandemic

Digital and remote transformation

By innovating productivity through the comprehensive use of in-house manufacturing, automation and labor saving efforts, and providing unique products through the development of cutting-edge technology to meet customer needs, we work with our customers to achieve innovations that contribute to society, and lead to enhanced corporate value.

Outputs

Outcomes

Connector Business

Examples of products in which our technology is utilized

- Smartphones, PCs
- Automotive
- Industrial robots

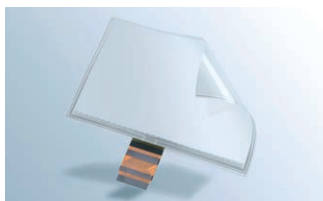


Compact Low-Profile Automotive ECU Connectors

User Interface Solutions Business

Examples of products in which our technology is utilized

- Automotive
- Industrial equipment
- Medical equipment



Capacitive Touch Panel for Automotive

Aerospace Business

Examples of products in which our technology is utilized

- Semiconductor production equipment
- Automotive
- Aircraft
- Rockets



MEMS-IMU

Social value

Connected Society

Healthy and comfortable society where the people in the world are connected with each other



Safe Mobility

Safe and secure mobility society



Clean Energy

Society with environmentally friendly energy



Industrial Innovation

Efficient and safe production activities



Air, Space and Ocean

Frontier exploration in air, space and ocean



Economic value

FY2025 Goals

Net sales **¥300.0** billion

FY2025 Goals

Ordinary profit **¥30.0** billion

<https://www.jae.com/en/csr/charter>

“Explore, Create and Practice”

Medium-term Management Plan (FY2021 - FY2025)

The business environment in which JAE operates is in a period of great transformation as reflected by the progress toward global decarbonization, full-fledged penetration of 5G (5th Generation Mobile Communication System) and various changes occurring in society as a result of the COVID-19 pandemic.

Amid these changes, in April 2021, JAE announced the medium-term management plan ending in fiscal 2025, which commits to contributing to society in its business activities through its products and technology development capabilities and aims to achieve growth as a company.

Moreover, in April 2022, the Company added sustainability management to its basic strategies and formulated a target of a 55% reduction in greenhouse gas emissions compared to fiscal 2017 by fiscal 2030.

| | |
|------------------|--|
| Basic Strategies | ■ Achieve growth by capturing changes in the 3 focused markets and strengthen technology development capabilities and product creation |
| | ■ Plan growth toward 2025 by combination of growth in 3 core businesses and launching of new business domains |
| | ■ Aim for sustainability management and strengthen our foundation for sustainable growth |

Goals and Progress

Under our medium-term management plan, we aim to achieve net sales of ¥300.0 billion and ordinary profit of ¥30.0 billion in fiscal 2025 thereby attaining record-high sales and profits* during the plan. This will entail achieving growth in the three markets, namely in our focal area of mobile devices, automotive, and industrial and infrastructure. We will also establish new business domains alongside growth in our existing business domains, in our three business lines: Connector Business, User Interface Solutions Business, and Aerospace Business.

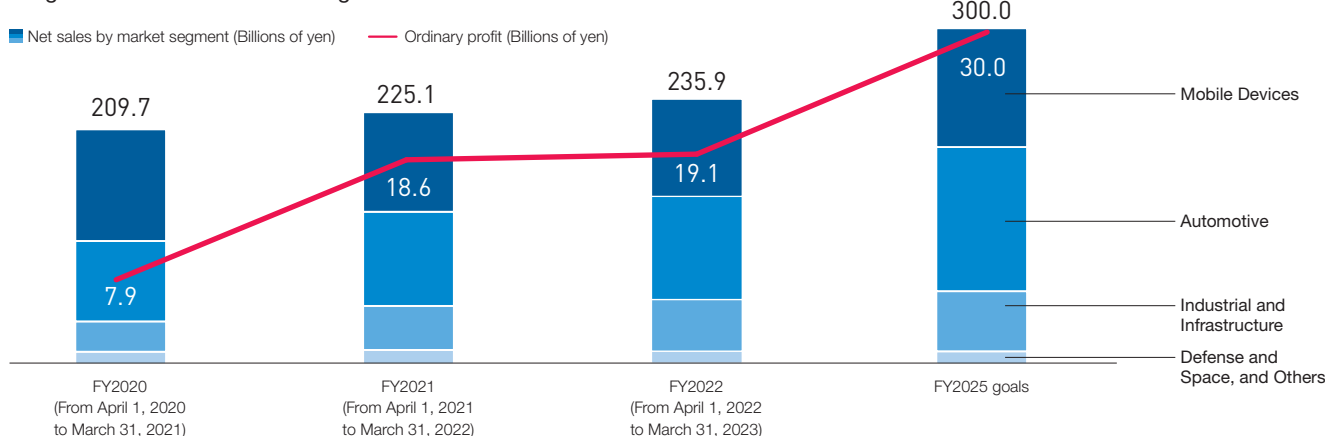
As for the Company's results up to fiscal 2022, which marks two years since release of the plan, sales in the mobile devices market were lower than projected due to effects of waning demand in the Chinese market. Meanwhile, sales achieved double-digit growth over two consecutive years in the automotive market and in the industrial and infrastructure market, which was largely as projected.

In the automotive market in particular, sales increase in the Connector Business with respect to products for battery management systems (BMS) installed in EVs, in addition to expanded adoption of products for advanced driver assistance systems (ADAS). In the industrial and infrastructure market, despite a prevailing lull, sales increased in the Connector Business and User Interface Solutions Business with respect to products for robotics and machine tools due to advances in factory automation (FA). Sales also increased substantially in the Aerospace Business with respect to products that include sensors for oil drilling and linear motors for semiconductor exposure equipment.

With our sights set on lowering greenhouse gas emissions, we achieved a 35% reduction in emissions compare to fiscal 2017 as a result of having made progress with initiatives that have included converting to renewable energy with respect to 100% of the electricity consumption of two major production sites in Japan. Going forward, we will continue our efforts toward achieving our 55% target for emissions reduction by fiscal 2030.

* Net sales of ¥253.9 billion in FY2017/Ordinary profit of ¥23.2 billion in FY2014

Progress of Medium-term Management Plan



Future Initiatives

In taking on initiatives during and beyond the current fiscal year, which marks the midpoint of our medium-term management plan, we will persist with our aim of achieving targets for the final fiscal year while making necessary course corrections upon having accurately identified changes in circumstances prevailing thus far.

■ Mobile Devices Market

In the mobile devices market, we will make up for setbacks in our plans by implementing measures for renewed growth to be achieved on the basis of our highly-complex connector products that are based on our advanced production technologies, which are a JAE strength. In serving the market for cutting-edge smartphones, we will further increase our market share and attract new customers by offering them high-value-added products. We will also seek to capture greater share of the Chinese market by offering competitively priced products targeting the middle-range segment.

In fields other than that of smartphones, we seek to expand our business by deploying our proprietary technologies and products to markets with high-growth potential such as those for game devices and wearable devices.



■ Automotive Market

In the automotive market, we will redouble our efforts in the Connector Business and in the field of ADAS and EVs.

In the ADAS field, we will furthermore expand our base of customers as we embark on mass production of products for the next platform for Japanese OEMs. In the rapidly growing EV market, we will expand our product lineup for battery management systems (BMS) going forward, while also launching mass production of a new series of products for use in high-current and high-voltage applications. Moreover, we will increase our range of offerings in the automotive sector by deploying products and technologies developed for ICT equipment for in-car infotainment systems, which are undergoing evolution where vehicles are increasingly being equipped with audiovisual equipment. In the User Interface Solutions Business, we will develop touch sensors compatible with next-generation displays while also exploring options for rolling out products that incorporate sensing technologies and film printing technologies.



■ Industrial and Infrastructure Market

In the industrial and infrastructure market, we aim to achieve consistent growth in our three business lines, which will involve seizing opportunities at the right time with respect to resurgence of the markets for FA and machine tools and the semiconductor-related equipment market, both of which are in an adjustment phase. This will also involve making steady progress in responding to needs of emerging markets. In the Connector Business, we aim to enter the Chinese robotics market, which offers substantial demand, and the European industrial market, in addition to sales of products to our main domestic market. Moreover, we will strengthen our efforts to serve the needs of EV charging infrastructure, which is encountering rapid growth in installations accompanying automotive electrification. We will also proceed in developing technology for next-generation telecommunication infrastructure and the future of quantum computing.

In the User Interface Solutions Business, we will continue to build mass production systems to expand business involving operation panels for machine tools and teach pendants for robots. In the Aerospace Business, we will strengthen our system for production of accelerometers and linear motors for oil drilling and semiconductor exposure equipment. In addition, we will also move ahead with initiatives for serving the drone market, which is poised for expansion with respect to commercial applications.



Investment Strategy

We have been forging ahead in building optimal production systems amid changes in the JAE's product mix accompanying social progress.

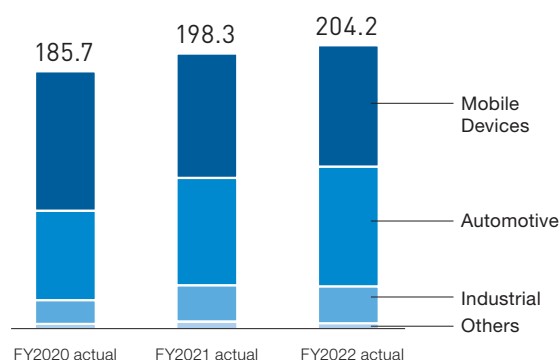
In terms of production infrastructure, we initiated operations at a new building of JAE Yamagata, Ltd. upon its completion in fiscal 2023. At JAE Yamagata, Ltd., we have been increasing our capacity for producing automotive connectors used in ADAS and other systems and introduced large facilities to contend with manufacturing of high-current products for EVs. Furthermore, at JAE Hirosaki, Ltd., a main plant for the Connector Business along with JAE Yamagata, Ltd., we plan to build a mass production line that enlists a new concept in terms of enabling flexibility in manufacturing multiple products for the User Interface Solutions Business going forward. Including these plans, we will strive to optimize the global production map.

When introducing facilities, we will seek greater investment efficiency by controlling costs and making effective use of space, while promoting automation and labor-saving solutions. Also, we will seek to sustainably expand our business by continuing to actively invest with our sights set on M&A initiatives undertaken to gain new markets and technologies.

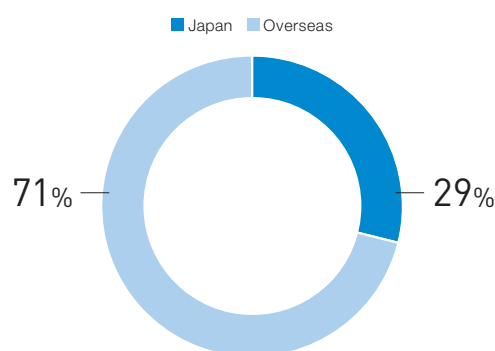
Connector Business

The Connector Business manufactures and sells connectors used in a wide range of fields. These include: products for mobile devices, which center on smartphone components; automotive connectors in infotainment-related applications such as in-vehicle cameras, as well as in body/powertrain areas such as engine ECUs; products for industrial & infrastructure uses such as for machine tools, communications network devices and others; parts for notebook PCs; parts for flat panel televisions.

Trends in net sales by market segment (Billions of yen)



Net sales composition by region (FY2022)



Message from the Corporate Officer in Charge



Yoshifumi Kubota
Associate Senior Vice President and
General Manager of Connector Division

Looking Back on Fiscal 2022 and Progress of Medium-term Management Plan

With respect to net sales in fiscal 2022, sales to the mobile devices market decreased due to sluggish performance of the smartphone market, particularly in the form of weak demand from Chinese customers. However, in the automotive market we encountered substantial growth driven by sales of products for ADAS and despite adverse effects of semiconductor supply shortages. Sales also increased in the industrial and infrastructure market. As a result, net sales in the Connector Business overall increased relative to the previous fiscal year. On the profit front, however, profit decreased due to factors that included a downturn in plant capacity utilization accompanying a decrease in demand for mobile device applications in the second half of the fiscal year, and also due to higher electricity fees and other such costs.

As for targets of the medium-term management plan, we encountered a setback relative to projections in the mobile devices market, but we have made progress largely in line with projections when it comes to the automotive market and the industrial and infrastructure market. In working toward the final fiscal year targets of the medium-term management plan going forward, we will implement measures to address renewed growth while also engaging in new domains of business with respect to the mobile devices market. We will also further enhance our focus on the growth areas of ADAS and EVs in the automotive market. Moreover, we will aim to achieve the medium-term management plan targets in the Connector Business by developing products to address needs of EV charging infrastructure and next-generation communications, in addition to efforts seeking to capture a greater share of the market with respect to our main FA and machine tool applications in the industrial and infrastructure market.

Competitive Advantage

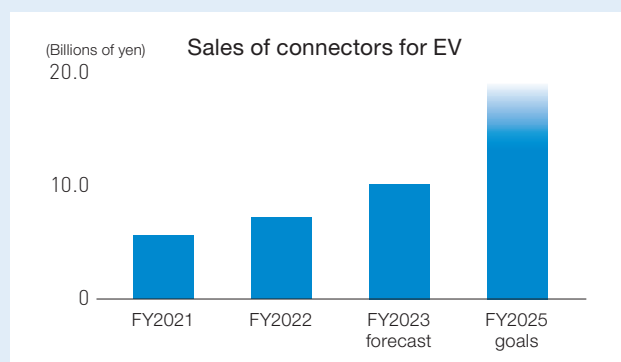
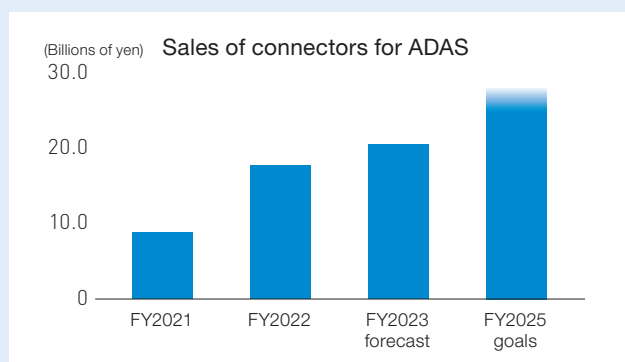
JAE responds to wide-ranging customer needs by leveraging a comprehensive array of technical capabilities, such as miniaturization technology for internal smartphone connectors that combine reduced size with good workability, or the high level of safety performance required for connectors used in vehicle airbags, or the know-how needed to create waterproof, oil-resistant and vibration-resistant components for industrial equipment used in harsh environments. In addition, we are able to provide a stable supply of high-quality products to customers by utilizing our production engineering accumulated through in-house manufacturing to promote automation and labor-saving in the form of internally developed high-speed automatic assembly equipment, establish high-volume production setups in a short time, and provide integrated in-house manufacturing systems that operate 24 hours a day, seven days a week. Moreover, by actively participating in organizations responsible for drafting various standards, not only have we been able to take a leadership role in standardizing connectors such as USB Type-C® and HDMI™, but we are also able to contribute to innovation by customers through leveraging our global marketing approach to provide proposals at an early stage.



Strategy for Growth

In fiscal 2023, we aim to achieve further growth in the automotive market where semiconductor supply shortages have been easing. Going forward, we will seek greater adoption of ADAS products across a wider range of vehicle models. We will also embark on mass production of products capable of handling high currents and high voltages for connecting with e-axes and other drive system power line, in addition to BMS-compatible products for EVs. In the mobile devices market, although we anticipate a decrease in sales due to waning demand for specific products, we will engage in efforts that include launching products for new models of smartphones and game devices, taking steps to expand our market share in China, and promoting development of products for wearable devices and other new business domains. In the industrial and infrastructure market, we aim to achieve growth in the latter half of the fiscal year by seizing on opportunities at the right time with respect to recovery of machine tools and other such markets that are in an adjustment phase following on rapid expansion. We will also roll out products for EV charging infrastructure amid ongoing growth in that market.

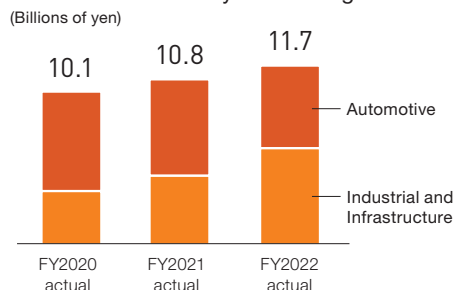
Furthermore, we will continue to drive technology development with respect to next-generation communications such as O-RAN and IOWN, as well as for the future of quantum computing.



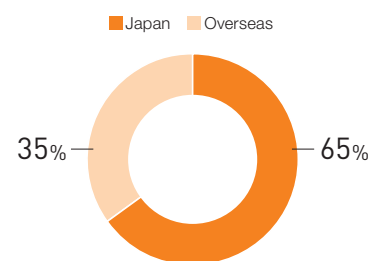
User Interface Solutions Business

The User Interface Solutions Business manufactures and sells products for automobiles, such as automotive capacitive touch panels, and products for industrial and infrastructure uses, such as various types of touch panel monitors and operation panels for industrial machinery and medical equipment.

Trends in net sales by market segment



Net sales composition by region (FY2022)



Competitive Advantage

We have worked on the development of capacitive sensors used for “touch input” for many years, progressed in the development of the automotive market ahead of other companies, and contributed to the improvement of the usability of automotive displays. In addition, in response to the increase in size of displays and the diversification of design needs, we developed the “FLEXCONVERT™” brand as a core technology by combining printing, adhesion, etc. technologies with superior materials as represented by film-type metal mesh sensors made using the Company’s proprietary printing methods. We will reform our manufacturing processes through this, and realize a flexible response to user interface needs that will become more diversified and sophisticated in a wide-range of markets.

Message from the Corporate Officer in Charge



Tatsuichiro Maruo

Associate Senior Vice President and General Manager of User Interface Solutions Division

Looking Back on Fiscal 2022 and Progress of Medium-term Management Plan

In fiscal 2022, sales increased 9% year on year amid a situation where favorable demand in the industrial and infrastructure market offset a decrease in sales in the automotive market. On the profit front, we achieved an increase in profit due to growth in sales in the highly profitable industrial market.

As for the medium-term management plan, whereas we need to work on catching up with objectives of the plan when it comes to touch panels for the automotive market, we aim to achieve our medium-term targets by tapping into growing demand going forward as we have secured large-scale projects for Japanese customers in the industrial and infrastructure market.

Strategy for Growth

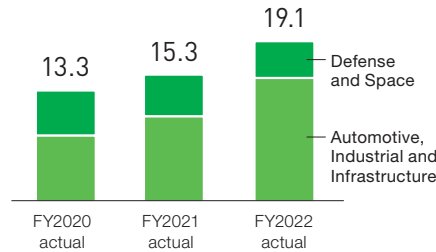
In fiscal 2023, we will strive to increase sales of film sensors suitable for use in touch panels for the automotive in terms of flexibility and design versatility, as an alternative to conventional glass sensors. Moreover, we will promote initiatives for gaining customers in China, South Korea, and elsewhere overseas, in addition to the Japanese Tier 1 business that we have been focusing on.

In the industrial and infrastructure market, we will launch mass production of robot teach pendants used by major robotics manufacturers in Japan. We furthermore plan to set up a mass production line that handles machine tool operation panels for a major FA customer, and will continue striving for more expansive adoption of our new products and seek to ensure a greater range of product models in which such products are installed.

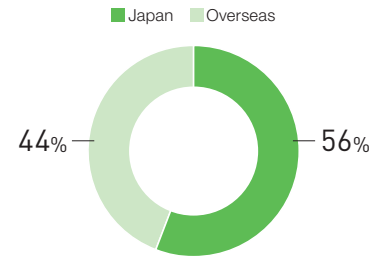
Aerospace Business

The Aerospace Business manufactures and sells electronic equipment for defense and space, such as flight control equipment, inertial navigation systems and radar altimeters, and products for industrial machinery, infrastructure and automobiles, such as damping and drive equipment for semiconductor manufacturing equipment, sensor packages for oil drilling and automotive rotation angle sensors.

Trends in net sales by market segment (Billions of yen)



Net sales composition by region (FY2022)



Competitive Advantage

We have constantly focused on cultivating aviation space electronics technology since the Company's founding, retained technological capabilities that are top class globally, and produced inertial sensors (gyroscopes, accelerometers), which are key devices, and applied products through our proprietary development.

Furthermore, with our technological capabilities that realize responses in harsh environments, such as those with vibrations, impacts and extreme temperatures, which have been cultivated over many years in the defense and space market, we have created and provided highly accurate and highly reliable products by broadly deploying these technologies even in private demand markets, and flexibly responding to customers' needs.

Message from the Corporate Officer in Charge

Looking Back on Fiscal 2022 and Progress of Medium-term Management Plan

Breaking down fiscal 2022 net sales by market, sales in the defense and space market decreased amid postponements of some projects. In the industrial and infrastructure market, however, we achieved record-high sales due to factors that included a significant increase in sales of sensors for oil drilling amid a favorable market environment, and robust demand in semiconductor production equipment in Japan centered on exposure equipment.

In seeking to achieve our medium-term targets, we are making progress toward achieving results exceeding our projections and are strengthening our production capacity. In so doing, we aim to attain a new record high in sales for the second consecutive fiscal year.

Strategy for Growth

In fiscal 2023, we will strengthen our capacity for production of acceleration sensors and linear motors in the industrial and infrastructure market to address demand for oil drilling, which encountered substantial growth in the previous year, and semiconductor production equipment. Although semiconductor-related investment is in the midst of an adjustment phase, we will thoroughly prepare for prospective recovery of the market from fiscal 2024 onward. Moreover, in the drone market we will break ground with new markets for highly reliable flight controllers and radar altimeters made in Japan, leveraging our aviation and space technologies.

We will also tap public sector demand for defense products by addressing the need to reinforce defense equipment in Japan and by promoting technology development with our sights set on taking part in projects involving next-generation equipment.



Minoru Urano
Director and Executive Vice President
(in charge of the Aerospace Business)

Research & Development

JAE Group's Approach to R&D

Based on the corporate philosophy of “Explore, Create and Practice” since the Company’s founding, the JAE Group has worked on R&D in order to open new doors that will realize innovation for society and customers as a technology and product creation company. We will contribute to realizing an “environmentally friendly mobility and IoT-oriented society connected by 5G” through our connection technology, which meets the needs for high-speed communication, high currents and a super compact size, user interface technology and motion sense & control technology. Moreover, with regard to fundamental technologies that will support growth, we work on R&D with the aim of shifting toward smart factories and innovating manufacturing technologies.

■ Product Development Center

The Product Development Center carries out R&D for business potential research and planning that aims to develop new business domains, collaborative R&D between departments that contributes to each business department’s future business vision, and R&D of fundamental technologies that contribute to strengthening production engineering at existing businesses. For business potential research and planning, we listen to the opinions of future users by actively participating in exhibitions, an academic society, etc., and attempt to create new businesses out of areas that are not growing in existing businesses. For collaborative R&D between departments, we aim to propose new products and to anticipate customer requests by identifying basic research technological issues within problem solving on-site. For R&D of fundamental technologies, we aim to fuse applied research for product creation, which departments have promoted, with scientific knowledge that we have discovered before anyone else in the world.

■ Connector Business

The Connector Business advances research in order to develop connector products that can be used even more comfortably and securely by customers. To accomplish this, the Connector Business conducts research into the acceleration of next-generation communication connectors, the increase of current for EV connectors, the reduction of size and thickness of connectors for mobile devices, the increase of functionality, such as active fiber cables, and the creation of new value, such as smart textile connectors, as well as promotes analysis and evaluation with the principal objectives of extending the life of connectors and increasing reliability, such as through designs resistant to electromagnetic waves and noise.

■ User Interface Solutions Business

The User Interface Solutions Business matches customer needs with our technology through marketing activities to identify R&D themes and promote R&D activities for switches, sensors and overlays (covers), which are core technologies. In addition, the User Interface Solutions Business will strengthen the core elements of “FLEXCONVERT™,” which is our user interface solution technology brand, through cooperation with the Product Development Center as well as universities and companies that have excellent materials technologies, in addition to our R&D activities that responds to increasingly diversified and sophisticated needs.

■ Aerospace Business

The business domain of Aerospace Business is “motion sense & control,” and it handles the four core technologies of “highly precise motion sensing,” “highly reliable motion control,” “precise mechatronics” and “resistance to extreme environments.” We carry out R&D that focuses on reliability and environmental resistance in order to play an active role in the defense and space market, semiconductor manufacturing equipment market and oil drilling market in addition to the expanding autonomous driving market for drones, construction machinery, etc. going forward.

■ Cooperative Innovation Project through Industry-Academia Collaboration

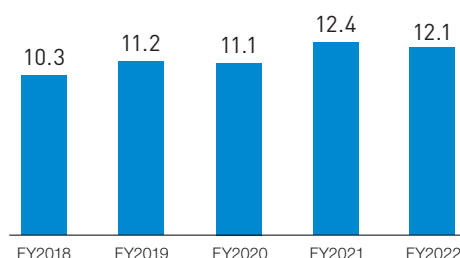
Having signed an Industry-Academia Collaboration Research Consortium agreement with the Institute of Industrial Science of the University of Tokyo in March 2019, JAE has since been promoting comprehensive cooperation in that regard. Currently, young technical professionals from the three major business lines of the Group have been dispatched to the Institute of Industrial Science where they advance research activities based on their academic knowledge. At the same time, this enables us to achieve results in terms of human resources development.

R&D Investment

We actively carry out R&D investment.

Over the past five years, we have allocated around ¥10.0 billion per year for R&D, which has led to the products that will help us grow going forward, such as high-current EV connectors and 5G-compatible connectors. Going forward, we will proactively continue R&D for growth areas.

Research and development expenses (Billions of yen)



Intellectual Properties

■ Basic Policy

The JAE Group protects and maintains outcomes of its corporate activities through intellectual property rights (patent rights, utility model rights, design rights, copyrights, etc.) and actively utilizes such outcomes to achieve sustainable growth. We furthermore engage in proper management and operation with respect to intellectual property rights, which entails upholding the intellectual property rights held by other companies and recognizing the importance of intellectual property and information in part by striving to prevent intentional infringement and improper use thereof.

■ Strategy

The JAE Group enlists the following four strategies in relation to intellectual property with respect to acquiring patents that facilitate JAE's sustainable growth and enabling the Company to avoid risk related to intellectual property.

1. We enhance our business strengths by acquiring intellectual property rights

We enhance our business strengths by acquiring basic patents at each stage of the research and development process and ensuring that we acquire rights aligned with our business strategy. Moreover, we also acquire patent rights in the respective countries where we engage in manufacturing and sales in a manner that accompanies our global business expansion.

2. We acquire robust intellectual property

As a result of our technology development efforts that align with our business trajectory, we promote creation of highly practical robust intellectual property. In addition to safeguarding our own products, we also assertively submit filings that are difficult for other companies to circumvent. Moreover, we strengthen our defenses enlisting dual and triple layer safeguards enlisting an intellectual property mix that combines patents, designs and trademarks. Meanwhile, we also strategically secure intellectual property rights enlisting efforts that include ensuring secrecy of the manufacturing technology expertise that facilitates our sophisticated approach to product creation.

We also seek to enhance our technology protections and global name recognition by acquiring trademark rights and developing the brands of our proprietary technologies.

3. We uphold intellectual property rights held by other companies

We scrupulously perform investigations regarding patents, designs, and trademarks starting from the product planning stage to ensure that we develop products that do not infringe on the rights of other companies.

4. We embrace our commitment to product development of our intellectual property divisions

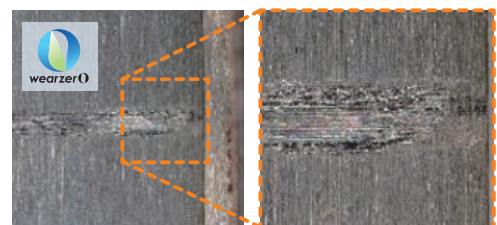
Our intellectual property divisions enlist their involvement in important development projects of business departments from the upstream stage of the design process and furthermore facilitate efforts to formulate intellectual property strategy for ensuring growth of the Group overall. Additionally, we regularly hold meetings of the Intellectual Property Review Forum with our respective business departments, thereby instilling awareness regarding intellectual property of the design divisions, confirming product strategies, development schedules and actions of other companies, and engaging in activities that reflect such findings in content of our filings.

■ Initiatives

Progress is underway with respect to electrification of passenger cars and in the realm of mobility overall amid of accelerating progress toward achieving decarbonization in respective nations worldwide. The prospect of an increasing number of EVs going forward gives rise to the likelihood of growing demand for high-current, high-voltage connectors used in EVs and for EV charging. Meanwhile, connectors are becoming more sophisticated and increasingly diversified. This in part is due to a situation where consumers are seeking EV charging plugs that are smaller, easier to use, more durable, and capable of accommodating higher power levels for faster charging amid an expanding range of EV usage scenarios and technological advancement.

To address such needs, we have developed "wearerO™," a new technology that supports high-power applications while at the same time improving the mating and unmating cycle longevity of connectors by greatly reducing wear of silver plating on electrical connections. This technology makes it possible to develop contact terminals that strike a balance between high conductivity and wear resistance, while also contributing to saving of plating material, energy conservation in the plating process as well as greater product longevity.

Having embarked on development of the KW series of EV charging plugs during the early days of EV proliferation in 2010, JAE has since gone on to manufacture connectors that are compliant with the CHAdeMO standard and CCS Type-1 standard and now offers an extensive lineup of connector products. JAE has taken steps to gain more widespread awareness of its products including its charging connectors that combine durability and high quality. It accordingly developed the "Powerlance™" brand and has taken it worldwide. Amid the progressing trend of electrification, we contribute to achieving an environmentally-friendly society by providing the JAE's proprietary technologies to global markets underpinned by a robust branding strategy.



Surface of terminal that uses wearerO™



EV Charging and Discharging Connectors

Product Creation

JAЕ Group's Product Creation

Basic Policy of Product Creation

Our production sites in Japan and overseas operate 24 hours a day, seven days a week. In addition, we have established a robust production system through thorough automation, labor-saving, and in-house manufacturing using facilities of our own design.

■ Connector Business

In the Connector Business, we conduct manufacturing centered on in-house manufacturing at each production process following product designs created using simulation and analysis technologies. We fabricate our own molds and press dies in-house using precision machining technologies, and we also use in-house production facilities in the assembly process, based on process design technology and automated assembly machine and jig and tool design technology.

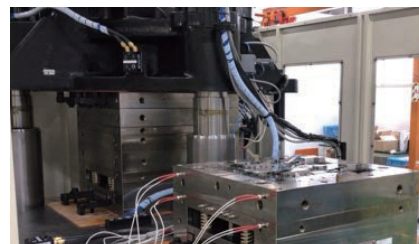
Our manufacturing technologies serve as technologies necessary to achieve products that give rise to greater corporate value. We consider these technologies as crucial for determining both quality and cost. Therefore, we accordingly work to improve our overall manufacturing technologies used in everything from manufacturing facilities to inspection and packaging.

In seeking ongoing growth by tapping into growth areas amid continuously changing markets, we take steps to build on our manufacturing technologies in new domains. We have been moving forward in building a system for in-house development of large shell components required for applications that include high-current, high-voltage connectors for EVs, large stamping technologies required for fabricating thicker contact terminals than conventional terminals, and large molding technologies.

Meanwhile, we are miniaturizing and simplifying equipment while simultaneously promoting initiatives that involve seeking greater profitability and quality through streamlining efforts that in part entail automating assembly of products for automotive and industrial markets, which constitute growth areas.



Mold fabrication process



Assembly and inspection process

■ User Interface Solutions Business

In the User Interface Solutions Business, we undertake manufacturing using FLEXCONVERT™ manufacturing technology, which uses construction methods such as printing and laminating to draw out the performance and characteristics of materials and create new value.

As one example of FLEXCONVERT™ applications, we are able to manufacture film sensors for automotive touch panels featuring transparent electrodes for touch sensors that are invisible to the naked eye enlisting wires that are one-tenth the thickness of a human hair using printing technologies that use conductive ink. We are also working in bonding technologies, which is an area where we possess technologies that can bond materials with different thermal expansion characteristics such as plastic and glass, and which also can bond surfaces so that they will not separate even with prolonged use in cold regions or environments with high heat and humidity.

In seeking to achieve sustainable growth in the User Interface Solutions Business, we aim to attain growth in sales without increasing the labor force by engaging in efforts to improve productivity and by streamlining operations in part by shifting to smart factories. In addition, we are developing new technologies that serve as a foundation for product creation, developing new sensor production processes by enlisting external cooperation, and setting up flexible production lines capable of adapting to variations in product types and quantities.



Film sensor printing process

■ Aerospace Business

In the Aerospace Business, we possess production engineering capabilities that include microfabrication and high-precision assembly, in addition to high-precision sensing technologies that can operate under severe environmental conditions thereby contributing to Japan's defense and space industry while also addressing challenges in the frontiers of humanity such as marine and subterranean exploration. Furthermore, we establish test environments for validating real-world operation while guaranteeing high precision and high reliability with respect to products for use in extreme environments.

We aim to achieve sustainable growth and development by supplying these high-precisions and highly reliable products. We furthermore seek enhancements in manufacturing technologies by actively promoting improvement initiatives whose aims entail automating production processes and labor-saving, while also bringing about a shift to smart factories enlisting everything from production monitoring to data analysis.



Accelerometer component mounting process

TOPICS

Transformation of Product Creation for Further Growth

Currently, JAE's product mix has been undergoing transformation due to changes in the market environment. We have been transitioning from a situation where JAE has achieved growth driven by products for smartphones thus far to a situation where JAE derives growth from products for the automotive market and from products such as robots for the industrial and infrastructure market. We will achieve growth going forward by reforming our product creation which will entail restructuring the JAE Group's production systems to address this shift.

In the Connector Business, we will establish new manufacturing technologies required for mass production of high-current EV products at the site of JAE Yamagata, Ltd. where a new building has been constructed. Moreover, when it comes to products for automotive and industrial markets where automation lags behind compared to mobile devices like smartphones, we have been taking steps to innovate production processes. This entails leveraging our automated machine engineering developed in-house in promoting initiatives for automating the automotive harness production process and automating assembly of industrial machinery products by seeking a greater range of applications for collaborative robots. We are also optimizing production maps both in Japan and overseas in seeking to achieve BCP readiness and supply chain streamlining.



2nd Plant B Building, JAE Yamagata (completed in May 2023)



Stamping site at the new building of JAE Yamagata

In the User Interface Solutions Business, we are taking on challenges with respect to products for industrial markets where we aim to achieve substantial growth. This entails product creation under a new concept of making it possible to flexibly address needs in manufacturing multiple products and volatility in production volume. We are currently setting up a mass production line at the Akishima Plant and will tap into escalating demand going forward by extending such efforts to JAE Hirosaki, Ltd., which serves as the JAE Group's largest production site in Japan. To such ends, we are moving forward in labor-saving of production processes by adapting to variations in product types and quantities through reconfigurations of people, robotics, and general-purpose cells.

In the Aerospace Business, which achieved record-high sales over two consecutive fiscal years, we are taking steps to increase production capacity to address further business expansion. We are accordingly in the process of enlarging space available at the Akishima Plant and JAE Shinshu, Ltd. and optimizing the layouts of those facilities in part for the purpose of strengthening production capacity with respect to various sensors and linear motors for items such as accelerometers and gyroscopes. This will enable us to serve the industrial and infrastructure market where we are breaking ground in new business domains that include drones for commercial use, in addition to its persisting robust demand, as well as to respond to demand in the defense equipment market, which is poised for growth against a backdrop of mounting national security concerns.

Global marketing

From an early age, the JAE Group has been engaging in efforts to develop new markets with a global perspective, which in part has entailed realizing technical alliances with major overseas companies shortly after its founding. Through our involvement in efforts to formulate global standards, as well as by developing optimal group-wide policy for market expansion aligned to specific geographic regions while engaging in marketing activities to facilitate cooperation between the head office and our overseas bases and by precisely identifying technology trends and needs amid business customs and cultures that differ from one region to the next, we are able to develop products that satisfy our customers. In so doing, we aim to achieve growth globally through partnerships with leading companies worldwide.

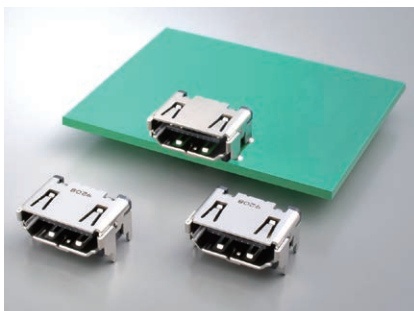
Market Development and Social Contribution Through Participation in Establishment of Standards

JAE actively takes part in efforts to formulate connector standards. For instance, our involvement in efforts to formulate the HDMI™*1 standard culminated in our having been honored with an Emmy Award for our contribution to the popularization of the technology. Also, we engaged in validation and proposal initiatives enlisting our expertise in design of interface connectors specifications of the USB Type-C® standard were being formulated in 2014. JAE continues its involvement with respect to formulating standards during the ongoing process of updates being made to the USB Type-C® standard.

In addition, we have taken part in efforts to formulate the CHAdeMO standard, which served as an early global standard for EV fast charging technology that originated in Japan. We contributed to the establishment of nascent charging connector standards drawing on our expertise in developing connectors for railway and infrastructure equipment with stringent requirements for reliability and durability. We currently contribute to formulating global charging standards in part by participating in the Charging Interface Initiative e. V. (CharIN), international CCS*2 standards organization, and also by engaging in activities of a project enlisting a Japan-China partnership in developing ChaoJi standards.

Going forward, we will keep striving make contributions in terms of prompting evolution of electronics products that enrich daily life and enhancing their usability by developing technologies and products through global marketing.

*1 HDMI™: High-Definition Multimedia Interface *2 CCS: Combined Charging System



HDMI Connectors



USB Type-C® Connectors



EV Charging and Discharging Connectors

Upgrading Global Design Functions

We have been taking steps to increase the pace of our local design and technical support efforts in seeking to enhance our responsiveness to our customers located overseas.

To such ends, we have established Advanced Technology Center (ATC) locations in both Hong Kong and Shanghai in order to provide technical support tailored to the needs of our customers in the China region. We have also been seeking to more swiftly deliver proposals and technical support in close alignment with our customers in the European region in part by bolstering our workforce of technical professionals with our opening of the Düsseldorf office in Germany in June 2022, and also by establishing the European Design Centre (EDC), which is equipped with design functions.



Düsseldorf office

Global Marketing Based on High-Value-Added Products

JAE broadly deploys high-value-added products based on our cutting-edge technology development capabilities.

In the Aerospace Business, we deploy high-precision motion sensing technology that has been developed through our business related to aviation and space in Japan to global industrial and infrastructure markets. Our sensors for oil drilling serve as core products in the industrial and infrastructure markets and are primarily deployed to global drilling services companies in Europe and the United States. We accordingly provide products that meet customer requirements, including accelerometers and other such sensor units, as well as module packages combining such sensors.

We see sensors business as a growth opportunity and are working to achieve overseas expansion of the business, which includes sales expansion of sensors for overseas railways and seismograph markets.

In the User Interface Solutions Business, we are working to extend our sales reach beyond Japan's domestic manufacturers to the markets of China and South Korea with respect to automotive capacitance sensors. This includes anti-reflection technology for suppressing reflection of external light on display surfaces and reflection of surrounding scenery. It also includes touch sensors incorporating anti-fingerprint treatment that suppress adhesion of fingerprints and smudges during operation of devices.

Insights from JAE Global Employees



Marco Lee
JAE Electronics
Executive Director

North America is encountering an unprecedented economic challenge driven by high inflation. However, North America remains one of the most vibrant players in the global high-tech world. To accelerate post-pandemic economic growth, many governmental incentives were created as economy catalysts to spur innovations and developments in 2023 and beyond. One of the examples is the Federal funded EV Chargers NEVI Program which aims to encourage North America EV adoption as well as domestic manufacturing with a "Buy America" requirement.

In order to thrive and continue to be one of the electrical interconnect solution leaders in this fast-paced and evolving North American market, JAE Electronics has quickly responded and adjusted our strategies to take on the challenges effectively.

We utilize our innovations and local manufacturing capability to empower customers' cutting-edge development in Artificial Intelligence, Next Generation Communication Device, Electrified Vehicle, Sustainable Energy, Railway Transportation, Space Exploration, and beyond.

At JAE Electronics, Inc., we, The JAE United Team, believe in our motto "No Challenge, No Chance!"



Jussi Takaneva
JAE Europe
General Manager

JAE in Europe has access to various opportunities and many markets see high growth and global technical leadership (such as electrification of transportation and industrial innovation). Through active collaboration with our customers and standardisation groups here in Europe, we create opportunities which lead to global projects. Initiation of miniaturised sealed connector system (MX80) lead to global acceptance of the product.

Recently we have also started designed products locally in Europe (Engineering center in Germany). Good examples are battery management system products (High Voltage & Low Current) and charging products (High Voltage) which eventually are leading to wider product acceptance.

We have recently collaborated more and more with our colleagues in the US. The markets in Europe and in the US have a lot of product and specification synergies and we enjoy our competitive but friendly collaboration. Sharing information, creating combined business opportunities with many regions and celebrating success stories together are key methods and tools of global marketing. Innovation of our new products is something which keeps our customers innovating, globally!

Governance

Corporate Governance

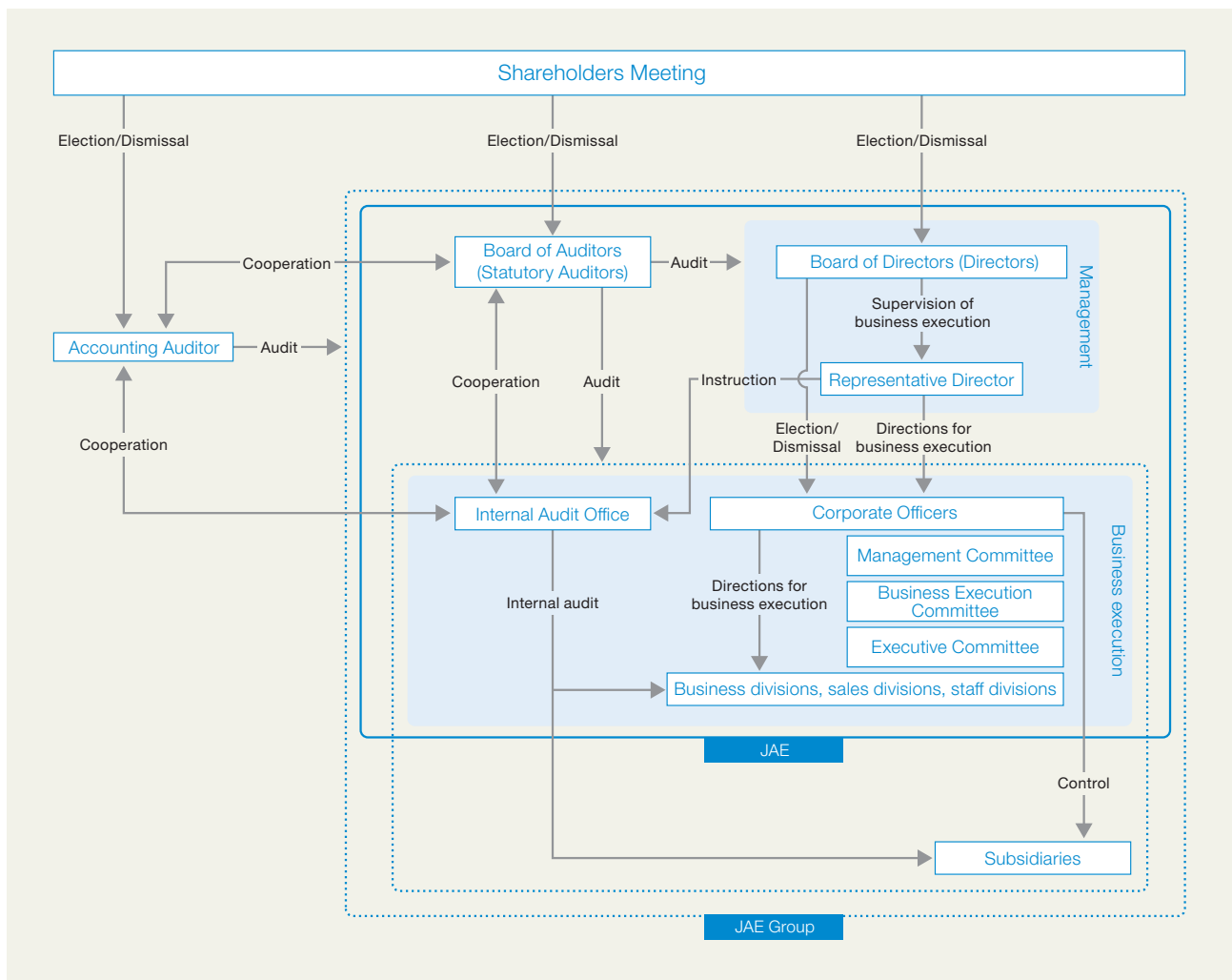
▶ Our Corporate Governance Report can be found here: <https://www.jae.com/corporate/profile/governance/> (in Japanese)

Basic Views

We believe that corporate governance means abiding by relevant laws and rules and fulfilling our social responsibilities to stakeholders, including shareholders, customers, business partners, and communities, with the aim of maintaining fair profits, increasing corporate value, and contributing to the creation of sustainable growth in society through corporate management based on our corporate philosophy of “Explore, Create and Practice.”

Corporate Governance Framework

We have built a corporate governance framework that enables swift decision making and agile management by establishing a Board of Directors comprising nine Directors (including five Directors who also serve as Corporate Officers and four non-executive Directors, three of whom are outside Directors), Management Committee mainly comprising five Directors who also serve as Corporate Officers, and the Business Execution Committee and the Executive Committee comprising Corporate Officers and executive members. These management structures serve as a body for making management decisions and carrying out business execution and internal controls. We have also adopted a Board of Auditors system comprising two full-time Statutory Auditors and two outside Statutory Auditors and we have established an Internal Audit Office (seven staff members) as an internal controls division.



Policy and Process for Nominating Officers

Regarding Directors and Statutory Auditors, as our policy, we nominate candidates who possess outstanding character and insight based on abundant experience and a track record and who can fully carry out the roles and responsibilities of a Director or Statutory Auditor, regardless of whether they are from inside or outside the Company. Regarding inside Directors, we nominate candidates who have abundant knowledge and experience concerning our business field. Regarding outside Directors, we nominate candidates who are highly knowledgeable of their professional field. Regarding Statutory Auditors, we nominate candidates who have appropriate knowledge related to areas such as law, finance, and accounting. Based on this policy, candidates for Directors and Statutory Auditors are decided on by the Board of Directors from candidates proposed by the Representative Director, following an advance explanation to independent outside Directors and after obtaining the consent of the Board of Auditors regarding candidates for Statutory Auditors.

Officer Remuneration System

Our policy for determining the content of remuneration, etc. for individual Directors, has been set as follows. The determination policy was decided by a resolution of the Board of Directors.

1. Basic policy

When determining remuneration for individual Directors, as the Company's basic policy, we take into consideration appropriate level based on the position and performance of each Director. Specifically, remuneration for Directors comprises remuneration to be paid monthly as fixed remuneration, director bonuses as performance-linked remuneration, and share acquisition rights as share option remuneration ("Share Options"). However, remuneration for non-executive Directors (part-time), including outside Directors, only comprises monthly remuneration.

2. Policy regarding the setting of amounts for basic remuneration, etc. (monetary remuneration) for individual Directors

(Includes policy for timing and conditions for paying remuneration, etc.)

Monthly remuneration for Directors is paid as a fixed amount set in consideration of appropriate levels and based on standards including whether said Director has representation rights, their position, and other factors, within the scope of a total monthly remuneration amount that has been approved at the Shareholders Meeting. Additionally, a portion of monetary contribution for the shareholding association has been set as part of the monthly remuneration for Directors (full-time) based on a resolution of the Board of Directors. As remuneration for the purpose of purchasing the Company's shares, a set amount of money in accordance with position is contributed to the association for the purchase of the Company's shares. In order to ensure that the remuneration is linked to the improvement of medium- to long-term corporate value and value-sharing with shareholders, the Company's shares purchased through the shareholding association are to be held continuously during a Director's term of office.

3. Policy regarding the determination of the content of and methods for calculating amount of performance-linked remuneration and non-monetary remuneration

(Includes policy for timing and conditions for paying remuneration, etc.)

For director bonuses, which have been positioned as performance-linked remuneration, performance results such as consolidated ordinary profit and consolidated net profit for the relevant fiscal year have been set as standards with a view to reflecting performance over a single fiscal year. The overall amount, which is determined in consideration of factors such as the number and position of Directors, is proposed to and approved by the Shareholders Meeting. The amount allocated to individual Directors is decided based on each Director's position and performance in their area of responsibility. It is paid at a set time each year. Share Options are awarded within the scope of the annual remuneration amount that has been approved at the Shareholders Meeting. The number to be awarded is determined in accordance with each Director's position with the purpose of raising morale and motivation to improve performance of the Company and awarded at a set time each year.

4. Policy regarding the determination of the ratios of the amount of monetary remuneration, amount of performance-linked remuneration and amount of non-monetary remuneration for each individual Director's remuneration

Monthly remuneration, director bonuses, and Share Options are calculated based on the policies outlined above within the scope that has been approved at the Shareholders Meeting.

5. Matters regarding the determination of the content of remuneration, etc., for individual Directors

The determination of the allocation of monthly remuneration and director bonuses within the amount of remuneration for each Director has been entrusted to the Representative Director at a meeting of the Board of Directors on the precondition that it will be determined based on the policies outlined above. For Share Options, the number to be awarded is determined by the Board of Directors based on the policies outlined above.

Remuneration, etc. for Statutory Auditors comprises monthly remuneration only. The amount is determined through discussion among Statutory Auditors within the scope of a total monthly remuneration amount that has been approved at the Shareholders Meeting. Additionally, a portion of monetary contribution for the shareholding association has been set as part of the monthly remuneration for Statutory Auditors (full-time). The remuneration includes a set amount of money to be contributed to the association as remuneration for the purpose of purchasing the Company's shares.

Governance

■ Remuneration Structure for Directors and Statutory Auditors

| Type | Timing of payment | Eligible officer | | | | Payment criteria | |
|----------|---|---|---|-----------------------------|---------------------------|---|---|
| | | Executive Director | Non-executive Director (Including outside Director) | Full-time Statutory Auditor | Outside Statutory Auditor | | |
| Monetary | Monthly | Basic remuneration | ● | ● | ● | ● | Fixed remuneration set based on standards that include presence or absence of representation rights, position, etc. |
| | | Of which, remuneration for the purpose of purchasing the Company's shares (*) | ● | | ● | | Set amount of money in accordance with position |
| | Bonuses (Performance-linked remuneration) | ● | | | | Determined based on position and performance in area of responsibility on the basis of single fiscal year performance results | |
| Shares | Annually | Share Options (Non-monetary remuneration) | ● | | | | Number to be awarded is determined according to position |

* The Company's shares are purchased subsequent to contribution of a set amount of money to the shareholding association in accordance with position. The Company's shares that have been purchased are to be held continuously during the term of office.
The number of the Company's shares owned by the Directors and Statutory Auditors amounts to 178,000 shares (as of May 31, 2023), which accounts for approximately 0.19% of the total number of issued shares.

■ Total Amount of Remuneration, Etc.

| Officer category | Total amount of remuneration, etc. (Millions of yen) | Total amount of remuneration, etc. by type (Millions of yen) | | | Number of eligible officers (Persons) |
|---|--|--|---------------------------------|--|---------------------------------------|
| | | Basic remuneration | Performance-linked remuneration | Non-monetary remuneration, etc. (Amount reported as Share Option expenses) | |
| Director (Excluding outside Director) | 281 | 157 | 110 | 13 | 7 |
| Statutory Auditor (Excluding outside Statutory Auditor) | 40 | 40 | — | — | 2 |
| Outside officer | 39 | 39 | — | — | 5 |

* Basic remuneration for full-time Directors and Statutory Auditors includes remuneration for the purpose of purchasing the Company's shares, and the Company's shares purchased through the shareholding association are to be held continuously during the term of office.

■ Evaluation of the Effectiveness of the Board of Directors

With the aim of improving the effectiveness of the Board of Directors, the Company conducts analysis and evaluations in that regard on a yearly basis. The following is an overview of the results of initiatives, analysis and evaluation for fiscal 2022.

Initiatives and analysis-evaluation process in fiscal 2022

JAE has implemented various improvements that build on the findings of the previous analysis and evaluation of fiscal 2021. As before, we conducted a survey to all members of the Board of Directors (Directors and Statutory Auditors) based on the following survey items and perspectives. We then analyzed and evaluated the aggregate results after they were reported to and deliberated on by the Board of Directors during its meeting held in May 2023.

- Composition of the Board of Directors
- Roles of the Board of Directors
- Deliberations in the Board of Directors
- Operation of the Board of Directors
- Support structure for Directors

Overview of the evaluation results for fiscal 2022

Based on results of the aforementioned analysis and evaluation, it was determined that the overall effectiveness of the Board of Directors is sufficiently ensured. However, survey respondents furnished opinions regarding matters pertaining to the Board of Directors, such that included diversity of its composition, review of its organizational design, content of its agenda items, its risk management structure, and provision of information prior to its meetings. The Board of Directors will continue engaging in discussion, review, and improvement initiatives in seeking to enhance its effectiveness in light of these results, opinions, etc.

Relationship with Parent Company

JAE strives to create long-term corporate value through synergies achieved between itself and its parent company NEC Corporation (“NEC”), such that have been fostered based on close cooperation in relation to technology development and the management base.

In terms of technology development, we promote business expansion in a manner that transcends the boundaries of our business domains beyond our existing focus areas. This involves incorporating NEC’s approach particularly originating from the services and systems it creates based on a solution-focused perspective integrated with JAE’s approach originating from its materials, technologies, products, and systems. In addition, we draw on a wide range of intellectual property and enlist cooperation in research and development to overcome the JAE’s technological challenges. In particular, whereas JAE and NEC have contributed to the development of aviation, aerospace, and national security in Japan for many years, we believe that both companies are bound to encounter more opportunities to create synergies in these domains amid a prevailing business environment where the importance of these fields is increasingly acknowledged. Furthermore, as data capacity continues to increase against a backdrop of factors that include proliferation of the metaverse and generative AI, exceptional technologies in the field of telecommunications and networking have come to serve as essential technologies for the next generation of high-speed telecommunications, particularly those involving optical and wireless technologies. As such, JAE will leverage synergies with NEC, which stands as a top company in Japan’s telecommunications industry, in taking on business development in these domains.

In terms of the management base, we are moving forward in streamlining the JAE’s business operations by drawing on advanced information as well as management know-how and resources. In particular, we have been intensifying our efforts to address challenges in fields such as information security, risk management, and solutions to environmental issues underpinned by a close working relationship.

Through these initiatives, we seek to increase the JAE’s corporate value by heightening its competitive advantages, while also contributing to society and achieving sustainable growth.

Protecting the Rights of Minority Shareholders

NEC effectively holds 50.84% of the Company’s voting rights. NEC is our parent company.

The Company receives supervision and advice from three independent outside Directors and audits from two independent outside Statutory Auditors for whom there is no risk of a conflict of interest with minority shareholders.

In addition, in the memorandum of understanding made by the Company and NEC when NEC made a takeover bid for the Company, it was agreed that the Company’s shares shall remain listed, the Company shall carry out independent management as a listed company, NEC shall hold no more than 51% of voting rights of the Company, and that NEC shall give full consideration to the exercising of rights by minority shareholders of the Company. This was made clear in the Company’s announcement of expression of opinion concerning the takeover bid by NEC issued on November 28, 2016.

Moreover, if the Company’s Board of Directors finds there are material transactions or actions that create a conflict between the interests of NEC and those of minority shareholders, such matters will be brought before the Board of Directors and dealt with in principle only after the agreement of all independent outside Directors is obtained in advance.

At present, the monetary sum to which transactions between the Company and NEC amount is immaterial. Conditions of transactions are decided by negotiation on a case-by-case basis, and they are given the same treatment as other business counterparties are given.

The Company takes these measures to protect the interests of minority shareholders are upheld.

Value Creation through Synergies Between NEC and JAE



Noritaka Taguma

Director

(Corporate Executive Vice President, CPO and CRO of NEC Corporation and Chairman of the Board of NEC Platforms, Ltd.)

Over the past decade, the entire ICT industry has undergone evolution toward digital-oriented solutions such as software and cloud computing, as well as the virtual domain. Meanwhile, there has been a renewed focus on the real world in which we live as the COVID-19 pandemic subsides.

The NEC Group has been placing importance on both the real and virtual worlds for more than a decade and has accordingly sought to create social value by contributing to both worlds and supporting a world where data circulates.

JAE is a company that supports the real world with connectors, various control devices and other forms of hardware. In that respect, the business areas of JAE and NEC overlap. As such, we have been proceeding with collaborative initiatives not only in fields entailing development of various new products and systems but also when it comes to cooperation among our factories that lend support to hardware manufacturing.

While upholding the distinctive cultures of both JAE and NEC, we will strive to create corporate value by harnessing synergies that draw on the strengths of each. Furthermore, we will aspire to work together with our sights set on resurgence of product creation in Japan.

Governance

Compliance

■ Legal Compliance Initiatives

1. We have formulated the JAE Group Charter of Corporate Behavior and Code of Conduct to ensure thorough compliance with laws, regulations, and the Articles of Incorporation. The President also gives a speech on the “Compliance Day.”
2. We have established an internal reporting system as a whistle-blowing system for instances in which action that violates laws, regulations, or the Articles of Incorporation is discovered.
3. The Company has built a system to ensure financial reports are created in an appropriate manner in accordance with laws, regulations, etc., and the trustworthiness of these reports, and this system is continuously evaluated and corrected when necessary.
4. In regard to undue demands from antisocial forces, we ensure the safety of directors and employees by dealing with these demands as an entire organization and in cooperation with external experts. We resolutely refuse any connections, including business dealings, with such antisocial forces.

Risk Management

■ Risk Management Structure

The JAE Group has established the Corporate Risk Management Committee, which is chaired by the Chairman and members consist of Corporate Officers in charge of each business group, general managers of the staff divisions, and the general manager of the Internal Audit Office, and the full-time Statutory Auditors also attend as observers. The committee identifies, monitors, and manages risks that hinder sustainable growth.

Particularly significant matters are reported to the Management Committee and Board of Directors as necessary, which serves as the system whereby the corporate management team appropriately comprehends and supervises the risk management status on a group-wide basis.

■ Initiatives

The Corporate Risk Management Committee meets four times per year, shares information on risk events (risks that have manifested) and revises the measures taken to prevent such risks, and thereby strengthen recurrence of such risk events. Information concerning operational audits, internal controls, etc. are shared in the committee and countermeasures are discussed. When it comes to potential risk, the committee identifies and revises priority risks that the JAE Group needs to be vigilant against. The committee assesses the likelihood and severity of potential risks as determined by each department, the status of such risk management and the countermeasures put in place.

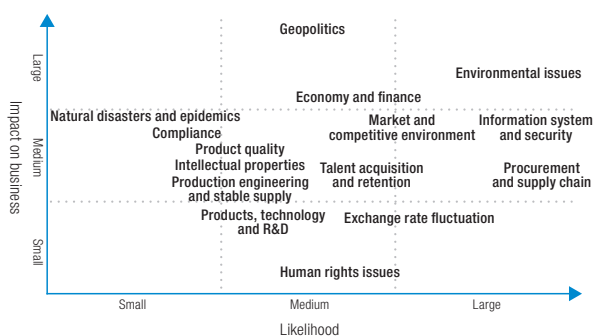
■ Business Risks

Among the matters concerning the overview of business, financial information, etc., the following key risks that are recognized as having the potential to exert material impact on the financial position, operating results, and cash flows of the Company.

- Dealing with environmental issues
- Overseas development
- Mobile devices market
- Global semiconductor shortage
- Impact of the competitive environment and price decreases
- Availability of raw materials
- Product quality
- Disposal of production equipment and facilities
- Securing of human resources
- Information security
- Compliance
- Intellectual property rights
- Impact of natural disasters, etc.

■ Risks Addressed on a Group-wide Basis

We have mapped risks based on our assessment regarding the impact on business and likelihood. We have placed our focus on risk response to urgent challenges in the form of environmental issues as well as information security risk, in addition to geopolitical risk, which has a particularly significant impact on business.



Message from Outside Directors

With JAE marking its 70th anniversary, we recognize the need for a higher quality corporate governance framework in conjunction with assurance and improvement with respect to its risk management and compliance systems, accompanying sustainable growth. In line with such aims, during this year, which marks my third year serving as an outside Director, I have a renewed awareness of my responsibilities in that regard. In particular, I will monitor implementation of our management plans for the sake of continuously achieving development of JAE's business, and in order to gain the trust of general shareholders as well as institutional investors, I will draw on my over four decades of knowledge and expertise in corporate law and organizational management practices and maintain close communication with each Director in charge of business execution and management. I believe that by embracing objectives and engaging in efforts toward improving our internal management framework and addressing challenges in human resources development, I can help strengthen our foundations of corporate governance, risk management, and compliance.

People have long been stressing the importance of engaging in management from a global perspective, yet the notion of what being global means is constantly evolving. As such, corporate management is no longer able to avoid substantial direct and indirect ramifications of geopolitical risk such as concerns in Ukraine, China and the Taiwan Strait, and the Middle East, as well as structural changes in U.S. politics that have caused people to fundamentally question the stability of the post-war international order. At the same time, however, we must not overlook the notion that such risks can also present unprecedented business opportunities for the Company when approached from a different perspective. For instance, the supply chain for products related to cutting-age technologies is being restructured on a global scale, and new needs pertaining to the realm of defense and national security sector are becoming clarified. Amid that scenario, I seek to do my utmost in my capacity as outside Director to ensure that the Company achieves further expansion within the emerging business environment of this new era.

I was appointed to serve as outside Director of JAE in June 2023. I am committed to the task of actively taking part in discussions during meetings of the Board of Directors, while also contributing to the Company's sustainable growth, thereby leveraging expertise I have amassed throughout my career in terms of risk management, information security, and compliance. Meanwhile, the Company operates globally with technological capabilities at its core amid an accelerating scenario of escalating uncertainties in terms of changing socio-economic conditions both in Japan and overseas, driven by factors that include demography, technological innovation, and geopolitical influences. As such, it is imperative that we make strategic and agile management decisions while assessing the time frames of such changes. We accordingly need to pinpoint growth opportunities in a manner that entails appropriately identifying social challenges and needs, while also taking steps to prevent or mitigate risks associated with our operations within this context. At the same time, it is important that we gain greater trust and recognition from our stakeholders as a prerequisite to such aims. Whereas our technology and products are applied across various sectors, encompassing everything from aspects of people's immediate surroundings to outer space, I seek to ensure that the Company is able to increase its corporate value by contributing to the enrichment of people's lives and prompting development of industry. Serving as outside Director, I accordingly hope to make decisions and provide advice from an objective standpoint while keeping the interests of our stakeholder in mind.

Career summary

| | |
|-----------|---|
| Apr. 1980 | Qualified & Registered as Attorney-at-Law in Japan (Daini Tokyo Bar Association) |
| Oct. 1999 | Board Member, Japan Commercial Arbitration Association |
| May 2007 | Vice Chairman, Japan Federation of Lawyers Cooperatives |
| Jan. 2009 | Managing Partner, KASHIWAGI SOGO LAW OFFICES |
| Jun. 2010 | Outside Auditor, NAIGAI CO., LTD. |
| Apr. 2016 | Auditor of Daini Tokyo Bar Association |
| Apr. 2016 | Outside Director (acting as Audit and Supervisory Committee Member), NAIGAI CO., LTD. |
| Jan. 2017 | Outside Statutory Auditor of the Company |
| Jun. 2021 | Outside Director (current position) |
| Jun. 2022 | Auditor, Japan Commercial Arbitration Association (current position) |



Shuichi Kashiwagi
Outside Director

Career summary

| | |
|-----------|--|
| Apr. 1980 | Joined Ministry of Foreign Affairs |
| Nov. 2007 | Minister, Deputy Chief of Mission, Embassy of Japan in Korea |
| Jan. 2011 | Ambassador Extraordinary and Plenipotentiary to Afghanistan |
| Sep. 2012 | Director-General of the International Peace Cooperation Headquarters, Cabinet Office |
| Jan. 2015 | Consul-General of Japan in New York (Ambassador) |
| Dec. 2018 | Ambassador Extraordinary and Plenipotentiary to Australia |
| Jan. 2021 | Retired from Ministry of Foreign Affairs |
| Mar. 2021 | Advisor, HAZAMA ANDO CORPORATION (current position) |
| Jun. 2021 | Outside Director of the Company (current position) |



Reiichiro Takahashi
Outside Director

Career summary

| | |
|-----------|---|
| Apr. 1988 | Joined National Police Agency |
| Feb. 2010 | Chief of Police Administration Department, Saitama Prefectural Police Headquarters |
| Jul. 2011 | Counsellor of National Information Security Center and Counsellor of Cabinet Intelligence and Research Office |
| Feb. 2014 | Director of Cybercrime Division, National Police Agency |
| Aug. 2015 | Chief of Kumamoto Prefectural Police Headquarters |
| Mar. 2017 | Director of Community Safety Planning Division, National Police Agency |
| Nov. 2018 | Chief Inspection Officer of Commissioner-General's Secretariat, National Police Agency |
| Aug. 2019 | Chief of Aichi Prefectural Police Headquarters |
| Oct. 2021 | Director-General of Chubu Regional Police Bureau |
| Jun. 2022 | Retired from National Police Agency |
| Oct. 2022 | Advisor of Nisshin Fire & Marine Insurance Co., Ltd. (current position) |
| Jun. 2023 | Outside Director of the Company (current position) |



Kazuhiro Goto
Outside Director

Directors, Statutory Auditors and Corporate Officers (As of June 21, 2023)



■ Officer skill matrix

The Board of Directors, from the perspective that extensive insight is necessary to make important decisions regarding the Company's management and fulfill the responsibility of supervising the overall execution of business, has identified the skills that its members should have and created a skill matrix that lists those skills, and selects candidates for Director considering the appropriate balance between knowledge, experience and capabilities and the diversity of the members of the Board of Directors as a whole.

| Name | Title | Attendance at Board of Directors meetings during FY2022 | Attendance at Board of Auditors meetings during FY2022 | Corporate management | Global | Accounting and finance | Legal and compliance |
|---------------------|---|---|--|----------------------|--------|------------------------|----------------------|
| Tsutomu Onohara | Chairman (Representative Director) | 12/12 | | ● | ● | | |
| Masayuki Muraki | President (Representative Director) | 12/12 | | ● | ● | | |
| Minoru Urano | Director | 12/12 | | ● | ● | | |
| Tetsuya Nakamura | Director | 11/12 | | ● | | ● | ● |
| Masahiro Matsuo | Director | 10/10 | | | ● | | ● |
| Shuichi Kashiwagi | Director (Outside Director) | 12/12 | | | | | ● |
| Reiichiro Takahashi | Director (Outside Director) | 12/12 | | | ● | | |
| Kazuhiro Goto | Director (Outside Director) | — | | | | | ● |
| Noritaka Taguma | Director (Part-time Director) | — | | | | | |
| Yasutoshi Ogino | Statutory Auditor (Full-time Statutory Auditor) | | 12/12 | ● | ● | ● | |
| Naoaki Azuma | Statutory Auditor (Full-time Statutory Auditor) | | — | | | | ● |
| Jin Takeda | Statutory Auditor (Outside Statutory Auditor) | | 12/12 | | | | ● |
| Keiji Kabeya | Statutory Auditor (Outside Statutory Auditor) | | 12/12 | | | ● | |

* Director Masahiro Matsuo assumed office upon having been newly elected as a Director at the 92nd Annual General Meeting of Shareholders held on June 23, 2022. As such, the status of attendance presented constitutes his attendance at meetings of the Board of Directors held subsequent to his appointment.
 Outside Director Kazuhiro Goto and Director Noritaka Taguma have been newly appointed upon having been elected at the 93rd Annual General Meeting of Shareholders held on June 21, 2023. As such, no figures have been presented for their status of attendance in the current fiscal year.
 Full-time Statutory Auditor Naoaki Azuma has been newly appointed upon having been elected at the 93rd Annual General Meeting of Shareholders held on June 21, 2023. As such, no figures have been presented for his status of attendance in the current fiscal year.

Directors

1 Tsutomu Onohara

Chairman (Representative Director)

4 Tetsuya Nakamura

Director

7 Reiichiro Takahashi

Director (Outside Director)

2 Masayuki Muraki

President (Representative Director)

5 Masahiro Matsuo

Director

8 Kazuhiro Goto

Director (Outside Director)

3 Minoru Urano

Director

6 Shuichi Kashiwagi

Director (Outside Director)

9 Noritaka Taguma

Director (Part-time Director)

Statutory Auditors

10 Yasutoshi Ogino

Statutory Auditor
(Full-time Statutory Auditor)

12 Jin Takeda

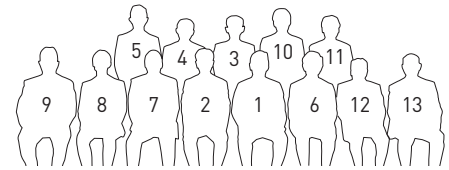
Statutory Auditor
(Outside Statutory Auditor)

11 Naoaki Azuma

Statutory Auditor
(Full-time Statutory Auditor)

13 Keiji Kabeya

Statutory Auditor
(Outside Statutory Auditor)



Corporate Officers

Chairman

Tsutomu Onohara*

President

Masayuki Muraki*

Executive Vice President

Minoru Urano*

Senior Vice President

Tetsuya Nakamura*

Associate Senior Vice Presidents

Toru Kono

Takashi Kosaka

Tsuneo Hashimoto

Masahiro Matsuo*

Shunichi Naganuma

Noritaka Hiyama

Kazuhiko Aoki

Shingo Nanao

Noriyuki Konishi

Yoshifumi Kubota

Takayuki Koike

Tatsuichiro Maruo

Masaki Yamada

Directors are indicated by an asterisk (*)

Definitions of each skill

| Technology and manufacturing | Sales and marketing | Human resources development and personnel affairs |
|------------------------------|---------------------|---|
| ● | | |
| ● | | |
| ● | | |
| | | ● |
| | ● | |
| | | |
| | | |
| ● | | |
| | ● | |
| | | |
| | | |

| Skill | Skill definitions |
|---|---|
| Corporate management | Knowledge and experience as a member of the top management of a company |
| Global | Knowledge and experience concerning international affairs, overseas business and international transactions |
| Accounting and finance | Knowledge and experience concerning accounting and finance |
| Legal and compliance | Knowledge and experience concerning legal and compliance |
| Technology and manufacturing | Knowledge and experience concerning technology and manufacturing that will expand and develop the Company's business |
| Sales and marketing | Knowledge and experience concerning sales and marketing that will expand and develop the Company's business |
| Human resources development and personnel affairs | Knowledge and experience concerning human resource strategy, such as human resource development, which includes diversity, as well as personnel affairs and labor |

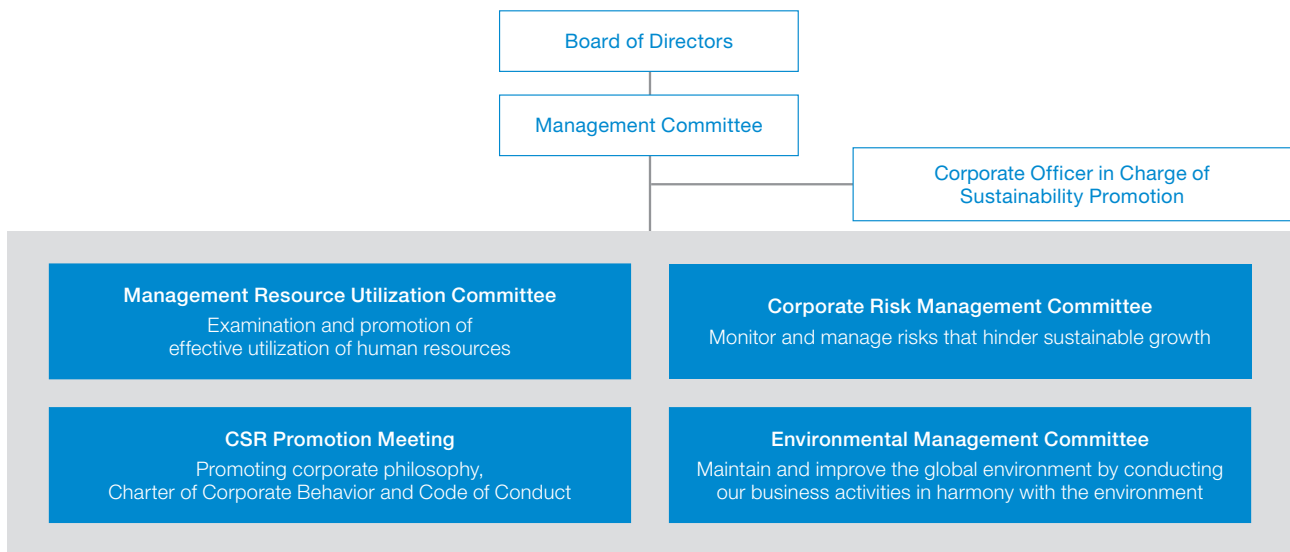
JAE Group’s Approach to Sustainability Management

Sustainability Policy

The JAE Group aims to grow as a responsible member of society by contributing to the resolution of social issues, in accordance with its corporate philosophy of “Explore, Create and Practice” and the Charter of Corporate Behavior.

Through the innovative and creative technologies and development capabilities of our three core businesses, we aim to enhance our corporate value in five key areas: Connected Society, Safe Mobility, Clean Energy, Industrial Innovation, and Air, Space and Ocean. Additionally, we strive to create social value through collaborative creation with our customers, contributing to the sustainable development of society.

Governance Framework Regarding Sustainability



JAE Group Charter of Corporate Behavior

Based on our corporate philosophy, “Explore, Create and Practice,” JAE Group will continue to expand efforts to maintain a fair profit, increase corporate value, and contribute to the creation of sustainable growth in society. At the same time, as a good corporate citizen, we will abide by relevant laws and rules, and fulfill social responsibilities toward customers, stockholders and investors, business partners and other related persons in the community at large.

- | | |
|---|--|
| 1. Fair and Honest Corporate Activities | 5. Harmony with Society |
| 2. Pursuit of Customer Satisfaction | 6. Respect of Human Rights |
| 3. Disclosure of Corporate Information | 7. Respect for Employees’ Individuality and Personality |
| 4. Harmony with the Environment | 8. Management of Intellectual Properties and Information |

SUSTAINABLE DEVELOPMENT GOALS



Environment

Approach

To promote sustainability management, the JAE Group has advocated “harmony with the environment” in the “JAE Group Charter of Corporate Behavior” and conducts corporate activities that respect nature and are environmentally friendly.

In addition to taking measures against global warming, we recognize that it is important to grow sustainably while working toward the realization of a recycling-oriented society through various environmental activities. Therefore, we will not just expand our conventional measures, but also take bold action to implement new environmental initiatives in order to realize a prosperous, sustainable society.

For specific reports on environmental activities, please see our Environmental Report.

► Our Environmental Report can be found here: <https://www.jae.com/en/csr/eco/report/>

Basic Philosophy

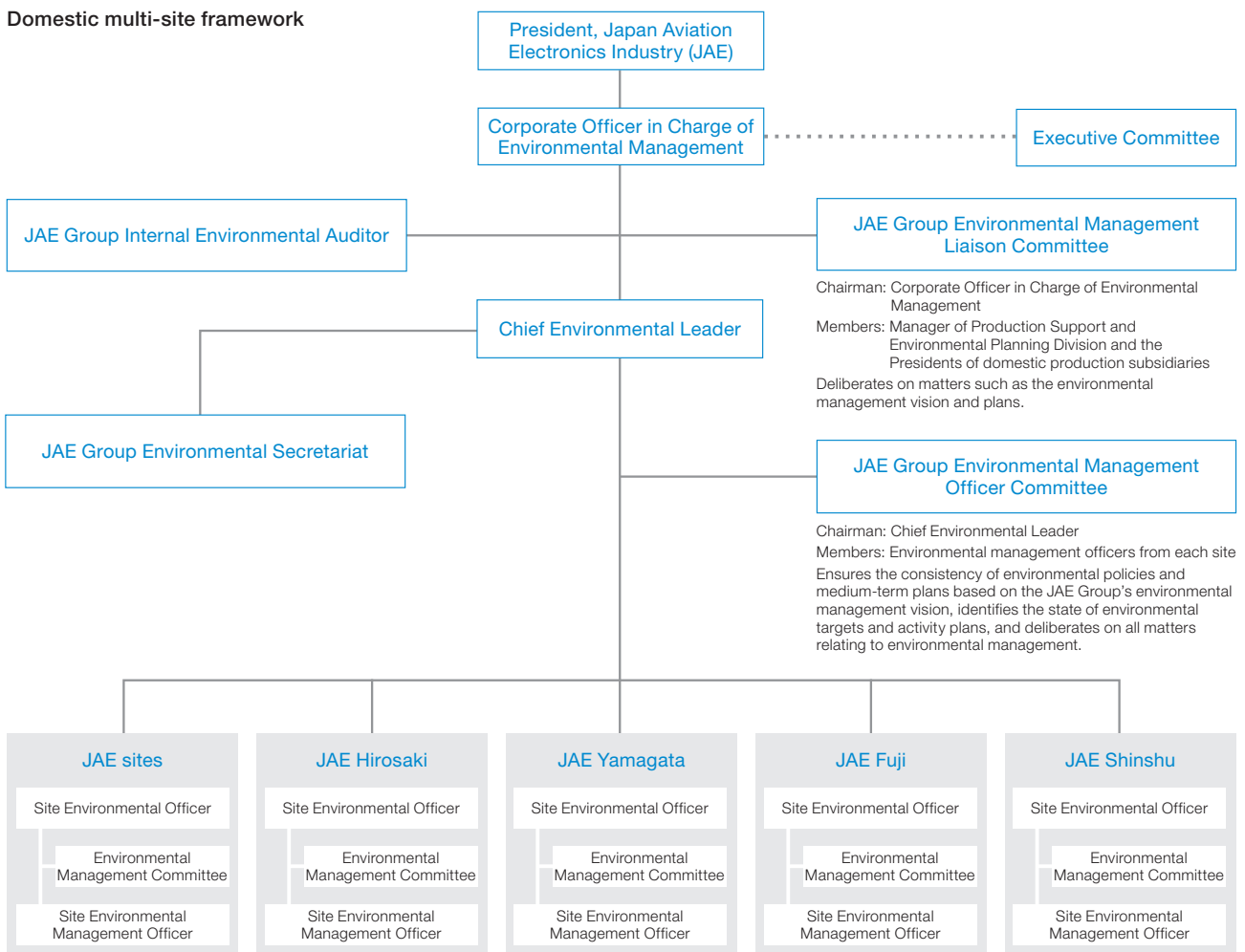
The JAE Group will, as a member of society, contribute to the attainment of a prosperous, sustainable, recycling-oriented society by fulfilling its corporate social responsibility through environmentally friendly business activities and respect for the natural environment and biological diversity.

► Our Basic Guidelines can be found here: <https://www.jae.com/en/csr/eco/policy/>

Environmental Management System

The JAE Group pushes ahead with its daily environmental conservation activities using an environmental management system built in compliance with the ISO 14001 standard. The acquisition of ISO 14001 certification is being promoted globally, and certification has already been acquired for all domestic multi-sites and overseas production sites.

Domestic multi-site framework



Environment

Measures against Global Warming

With regard to measures against global warming, the JAE Group views this as the most important issue and has been working steadily on saving energy. Looking ahead, we will conserve energy while also considering optimal methods from among options that include using renewable energy and resorting to private power generation in regard to procurement of electricity, which is the main source of the JAE Group's CO₂ emissions. In fiscal 2022, we managed to achieve substantial results in reducing CO₂ through our adoption of renewable energy. Going forward, we aim to become carbon neutral, using science-based greenhouse gas emissions reduction targets (SBT) as our main indicators.

As a measure to save energy to promote global warming countermeasures, JAE Group has set energy saving targets and will centrally manage the status of progress, and so forth, as it works toward achieving them. In regard to specific measures, we are implementing measures according to three main themes. These are environmental awareness training, production-related measures, and measures at plant facilities.

Environmental Awareness Training

We provide environmental education to equip employees with the knowledge about the environment needed at each level and function. In addition to this general education, we also offer separate training programs unique to each unit of environmental management activities.

We are also raising awareness through various events (Environment Month, Warm Biz and Cool Biz initiatives, etc.).

Production-related Measures

We are carrying out measures such as switching off heaters during non-operating hours and reusing packing trays.

Measures at Plant Facilities

We carry out measures that involve reducing power loss by upgrading to high-efficiency transformers, upgrading to energy-efficient compressors, and switching to LED lighting. Meanwhile, as a means of visualizing electricity usage, we renewed and installed the power and air conditioning monitoring systems. The system enables us to ascertain details of usage status by division, and by major process. This is helpful for discovering energy saving measures and confirming their efficacy.

■ Status of Response to SBT

The JAE Group has received SBT 1.5°C certification from SBTi as part of the NEC Group. Moreover, the Group's GHG emissions data (Scopes 1 and 2) have received third-party verification at the Akishima Plant and JAE Hirosaki, Ltd. thus far. We plan to successively have other locations undergo testing going forward.

We will continue to ensure the accuracy of our calculations and improve the efficiency of our calculation methods.

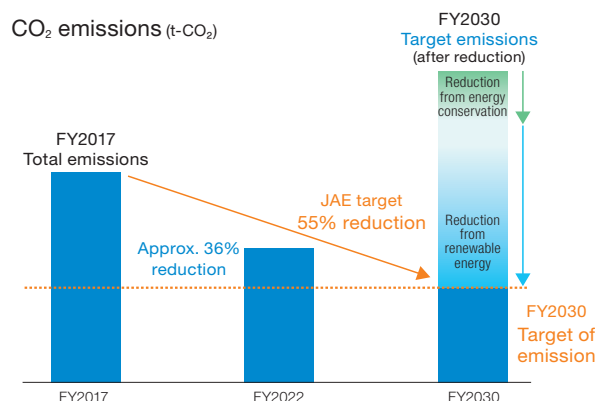
Greenhouse Gas Emissions Reduction Target

55% reduction in GHG emissions by FY2030 (Compared to FY2017)

The Company aims to reduce its total CO₂ emissions (Scopes 1 and 2) on a global consolidated basis by 55% from FY2017 levels by FY2030. We expect our total energy usage to increase as production increases going forward. We will work to achieve this target in two ways: by reducing emissions through energy saving and by introducing renewable energy. Thoroughly implementing energy-saving measures will have positive benefits. Not only will it help to reduce greenhouse gas emissions, but will also reduce the amount of more expensive renewable energy to be introduced, even if only by a small amount. In addition, initiatives to reduce greenhouse gas emissions will lead to partnerships with customers and so forth.

Under our energy-saving initiatives, we set a target for FY2022 that was more than twofold as high as before and managed to achieve results exceeding that target. In addition, we will uncover energy-saving measures going forward in part by having outside experts perform energy-saving diagnostics.

In July 2022, we introduced renewable energy for 100% of the electricity consumption at our main plants of JAE Hirosaki, Ltd. and JAE Yamagata, Ltd., which accordingly enabled us to achieve a reduction in CO₂ emissions of approximately 40% in FY2022 relative to levels of FY2021. That equates to a reduction of approximately 36% relative to our reduction target baseline (compared to FY2017). We will strive to achieve even greater reductions going forward.



JAE Group Forest

To restore and preserve forests, we established the JAE Group Forest in fiscal 2004 as a symbol of our environmental management. To help build a prosperous, sustainable society, we are promoting environmental awareness by giving Group employees forest preservation experiences in planting trees and pruning undergrowth*. It is also a place that contributes to the absorption of greenhouse gas (CO₂) and replenishment of the watershed.

In fiscal 2022, we contributed to society by raising understanding and awareness regarding forest preservation and biodiversity carrying out work that included clearing underbrush and pruning.

Annual CO₂ absorption by Japanese cypress and broadleaf trees: Approx. 5.3t-CO₂
 Estimated annual watershed replenishment: Approx. 5,320m³



▲ Pruning
 ▼ Clearing underbrush

* Thus far at JAE Group Forest, 812 Group employees have planted trees, cleared underbrush where saplings grow, and placed nets to protect against damage from deer. Work was also done to remove vines that were impeding tree grow by clinging to trunks and branches (the work area was changed in fiscal 2022).

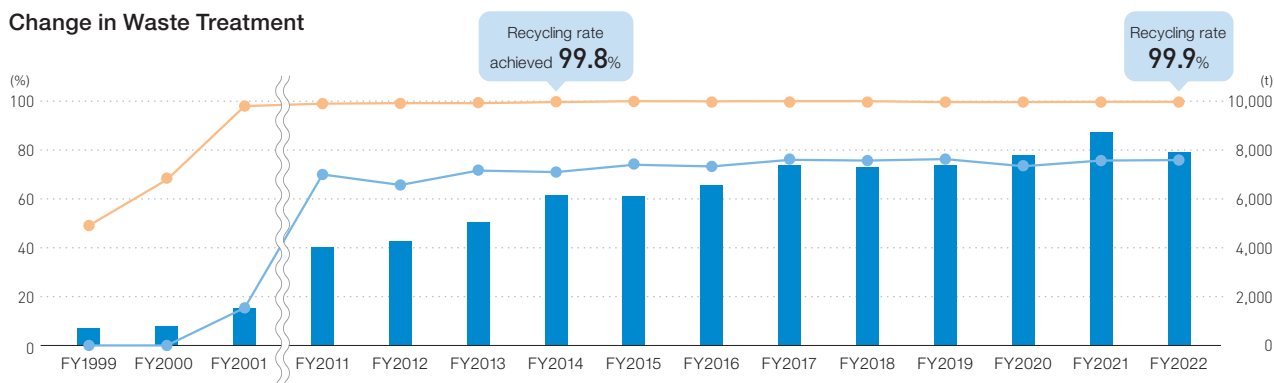
▶ The following URL is a video introducing the JAE Group Forest <https://youtu.be/10Gdsm5qJJK>



Effective Use of Resources

The JAE Group makes effective use of resources by reducing general waste through the consumption of less paper, while promoting recycling and sale of valuable resources through the exhaustive sorting of waste, such as scrap plastic and metal. We achieved our target of a 99% recycling rate in fiscal 2004. Following this, we have continued to advance activities and in fiscal 2014, we achieved a rate of 99.8% and in fiscal 2022, we recorded a rate of 99.9%. We seek to sell our metal waste and increase the quality of our recycled plastics, and work to reduce costs for waste treatment. Such initiatives contribute in terms of saving resources and reducing CO₂ over the life cycle of products.

Change in Waste Treatment



(Note) Valuable resources are not included in the fiscal 1999 and fiscal 2000 figures. Chart data represents totals of group subsidiaries in Japan.

TOPICS

Promoting Conversion of Waste Plastics into Valuable Resources

JAE has been tackling the issues of improving recycling quality and cutting processing costs by thoroughly separating waste according to the different types of waste plastic material, reviewing processing details and the selection of recycling vendors. In June 2021, the Plastic Resource Circulation Act was promulgated (enforced in April 2022), requiring the promotion of plastic resource circulation initiatives (3R + Renewable) by all entities involved from product design through the plastic waste treatment. In response, JAE embarked on initiatives to promote conversion of waste plastic into valuable resources in fiscal 2021, and furthermore achieved conversion of approximately 30% of its plastic emissions into valuable resources in fiscal 2022 upon having engaged in initiatives related to sprue and runner pulverized material and scrap generated during the molding process. JAE Hirosaki, Ltd. has been seeking to increase the proportion of valuable molding waste materials (waste associated with runners, gates, etc.) discharged during the insert molding process. As a result, JAE Hirosaki, Ltd. has increased its ratio of valuable materials to more than 60% (approximately 40% previously) as a result of having further promoted efforts that involve having more materials become subject to value-added disposal and improving the retrieval environment (more processing bags and carts).

Society

Respect of Human Rights

JAE Group establishes JAE Group Charter of Corporate Behavior to contribute to the creation of a sustainable growth in society and to fulfill social responsibilities as a good corporate citizen.

The JAE Group Charter of Corporate Behavior states that “JAE Group will respect human rights in every corporate activity and not condone discrimination or the employment of child labor or forced labor in the workplace” as its policy related to upholding human rights. We furthermore engage in business operations based on that policy.

We post specific initiatives in this regard to our corporate website, such that include our initiatives regarding human rights and our basic policy for procurement. We furthermore strive to ensure that JAE’s policy on respecting human rights is understood across the entire supply chain in seeking to prevent human rights violations.

► Our initiatives regarding human rights can be found here: https://www.jae.com/en/csr/human_rights/

► Our basic policy for procurement can be found here: <https://www.jae.com/en/corporate/materials/basic-policy/>

Diversity Promotion and Human Resources Development

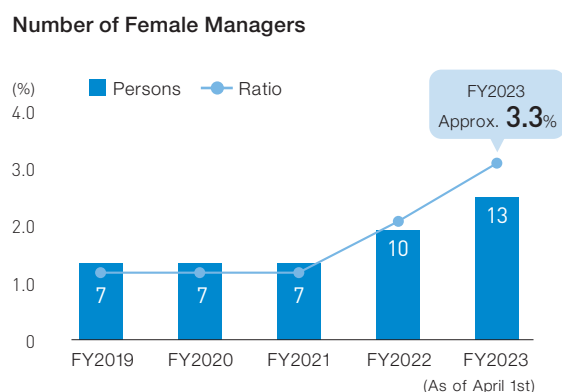
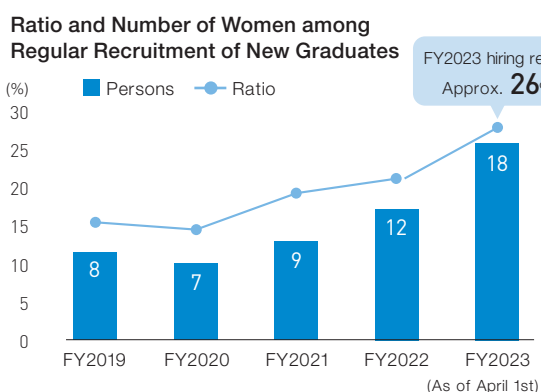
We seek to reform our business structure and enhance our business strengths to achieve future development of the JAE Group by promoting human resource strategies that consist of “promotion of diverse human resources,” “enhancement of human resources development,” and “improvement of the internal environment.”

■ Promotion of Diverse Human Resources’ Participation and Advancement in the Workplace

We are promoting efforts to realize a work environment where diverse human resources can participate, regardless of age, gender, nationality, or disabilities.

Promotion of Women’s Participation and Advancement in the Workplace

Given that we consider participation and advancement of our female employees in particular as an important challenge, we engage in various initiatives to promote women’s participation and advancement in the workplace. We have accordingly been seeking to increase our ratio of female employees by implementing initiatives that entail steadily raising the ratio of women hired through our regular recruitment of new graduates. We set a target of 25% or more female hires by fiscal 2025 and achieved that target ahead of schedule in fiscal 2023 as a result of our aggressive recruitment initiatives. We will strive to maintain that level going forward. Meanwhile, we have set a target of achieving a female management workforce of 6.0% or more by fiscal 2030, and have accordingly been conducting selection-based training for female employees aimed at appointing female managers, as well as strengthening hiring of experienced female managers. We have also been striving to ensure participation and advancement of our female employees in terms of enabling them to continue their careers by conducting follow-up interviews with our young employees upon their second to fourth year of employment, including our female employees. We also hold round table meetings for all female managers at which we come up with ideas to enable female employees to participate and reflect them in measures, and facilitate the creation of networks through which female employees can consult one another.



Global Human Resources

We have overseas production bases and work with customers all over the world, which requires us to recruit globally minded human resources. We are diversifying our workforce to strengthen operations by actively recruiting diverse personnel regardless of nationality, particularly in technical, sales, and business staff divisions.

Appointing Mid-career Hires to Managerial Positions

Mid-career hires account for 24% of our managerial workforce as of April 1, 2023, thereby ensuring that we have a diverse pool of talent with varied experiences, knowledge, and skills within the Company.

Persons with Disabilities

We strive to make work fulfilling for employees with disabilities by considering the circumstances of each individual's disability and employing them in a field where they can excel, and by establishing employee-friendly work environments.

As a company, we will continue to actively employ people with disabilities and fulfill our social responsibilities by expanding employment opportunities.

■ Enhancement of Human Resources Development

In seeking to secure competitiveness in global markets and in seeking to swiftly adapt to changes in the business environment, we recognize the importance of enhancing the skills of individual employees. As such, we have systematically developed training by job level as well as training by function. We have also established programs provided to encourage self-development that make it possible for employees to autonomously shape their own careers with their sights set toward the future. We also implement selective training programs to facilitate education of our executive professionals, while also taking steps with respect to our education and qualification acquisition options provided with the aim of imparting product creation skills.

Self-Assessments and Training Systems

Through two-way management, in which employees declare their own work goals and ability-improvement goals and express their commitment to their superiors, we are working to develop human resources by raising the spirit of taking on challenges and motivation for self-development of each employee.

Training Systems

We offer programs such as training by job level that provides knowledge tailored to an employee's experience and role, as well as training by function, which deepens specialist knowledge. We strive to provide participation-type training in which participants can train in practical skills and have discussions. These programs aim to maximize an individual's skills.

We also systematically provide DX/IT-related training and accordingly promote initiatives to raise the level of DX/IT literacy among our employees and move forward with development of more highly specialized DX promotion leaders and in-house development of IT engineers based on our internal needs.

JAE Group training system

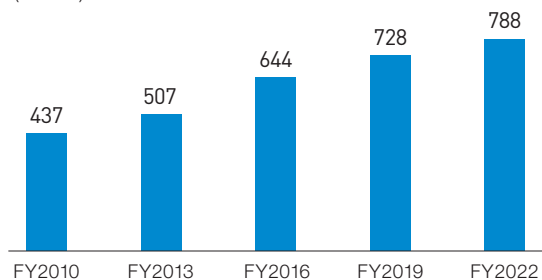
| Level | Training by level | Specialized education by function | Global internationalization education | Self-development support |
|--|---|--|--|--|
| Managers | Business strategy/training Management training | Technology training Acquisition of National Trade Skill Test certificates Training for management methods Sales training DX promotion training | Elective English language training and foreign culture training TOEIC Test | Life planning training Correspondence education and e-learning/ Self-development workshops |
| Assistant managers/ team leaders | Leadership training Management training | Technology training Acquisition of National Trade Skill Test certificates Training for management methods Sales training DX promotion training | Elective English language training and foreign culture training TOEIC Test | Life planning training Correspondence education and e-learning/ Self-development workshops |
| Mid-level employees Young employees | Business skills basic training Leadership training Management training | Technology training Acquisition of National Trade Skill Test certificates Training for management methods Sales training DX promotion training | Elective English language training and foreign culture training TOEIC Test | Life planning training Correspondence education and e-learning/ Self-development workshops |
| New employees | New employee training Business skills basic training Leadership training Management training | Technology training Acquisition of National Trade Skill Test certificates Training for management methods Sales training DX promotion training | Intensive English language training Elective English language training and foreign culture training TOEIC Test | Life planning training Correspondence education and e-learning/ Self-development workshops |

Financial Incentive System for Acquiring National Trade Skill Test certificates

We promote human resource development to strengthen our manufacturing technologies. In particular, the head office and all of the production Group companies in Japan have been providing support and practical guidance to help employees acquire "National Trade Skill Test certificates," which are national qualifications.

In 2013, we introduced a system that provides financial incentives to employees for acquiring "National Trade Skill Test certificates." The system has served as an incentive to motivate employees, thereby leading to a large number of new technicians becoming qualified each year.

Number of JAE Group Certified Skilled Workers (Persons)



Society

■ Initiatives for Improvement of the Internal Environment

We strive to realize safe, employee-friendly work environments, and securing the health and safety of our employees has been positioned as one of Company's management priorities. Meanwhile, we work on providing flexible work environments where employees are able to choose their own workstyles to maximize work-life balance and to create a workplace worth working for.

Safety Measures

We have built a health and safety management system and work to advance health and safety measures at each workplace and to share information. As part of our safety measures, we protect our employees and properties by carrying out safety training for every employee and a mandatory assessment every time new equipment is installed.

Health of Our Employees

In order to maintain and enhance the health of employees, we have established a Health Care Center, which provides active follow-up on the results of regular health checks and health consultations by physicians and health nurses. We are also focusing on mental health and in addition to providing a physician for consultations, we have also introduced a service by an external specialist company to create a framework where employees can receive counseling at any time. As for our health promotion measures, we encourage employee physical fitness in part by enlisting the guidance of physical fitness trainers to instruct employees on use of exercise equipment during their lunch breaks and after regular working hours. We also provide employees with health information through initiatives that include hosting lectures by occupational health physicians, putting up posters at our premises, and posting content to our corporate intranet.

Work System

We introduce a flextime system and a remote work system to improve work efficiency and productivity and ensure a work-life balance for employees. We are working to create environments where each and every one of our employees has access to these systems to ensure that they have flexible work arrangements that are not subject to constraints of time or location in alignment with their individual lifestyles.

Work with Childcare and Nursing Care

We provide various systems that help employees balance work with childcare and nursing care, such as shortened working hours for childcare and nursing care, special leave that can be taken when an employee's child is ill or injured or when a family member needs nursing care, and childcare and nursing care leave systems. Moreover, we encourage male employees to participate in childcare through arrangements that include special leave taken when a spouse gives birth and childcare leave upon birth of a child. As a result, uptake of childcare leave among our male employees was 22.4% in fiscal 2022, and uptake of parental leave taken by our male employees including those who took spousal childbirth leave was 93.1%. Meanwhile, the rate of childcare leave taken by our female employees was 100%.

Sustainable Procurement

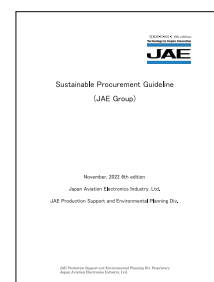
■ Sustainable Procurement

The JAE Group believes it is important that it achieves sustainable procurement while taking into account social demands such as those pertaining to the environment and human rights in the supply chain, based on cooperation with its customers and suppliers.

To facilitate sustainable procurement, we published the Sustainable Procurement Guideline in April 2023. This constitutes inclusion of additional content on topics such as considerations for young workers and business continuity planning (BCP) and a change in the name of the guidelines from that of CSR Procurement Guidelines previously.

- ▶ Our JAE Group Sustainable Procurement Guideline can be found here:

<https://www.jae.com/en/corporate/materials/csr/>



Sustainable Procurement Guideline

■ BCP of Supply Chain

In addition to recent earthquakes and abnormal weather events, the JAE Group faces a range of risks, including pandemics such as COVID-19 and difficulty in obtaining resources associated with the Ukraine war. It is becoming increasingly important to have a business continuity plan (BCP) to prepare for such risks in advance. The JAE Group prepared and implemented the first edition of its Supply-Chain BCP Guidelines in September 2021, based on cooperation with its customers and suppliers.

- ▶ Our JAE Group Supply Chain BCP Guideline can be found here: <https://www.jae.com/corporate/materials/bcp/> (in Japanese)

■ Supplier Survey Activities (Sustainability and BCP)

The JAE Group carries out awareness-raising activities and administers annual surveys to ensure that its business partners understand the importance of sustainable procurement practices and BCP.

Although we had been conducting our awareness-raising activities for our business partners online and by telephone due concerns regarding the COVID-19 pandemic, we resumed our on-site awareness-raising efforts in fiscal 2023. Going forward, we will keep providing lectures on the importance of sustainable procurement practices and BCP enlisting a combination of in-person and online approaches.

We administer our annual surveys on sustainability to our primary business partners and administer those on BCP to our primary business partners, secondary business partners, and manufacturers in our supply chain. We then ask them to furnish replies to the survey questionnaires, after which we provide them with feedback in the form of a separate results and improvements report. We seek to instill the importance through ongoing administration of the surveys, for which we have received a response rate exceeding 90% and rising average point-based scores year by year.

Survey questionnaire for suppliers

| 製品 | 前年得点 | 今年得点 | 今年得点率 | |
|--------------|------|------|-------|-----|
| 事業継続計画の策定 | 44 | 22 | 21 | 48% |
| 事業継続計画の実施 | 11 | 6 | 6 | 55% |
| 事業継続計画の策定と実施 | 55 | 28 | 27 | 49% |

Results and improvements report

■ Announcement of the Declaration of Partnership Building

JAE announced its Declaration of Partnership Building in March 2022.

The Declaration of Partnership Building is made in the name of company representatives, as a commitment to building new partnerships by promoting links, co-existence, and co-prosperity with business partners in the supply chain and business operators working to create value.

The Company will continue to build supply chains with its suppliers based on the Sustainable Procurement Guideline, and to create value for customers and society.

▶ JAE's "Declaration of Partnership Building" can be found here:

<https://www.jae.com/files/user/topics/2022/partnership.pdf> (in Japanese)

TOPICS

Multi-stakeholder Policy

In April 2023, JAE released its Multi-stakeholder Policy. We will promote the following initiatives for appropriately distributing earnings and outcomes derived from appropriately working with our multiple stakeholders.

We will engage in specific initiatives in relation to providing returns to our employees. Regarding wage increases, we will provide appropriate returns to our employees in a manner that heightens their motivation and furnishes them with incentive. This will entail sincerely engaging in discussions with labor unions on the basis of factors that include the business environment and social circumstances surrounding JAE, as well as business conditions of JAE.

When it comes to investment in human resources, we will engage in human resources development enlisting training by job level as well as training by functions. We will also strive to achieve workplaces where employees are able to participate with a sense of satisfaction by encouraging work-life balance.

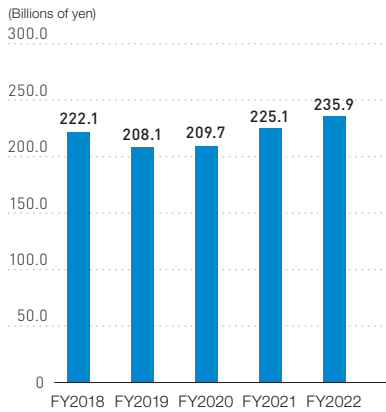
About consideration for our business partners, we will maintain compliance with our Declaration of Partnership Building established in March 2022.

Under the JAE Group Charter of Corporate Behavior, the Company will continue to expand efforts to maintain a fair profit, increase corporate value, and contribute to the creation of sustainable growth in society, based on its corporate philosophy of "Explore, Create and Practice." At the same time, as a good corporate citizen, we will abide by relevant laws and rules, and fulfill social responsibilities toward customers, stockholders and investors, business partners and other related persons in the community at large.

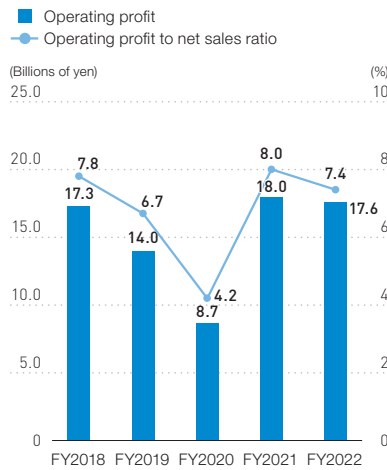
▶ Our Multi-stakeholder Policy can be found here: <https://www.jae.com/csr/multi-stakeholder/> (in Japanese)

Financial and Non-financial Highlights

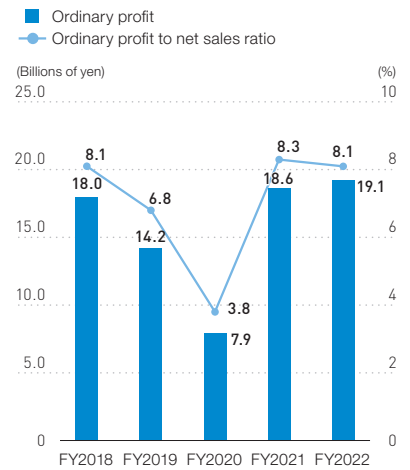
Net sales



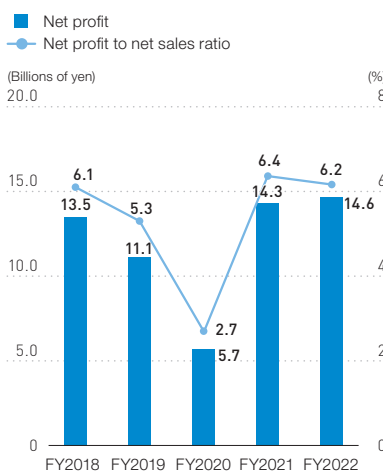
Operating profit/ Operating profit to net sales ratio



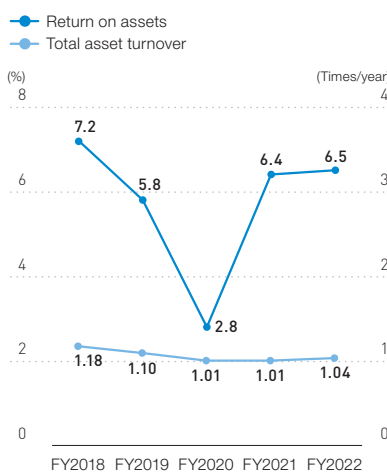
Ordinary profit/ Ordinary profit to net sales ratio



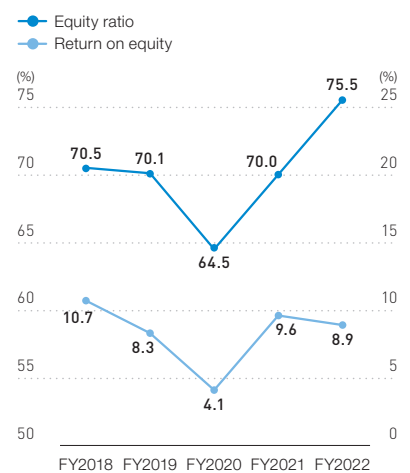
Net profit/ Net profit to net sales ratio



Return on assets/ Total asset turnover



Equity ratio/ Return on equity

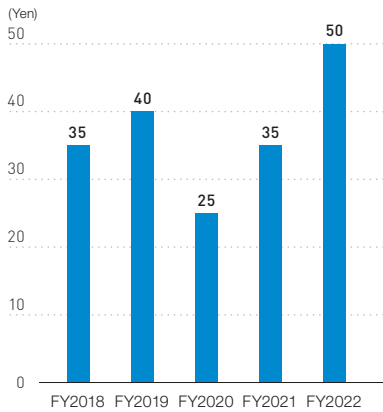


The Company has applied the following accounting standard, etc. from fiscal 2018.

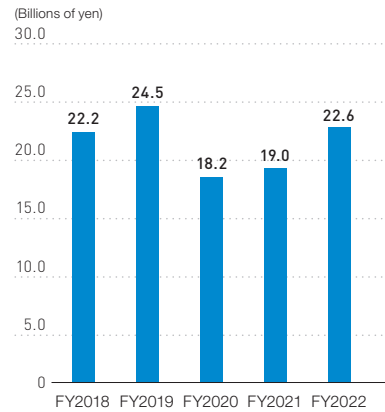
"Ministerial Order Partially Amending the Regulation for Enforcement of the Companies Act and the Regulation on Corporate Accounting" (Ministry of Justice Order No. 5 of March 26, 2018) issued in accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018)

With regard to changes in the calculation method of retirement benefit obligations, changes to the accounting method were carried out from fiscal 2020, so figures for fiscal 2019 are presented after retrospective application.

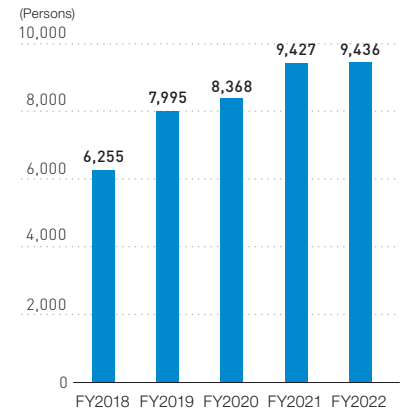
Dividends per share



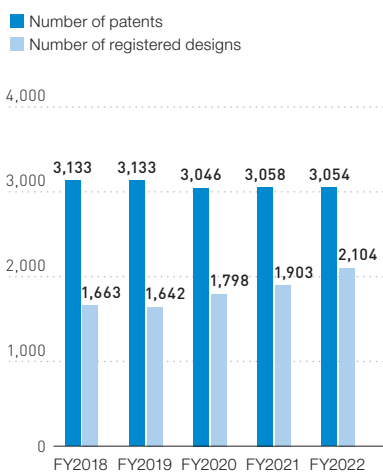
Capital investment



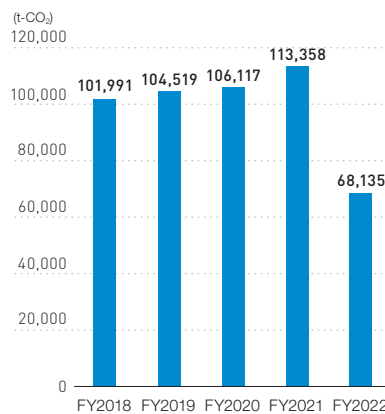
Number of employees



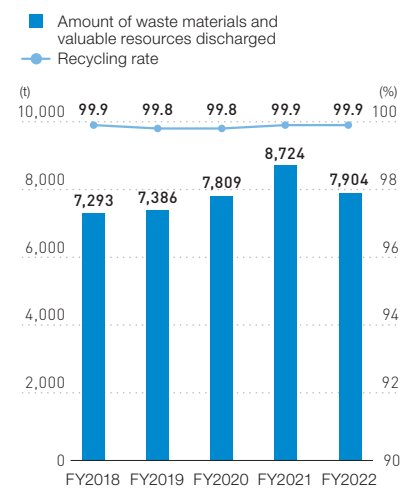
Number of patents/ Number of registered designs (Non-consolidated)



Greenhouse gas emissions (5 companies in Japan, 6 companies overseas)*



Waste emissions/ Recycling rate (Non-consolidated)



* Greenhouse gas emissions are the total amounts for Japan Aviation Electronics Industry, JAE Hirosaki, JAE Yamagata, JAE Fuji, JAE Shinshu, JAE Taiwan, JAE Wuxi, JAE Wujiang, JAE Philippines, JAE Oregon and JAE Tijuana.

Corporate Data

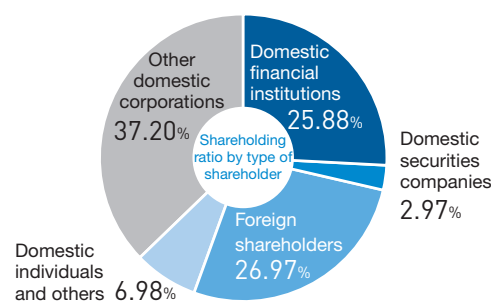
Company Outline

| | |
|---------------------------|--|
| Company Name | Japan Aviation Electronics Industry, Limited |
| Establishment of Business | August 20, 1953 |
| Head Office | 21-1, Dogenzaka 1-chome, Shibuya-ku, Tokyo |
| Capital | ¥10.69 billion |
| Stock Exchange Listing | Tokyo Stock Exchange, Prime Market Securities Code: 6807 |
| Main Business | Manufacturing and sales of connectors, user interface solutions (touch panels, touch panel monitors, panel units), and aerospace equipment (electronic devices, parts, and applied products for air and spacecraft). |

Shares of the Company (as of March 31, 2023)

| | |
|--|--------------------|
| Total number of shares authorized | 350,000,000 shares |
| Total number of issued shares (including 1,202,097 treasury shares) | 92,302,608 shares |
| Number of shares per share unit | 100 shares |
| Number of shareholders | 5,570 |

Shareholdings by Type of Shareholder



Major shareholders (top 10 shareholders)

| Name of shareholder | Equity investment in the Company | |
|--|----------------------------------|------------------------|
| | Number of shares held (shares) | Shareholding ratio (%) |
| NEC Corporation | 32,491,671 | 35.67 |
| Custody Bank of Japan, Ltd. (NEC Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited) | 13,800,000 | 15.15 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 5,479,800 | 6.02 |
| THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1 | 4,625,100 | 5.08 |
| STATE STREET BANK AND TRUST COMPANY 510312 | 2,470,727 | 2.71 |
| JPMorgan Securities Japan Co., Ltd. | 2,118,556 | 2.33 |
| STATE STREET BANK AND TRUST COMPANY 510311 | 2,007,773 | 2.20 |
| Custody Bank of Japan, Ltd. (Trust account) | 1,853,000 | 2.03 |
| MSIP CLIENT SECURITIES | 1,246,639 | 1.37 |
| GOLDMAN SACHS INTERNATIONAL | 1,220,708 | 1.34 |

(Notes) 1. The Company also holds 1,202,097 treasury shares which have been excluded from the calculation of shareholding ratios shown above.

2. The 13,800,000 shares held by Custody Bank of Japan, Ltd. (NEC Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited) are trust assets held in a trust established by NEC Corporation at said bank. Voting rights for said shares are held by NEC Corporation in accordance with the trust contract.

Global Subsidiaries

Head Office/ Bases in Japan

■ Development and manufacturing ■ Manufacturing ■ Sales ■ Services/Others

Head Office

21-1, Dogenzaka 1-chome, Shibuya-ku, Tokyo

Head Sales Office

1-19, Aobadai 3-chome, Meguro-ku, Tokyo

Plants/ Branch Offices/ Sales Offices

■ Akishima Plant

1-1, Musashino 3-chome, Akishima-shi, Tokyo

■ Osaka Branch Office

9-1, Edobori 1-chome, Nishi-ku, Osaka-shi, Osaka

■ Chubu Branch Office

25-18, Nishi-machi 4-chome, Toyota-shi, Aichi

■ Sendai Sales Office

3-10, Honcho 2-chome, Aoba-ku, Sendai-shi, Miyagi

■ Utsunomiya Sales Office

1-7, Higashi Syukugo 3-chome, Utsunomiya-shi, Tochigi

■ Fukuoka Sales Office

1, Gokusho-machi 1-chome, Hakata-ku, Fukuoka-shi, Fukuoka

Subsidiaries in Japan

■ JAE Hirosaki, Ltd.

5-1, Oaza Seinofukuro 5-chome, Hirosaki-shi, Aomori

■ JAE Yamagata, Ltd.

4102-6, Aza Takadaishinden, Oaza Izumita, Shinjo-shi, Yamagata

■ JAE Fuji, Ltd.

8154-35, Uenohara, Uenohara-shi, Yamanashi

■ JAE Shinshu, Ltd.

800, Kamikatagiri, Matsukawa-machi, Shimoina-gun, Nagano

■ Meiyu-Giken Co., Ltd.

2-1, Katayama-cho, Fukui-shi, Fukui

■ JAE Hakko, Ltd.

1-1, Sakae-cho 6-chome, Tachikawa-shi, Tokyo

■ Nikko Logistics, Corp.

10-40, Musashino 2-chome, Akishima-shi, Tokyo

■ Hirosaki Hakko, Ltd.

■ JAE Business Support, Ltd.

■ JAE Foods, Ltd.

Overseas bases

■ Development and manufacturing ■ Manufacturing ■ Sales ■ Services/Others

Asian Area

■ JAE Taiwan, Ltd.

No.35, 20th, Rd., Industrial Park, Taichung, 40850, Taiwan

■ JAE Wuxi Co., Ltd.

33 Xiqin Road, Xinwu District, Wuxi City, Jiangsu, 214028 P.R.China

■ JAE Wujiang Co., Ltd.

859 Pangjin Road, Wujiang Economic and Technological Development Zone Suzhou, Jiangsu, 215200 P.R.China

■ JAE Shanghai Co., Ltd.

8F, Jin Hong Qiao Business Building, No.8, 555 Gubei Road, Chang Ning District, Shanghai, 200051 P.R.China

■ JAE Hong Kong Ltd.

Units 1810-1813, Level 18, Tower 1, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong

■ JAE Dongguan Service Co., Ltd.

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