

Integrated Report 2022



LECIP HOLDINGS CORPORATION

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Easy to read universal
design fonts are used.



LECIP HOLDINGS CORPORATION

LECIP provides society with products and services to realize a “comfortable everyday” through energy conservation, environmental mitigation, and improved security.

The LECIP Group has specialized in meeting the demands of niche markets since its foundation in 1948. We are constantly working to create products that satisfy and delight our customers.

From our humble beginnings, we have grown into a company that sells more equipment for unassisted bus and railcar drivers, onboard lighting systems, forklift battery recharging units, and many other key products than any other company in Japan.

Going forward, the Group will strive to create new added value through relentless technological innovation, and support a safe, secure, and optimal daily life under the corporate policy of “realizing a comfortable everyday.”

Derivation of Company Name

LECIP is an acronym formed from the first letters of the Company's three core business domains: **L**ighting, **E**lectric power **C**onversion, and **I**nformation **P**rocessing.

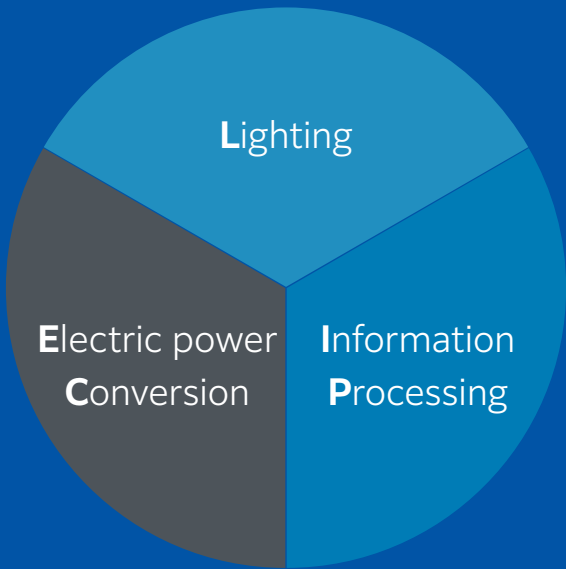


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History of LECIP Group's Business

Since its foundation, the LECIP Group has enjoyed steady growth through undertaking all facets of business from development to manufacturing and sale, independent from the limits of belonging to any conglomerate while remaining firmly committed to “creating new markets that emerge from the enhancement of advanced technologies.” Going forward, we will continue to contribute to society through “realizing a comfortable everyday.”

From 1948

- January 1948**
Founded Sanyo Electric Works and began production of small transformers.
- October 1950**
Succeeded in trial production of neon transformers and commenced sale.
- October 1951**
Succeeded in development of fluorescent lighting for buses and entered the bus market.
- March 1953**
Incorporated Sanyo Electric Works as a joint-stock company.
- September 1960**
Developed fluorescent lighting for vehicles and entered the automobile market.
- May 1961**
Developed fluorescent lighting for railcars and entered the railway market.
- April 1965**
Developed SCR inverter power supplies for industries and entered the industrial equipment market.
- December 1968**
Began construction of a transformer production facility in the Itonuki region of Motosu City, Gifu Prefecture.



Initial period after foundation

From 1970

- September 1970**
Developed fareboxes for buses.
- March 1974**
Successfully developed first digital fare display for vehicle interiors utilizing semiconductors.
- June 1983**
Became the sole contractor for ticketing equipment for use in Singapore.
- January 1985**
Developed forklift battery recharging unit.
- November 1986**
Awarded the Deming Application Prize.
- January 1988**
Won the Regional Award for The Medium and Small Business Research Institute Award (now Good Company Award).
- March 1988**
Began delivering magnetic card system for buses.
- March 1989**
Established SANYO ELECTRONICS CO.,LTD. (now LECIP ELECTRONICS CORPORATION).
- July 1990**
Initiated production of fluorescent lighting for shinkansen (bullet train) "Tsubasa" series.
- April 1992**
Initiated production of fluorescent lighting for shinkansen (bullet train) "Nozomi" series.
- July 1993**
Commenced sale of electronic inverter neon transformers (Alpha Neon).
- April 1994**
Began delivering the bus card system to Malaysia. Commenced sale of UPS with integrated communications function.



Expansion and enhancement of bus products

From 1995

- November 1995**
Announced development of the contactless IC card systems.
- July 1996**
Acquired ISO 9001 certification.
- August 1999**
Delivered contactless IC card reader/writer to Hong Kong.
- July 2000**
Acquired ISO 14001 certification.
- January 2002**
Changed the company name to LECIP CORPORATION and the brand name to LECIP.
- July 2004**
Relocated headquarters to Motosu City, Gifu Prefecture.
- December 2005**
Listed on the JASDAQ Securities Exchange.
- January 2006**
Increased share capital to 735.64 million yen.
- March 2007**
Delivered IC card readers for buses to integrate them into the cross-modal smartcard transit network in Tokyo metropolitan area.
- December 2007**
Listed on the second sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange.
- July 2008**
Introduced shareholder benefit program.
- April 2009**
Established company in-house daycare center "Waku Waku Hiroba."



Development of the IC card systems

From 2010

- March 2010**
Established LECIP INC. in the USA.
- October 2010**
Reorganized into a pure holding company structure. Changed the trade name to LECIP HOLDINGS CORPORATION. Newly established LECIP CORPORATION.
- October 2010**
Established GIFU DS OPERATION LTD.
- April 2011**
Established LECIP SLP CORPORATION and LECIP ENGINEERING CORPORATION as a result of a new incorporation company split involving the spinning off of some businesses of LECIP CORPORATION.
- December 2012**
Established LECIP (SINGAPORE) PTE LTD in Singapore.
- March 2013**
Received order for transmitters for buses from the Singapore Land Transport Authority.
- April 2013**
Received order for a bus location system from the Transportation Bureau, City of Nagoya.
- August 2013**
Completed the acquisition of Arcontia International AB in Sweden.
- October 2013**
Established LECIP THAI Co., Ltd. in Thailand as a joint venture with Thai company THAI INDUSTRIAL PARTS LTD.
- February 2014**
Listed on the first sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange.
- July 2016**
Delivered an automated fare collection system for route buses in the USA.
- October 2017**
Developed LIVU, the operational support unit for fixed route buses.
- May 2019**
Developed LV-700 cashless fare collection device.
- November 2019**
Increased share capital to 1,190.95 million yen.
- April 2020**
LECIP CORPORATION absorbed and merged with LECIP SLP CORPORATION.
- October 2020**
Began service of ticket-purchasing smartphone application "QUICK RIDE."



Global development

Message from Top Management



Our challenge is to achieve new growth based on three pillars:

“Business structural reform for PRODUCTS + SERVICES,”

“Development of Energy Management System business,”

and “Business expansion in overseas markets”

Makoto Sugimoto

President and CEO
LECIP HOLDINGS CORPORATION

With a name that expresses our business domains, the LECIP Group is on a growth track

We aim to provide products and services to realize a “comfortable everyday” in the business domains of Lighting, Electric power Conversion, and Information Processing

Founded in 1948, the LECIP Group has over 70 years of business experience. I myself have served as President since 1993, and for close to 30 years, I have been leading the LECIP Group’s growth.

The LECIP Group, which originally started under the name of Sanyo Electric Works as a small factory in Gifu City manufacturing small transformers, has managed to grow into a global enterprise currently made up of five companies in Japan, including LECIP HOLDINGS CORPORATION, and four Group companies overseas.

We adopted LECIP as our company name in 2002, an acronym made up of the first letters of each of our three core business domains: Lighting, Electric power Conversion, and Information Processing. I chose this name because I thought our name should reflect our business domains.

At around the time of our name change, we established our

corporate policy: “LECIP provides society with products and services to realize a ‘comfortable everyday’ through energy conservation, environmental mitigation, and improved security.” This policy has permeated our Group as an unwavering and shining example for our current times where we focus more on sustainability in society.

The LECIP Group is expanding its business on the axes of two business domains, namely the Transport Equipment business with a focus on creating system equipment for fixed route buses and conductorless trains, and the Energy Management System business (Industrial Equipment business) with a focus on the manufacturing of rechargers and power supplies and printed circuit board mounting for forklifts and automated guided vehicles (AGVs). Many products in our respective businesses have earned top share in the Japanese market because of our specialization to niche market fields and flexible response to the needs of customers.

We remain fully committed to continuing our development even amid difficult operating conditions

Even amid difficult operating conditions, we remain fully committed to development in the three fields of our core competencies

Operators of buses, trains and other public transport, which are the primary customers of the LECIP Group, have been impacted hard by COVID-19, and their capital investment has been limited while this difficult operating environment continues. On the other hand, the capital investment required for proper functioning of lifestyle-supporting social infrastructure, such as public transport and logistics, has been maintained. Even in such a business environment, we have undertaken measures to improve our earnings capability, through reducing costs in business activities, as well as certainly capturing demands to support safe and secure living. As a result of such efforts, for the fiscal year 2022, the Transport Equipment business’s earnings were higher than in the previous year. However, the Industrial Equipment business had lower earnings due to the impact of applying the Accounting Standard for Revenue Recognition. Accordingly, though consolidated net sales dropped 9.5% year on year to ¥14,075 million, we recorded operating profit of ¥149 million, ordinary profit of ¥325 million, and net profit of ¥53 million. In contrast to the previous fiscal year, which was characterized by diminished revenues, we recovered our profitability this fiscal year despite the business environment still being impacted by COVID-19.

Even while facing such difficult revenue-earning conditions, we remain fully committed to continuing our development for future growth. Specifically, there are three fields of development that the LECIP Group is focusing on.

The first field is AFC (Automated Fare Collection system) in the Transport Equipment business. In the field of AFC, we are offering solutions for digitizing tickets such as specially planned passenger tickets, coupon tickets, and commuter tickets issued by bus or railway companies. Currently, while our chief focus is on the development of IC card systems, public transport operators have been hurrying to respond to the various systems involving QR code settlement and credit card settlement, and we are developing AFCs that support the new payment systems.

The second field is TMS (Transit Management System), also in the Transport Equipment business. Our efforts in this field mainly involve the development of bus location systems and schedule revision systems.

The third field is EMS (Energy Management System). In this field, we are developing new rapid rechargers for industrial equipment, and designing the accompanying systems. In September 2021, we launched upgraded models of rapid rechargers for AGVs and other equipment used at logistics facilities. Amid the rising need for electrification of industrial equipment such as forklifts, we are now harnessing our know-how of recharging technology the Group has cultivated in development. Also, accompanying the acceleration of vehicle electrification, we are expecting to see growth in printed circuit board mounting that our subsidiary LECIP ELECTRONICS CORPORATION is engaged in. Thus, we are looking to invest further in this field.

Long-term vision and mid-term business plan

Focus on growth pillars of “Business structural reform for PRODUCTS + SERVICES” and “Development of Energy Management System business”

We are operating under VISION2030, our long-term vision for 2030, and CN2023 (Challenge to the Next stage 2023), our three-year mid-term business plan that began in the fiscal year 2021.

Long-term vision “VISION2030”

We formulated VISION2030 envisioning what we should be and what direction we should take in 2030 in order for the LECIP Group to continue on as a company in demand by society. With a vision statement of “Providing a safe, secure, and optimal daily life for a changing society through connecting technology and ideas,” we set the two growth pillars of “Business structural reform for PRODUCTS + SERVICES” and “Development of Energy Management System business.”

Business structural reform for PRODUCTS + SERVICES

Rather than simply providing the manufacturing of products, we will leverage the manufacturing technologies we have accumulated up until now to provide new value in the future through “PRODUCTS + SERVICES” that encompass a combination of products, software and services. The LECIP Group has six business units. Specifically, in addition to the business units engaged in our three fields of development explained above (AFC, TMS, and EMS), we have our overseas business unit, LEC (LECIP ELECTRONICS CORPORATION) and LEG (LECIP ENGINEERING CORPORATION). In our long-term vision, we envision that these six business units will develop and expand horizontally in the future. Though our business model has been specialized in public transport and mobility, we would like to expand it by incorporating town-planning perspectives for developing the community. Aiming to “realize a comfortable everyday” in line with our corporate policy, we will connect the solutions we have cultivated in the Group and expand the business.

In order to offer new value from SERVICES of the “PRODUCTS + SERVICES,” we will make use of our developed solutions in the Transport Equipment business and accumulated data.

We have already begun initiatives that reflect town-planning



perspectives. In April 2022, as part of our plans for VISION2030, we established a new business unit to pursue the potential of the “SERVICES” business called the “Community Business Development Division.” Our engineers charged with developing the SERVICES business will be brought together at our Tokyo office, and by integrating a broad range of technologies from cloud to hardware, we expect to advance our development to create new customers as our services extend beyond bus and railway into the community.

Development of Energy Management System business (Industrial Equipment business)

We are redefining the Industrial Equipment business as the “Energy Management System business,” and by innovatively using our existing technologies in electric power conversion and information processing, we intend to cultivate the new business fields of renewable energy and smart cities, which we identify as growth markets.

Recognizing that we possess insufficient solutions in energy management systems in comparison with in the transportation-related business, we believe it is important that we boost these solutions through strengthening relationships with university research laboratories, enhancing our personnel and building on relationships with partner companies having an edge in the electric power field.

In VISION2030, we have set the quantitative targets of consolidated net sales of ¥30,000 million and an operating profit margin of 10% in 2030. Considering that we have achieved ¥26,000 million in net sales in the past, we do not view our target of ¥30,000 million in consolidated net sales to be a hurdle too high at all. However, we do recognize that a 10% operating profit margin is a challenging target. The key for achieving the operating profit margin target is our “overseas business.” In our overseas business, we expect to achieve business expansion especially in the U.S. market. Compared with the approach to the railway and bus business in Japan, we expect various aspects to be different for the overseas business, and there will be numerous challenging issues, but even so, we intend to try and achieve positive results in the market. In the Japanese market as well, our revenue earning capacity is becoming more difficult with various new competitors entering the market in recent years with businesses modeled on the theme of MaaS (Mobility as a Service). Nevertheless, I believe we must achieve business operations that can secure a 10% operating profit margin by getting everyone in the LECIP Group to embrace the new business style of PRODUCTS + SERVICES.

Mid-term business plan “CN2023”

Working to realize VISION2030, we have divided our efforts up into three phases for the ten years from FY2021 to FY2030. The mid-term business plan CN2023, the first of

these three phases, has been designated as a period of investment to realize the long-term vision.

In CN2023, we have been taking action based on five key issues.

1) New business expansion for PRODUCTS + SERVICES

The LECIP Group’s first foray into the SERVICES business was QUICK RIDE, the ticket-purchasing app developed in 2019. The app makes it possible to ride on a train or bus by purchasing mobile tickets, such as coupon tickets, commuter tickets and specially planned passenger tickets such as one-day passes, on a smartphone and displaying the mobile ticket to the staff. It is the first product of the LECIP Group to have been for general consumers. We plan to continue to develop the SERVICES business that provides value-added services that existing products don’t offer.

2) Provision of new value for MaaS and smart cities

There are no clear definitions of MaaS and smart cities, and depending on the customer, the understanding of these terms probably differs. Also, our stance toward them with respect to the future vision should differ depending on the region and customer characteristics. While holding dialogue with our customers on MaaS and smart cities, the LECIP Group is continuing to examine what kind of new value we can offer.

3) New amalgamation and spread of overseas and domestic businesses

From the perspective of introducing overseas business to the Japanese market, we have already started working towards the growing use in Japan for payment settlement terminals developed by our Sweden subsidiary LECIP ARCONTIA AB that can support various transaction methods such as

credit cards and QR-code based payments. Additionally, we intend to look for other products that are popularly used overseas but not yet popular in Japan, and develop those products. Conversely, from the perspective of introducing Japanese business to overseas markets, up until now, we have introduced a magnetic card system for buses in Singapore, we were the first Japanese company to deliver a farebox system in the United States, and we have also delivered train lighting for subway cars in New York. By further introducing other such businesses to overseas markets, we will place more focus on the exchange of technology between overseas and Japan.

4) Drastic reform of business processes for transition of business structure

We intend to reform our organization and business processes while looking into business environment changes, by working to further promote digital transformation (DX) through, for example, improving operational efficiency using RPA and similar technologies.

5) Smooth shift of management resources to growth business areas

In addition to actively training personnel with strengths in cutting-edge fields, we will promote the reskilling of development personnel through flexibly reassigning personnel from existing fields to other growth fields.

For CN2023, we have set the quantitative targets of consolidated net sales of ¥20,000 million, an operating profit margin of at least 5%, and an ROE of at least 8%. We do not believe it will be easy to achieve the ROE target in particular. However, we will strive to develop attractive technology which our customers might factor into their limited capital investment budgets.

To our stakeholders

Aiming for “comfortable everyday,” we will transform our business models into ones having a wider perspective

As I have already mentioned, the Group declares to make efforts for “energy conservation,” “environmental mitigation” and “improved security” in its corporate policy. In recent years, societal concerns and expectations toward sustainability are growing globally. I myself have constantly considered sustainable manufacturing and our contribution to a sustainable society through business activity for some time.

Specifically, I believe that our efforts to bring about the development of public transport through offering easy-to-use, sustainable transport systems, which is the primary business of the LECIP Group, will lead to reduced use of private vehicles, and in turn, will contribute to energy savings and reduced CO₂ emissions. Also, in terms of our contribution to a decarbonized society, I believe the LECIP Group can contribute through development in the field of energy management systems.

I think that this Integrated Report can serve the role of communicating to our stakeholders about such directions of the LECIP Group and its value and significance from the viewpoint of society.

It’s my belief that the style of business best describing the LECIP

Group is to “stay faithfully close to our customers so that we can make various proposals to satisfy their needs.” Actually, the LECIP Group has a lot of employees having a keen interest in public transport systems like railways and buses. In addition, there are many employees who had belonged to university railway fan clubs and they carry out their work with great enthusiasm. Also, I personally prefer public transport over using my private vehicle, and I use it often.

I recognize that the business environment in which we operate during these times is very difficult. However, even in such an environment, we intend to expand our business fields from existing business focusing on public transport into the business related to smart cities by mastering the fields of AFC, TMS, and EMS, in which we have our strengths. We will transform our business models into ones having a wider perspective that value not only relationships between things but also a relationship network as a whole based on our aim for “realizing a comfortable everyday.”

Please continue to support the LECIP Group as we transform our business models to serve these new times.

Value Creation Process

The LECIP Group believes its value lies in its efforts to resolve societal issues based on the corporate policy of “realizing a comfortable everyday.” We will use our understanding of the status quo and changes in the broader environment to craft a vision for the company we want to be and the society we want to exist in, and engage in appealing, distinctly LECIP-like business activities to realize our vision, thereby creating new value.

External environment	Declining birthrate and aging population - Labor shortages - Eliminate poor public transport conditions - Eliminate the need for a family automobile	Environmental issues - Realize a decarbonized society - Reduce environmentally damaging substances	Human resources - Digital transformation - Promote diversity	Safe and secure living - Preparation for disasters - Maintenance and management of infrastructure
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Management resources		
Financial capital Equity ¥4,775 million We aim for the improvement of corporate value by allotting profit generated through business activities for development investments for growth.	Manufacturing capital Capital investments ¥289 million By increasing productivity, we will establish a manufacturing system that realizes high quality and stable provision.	Intellectual capital R&D expenses ¥576 million We will secure intellectual capital with a competitive advantage, and create new value that contributes to resolving societal issues.
Human capital Number of employees 600 We aim to be a rewarding company where human resources, who support corporate growth, can proactively take on new challenges.	Social and relationship capital Share of fareboxes 61.9% Share of rechargers for forklifts 62.7% We will contribute to realizing a comfortable everyday life by providing products that support society.	Natural capital Electricity consumption 4,307,000 kWh Gas consumption 108,200 m³ Water consumption 25,145 m³ Paper consumption 8.5 t We will contribute to the realization of a sustainable society by efficiently utilizing resources through business activities.

Value to be generated

Social value

- Provide convenient, sustainable transport systems
- Contribute to the achievement of a decarbonized society
- Sustainable manufacturing
- Establish systems to rigorously implement demanding corporate ethics
- Create motivating workplaces

An illustration on the right side of the slide featuring a green leaf with water droplets, a blue location pin, a blue circular icon with a white leaf, and three blue icons of a car, a bus, and a train. The background has a blue and white grid pattern.

Economic value

Mid-term business plan
CN2023
Results for FY2021

Net sales

Operating profit (Operating profit margin)

ROE

¥14,075 million

¥149 million (1.1%)

1.1%

Business model		
Corporate policy	LECIP provides society with products and services to realize a “comfortable everyday” through energy conservation, environmental mitigation, and improved security.	
Long-term vision VISION2030	Providing a safe, secure, and optimal daily life for a changing society through connecting technology and ideas.	Net sales (target) ¥30,000 million Operating profit margin (target) 10%
[Business structure] - Transport Equipment business - Energy Management System business	[Strengths] - Comprehensive supplier of electronic devices for buses - Power conversion technology based on inverter technology - Abundance of leading products	[Strategy] - Business structural reform for PRODUCTS + SERVICES - Development of Energy Management System business
Mid-term business plan CN2023 Challenge to the Next stage 2023	- New business expansion for PRODUCTS + SERVICES - Provision of new value for MaaS and smart cities - New amalgamation and spread of overseas and domestic businesses - Drastic reform of business processes for transition of business structure - Smooth shift of management resources to growth business areas	Net sales (target) ¥20,000 million Operating profit margin (target) 5% or more ROE (target) 8% or more

Output	
AFC Automated Fare Collection System Provides stress-free ticketing - IC card systems - Automatic recycling fareboxes - Cashbox balancing systems - QUICK RIDE (ticket-purchasing app)	TMS Transit Management System Provides safe, secure and optimal movement for passengers and drivers - OBC-VISION (LCD display) - LED destination signs - LIVU (operational support unit for fixed route buses) - Bus location systems
EMS Energy Management System Develops EV mobility and contributes to the realization of safe, secure and optimal communities - Forklift battery recharging units - Uninterruptible power supplies - LED power supplies - Neon transformers	GROUP companies Overseas/LECIP ENGINEERING/ LECIP ELECTRONICS Develops overseas business through usage of the Group's comprehensive strengths - Fare collection systems (North America, Europe, ASEAN) - Lighting for railcars (North America) - Maintenance service - Printed circuit board mounting

Strengths of the LECIP Group

The Group’s foundation comprises two businesses: Transport Equipment business and Industrial Equipment business (Energy Management System business). We specialize in niche fields in each of the businesses, and our expertise underlies our strengths: an extensive lineup of products that meet customers’ needs, and our ability to provide full support for everything from product planning and design to manufacturing, sale, and after-sales services.

Transport Equipment business

| Bus | railway | automobile |

In the bus and railway markets, we handle various electronic devices such as fareboxes, LCD displays, and LED destination signs equipped in fixed route buses and conductorless trains, and bus and railway operators throughout Japan use our products. As a comprehensive supplier of electronic devices for the bus market, we are ideally positioned to provide consistent services for systems and other elements. In the automobile market, manufacturers use our lighting fixtures for trucks as the standard parts for many models.



Farebox

Lighting for railcars

Industrial Equipment business (Energy Management System business)

| Power supply solution | eco-lighting and high-voltage solution | Electronics Manufacturing Service (EMS) |

In the power supply solution and eco-lighting and high-voltage solution markets, we rely on our DC control and high-voltage technologies based on inverter technology to develop and provide a wide range of rechargers and power supplies that meet customers’ needs, mainly for industrial equipment that satisfies the demands of high voltages, safety, and durability. In the EMS market, consolidated subsidiary LECIP ELECTRONICS CORPORATION mounts printed circuit boards. We are well positioned to provide all manner of circuit boards, from mass-produced to small-lot that must be inserted by hand.



Uninterruptible power supply unit

Printed circuit board mounting

Market share of primary products

We own many leading products in each of the bus, railway, automobile, and industrial equipment segments. Our products and services are intimately connected to everyday life, and in that sense, we help society function.

■ Fareboxes for buses	61.9%	■ IC card systems	63.3%	■ Coil-type neon transformers	96.1%
■ Fareboxes for trains	91.5%	■ LCD displays for buses	70.7%	■ Forklift battery recharging units	62.7%
■ Lighting for trucks	84.9%	■ Destination signs for buses	41.2%		

Efforts to Create New Value

Based on the corporate policy of “realizing a comfortable everyday,” and with the dual aims of providing safe, secure and comfortable systems that help maintain and advance public transportation as infrastructure and using our decades-deep knowledge of electric power conversion to streamline energy infrastructure, we engage in the following activities in each field.

Automated Fare Collection system (AFC)

In the AFC segment, we are leveraging our track record and know-how from supplying fareboxes and fare collection systems to achieve MaaS, specifically by offering stress-free payment and ticketing methods and new payment systems that go beyond cash and IC cards for public transportation.



LV-700 cashless fare collection device

Transit Management System (TMS)

In the TMS segment, we utilize all manner of data pertaining to buses with the aim of improving convenience for both passengers and operators. We developed LECIP Intelligent Vehicle Units (LIVUs) to serve as a platform for streamlining bus operations, and deploy them in an effort to expand the functionality of bus location systems and crewmember support systems, and sales.



Bus location system

Energy Management System (EMS)

In the EMS segment, we develop and provide rechargers and power supplies to meet electrification needs, mainly for industrial equipment. Demand for electricity is expected to continue rising amid efforts to advance life services and urban functions and realize a decarbonized society. Our development of IoT-enabled remote battery monitoring systems and provision of other products and services that underpin the efficient, consistent supply of power provide value for society.



Overseas

We consider it our role to be the first in Japan to incorporate the latest developments in overseas public transportation and cashless technology into Japanese systems to provide the benefits to Japanese passengers and operators. We also recognize that expanding into overseas markets—where population growth is expected to drive increasing demand for public transportation—is essential for sustaining our growth as a company. We intend to further expand sales channels as a reliable partner of local companies, namely those in the USA and ASEAN to which we provide AFC systems and rail-related lighting fixtures.



Lighting for subway cars for the Metropolitan Transportation Authority (New York City)

Long-Term Vision and Mid-Term Business Plan

Long-term vision: VISION2030

The Group formulated a long-term vision as an ideal for LECIP to strive to embody by 2030. The vision—titled VISION2030—exists to ensure that the company continues to be indispensable for society even amid sweeping changes.

Goal: Realizing optimal systems that have the safety and security required by future generations by linking products and information services

Pillars of growth for realizing VISION2030

1. Business structural reform for PRODUCTS + SERVICES

► Orient the business structure toward adding value by transitioning from a hardware-centered structure to hardware-based systems and services that incorporate software.



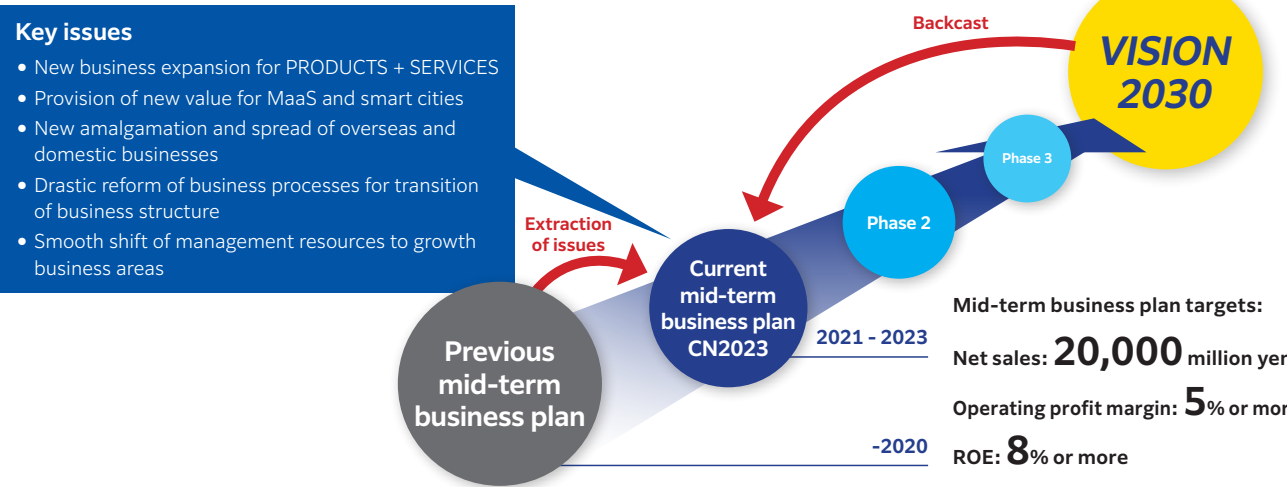
2. Development of Energy Management System business

► Develop IoT-enabled remote battery monitoring systems and other functions as the start of a campaign to enhance energy management systems and explore new business domains, including renewable energy and smart cities.



Mid-term business plan: Challenge to the Next stage 2023 (CN2023)

Our action plan for realizing the long-term vision over the ten-year period from FY2021 to FY2030 is divided into three phases, the first of which is the mid-term business plan (Challenge to the Next stage 2023). This first phase is the time to make earnest investments toward realizing VISION2030 on time, specifically accomplishing the business structural reform for PRODUCTS + SERVICES.



1	New business expansion for PRODUCTS + SERVICES	Expand the scope of business to the software and systems field from a foundation of conventional hardware-related business.	
2	Provision of new value for MaaS and smart cities	Promote business activities geared toward achieving the SDGs and a sustainable society.	
3	New amalgamation and spread of overseas and domestic businesses	Gather information about trends in technology from around the world, utilize it in marketing, and maximize synergy through efforts such as standardizing the development of products for overseas and domestic markets.	
4	Drastic reform of business processes for transition of business structure	Improve productivity and enhance quality by leveraging digital technology to optimize resources and improve operations.	
5	Smooth shift of management resources to growth business areas	Develop and hire people who specialize in the software and systems fields, and restructure organizations and their functions.	

Financial Strategies

Maintaining financial health

LECIP's main business is Transport Equipment, a segment in which net sales are subject to seasonal fluctuations, rising at the end of the fiscal year because the public transportation sector comprises the bulk of the business. In an effort to stabilize funds in response to these risks, we maintain a balance between short-term and long-term interests as we raise capital.

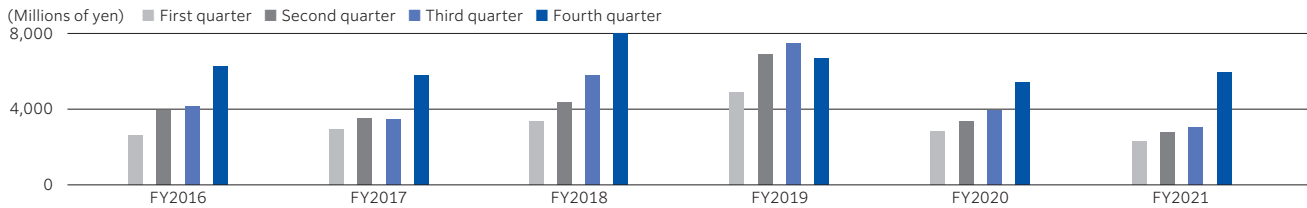
LECIP HOLDINGS CORPORATION centrally manages and raises funds for Group subsidiaries and distributes them to the main domestic subsidiaries through a cash management system in an effort toward unification and streamlining.

Additionally, in light of the COVID-19 pandemic, foreign exchange risk, and other facets of the current economic situation, we ensure a fixed ratio of cash and deposits on hand to prepare for emergencies.

Cash and deposits, interest-bearing debt and D/E ratio

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Cash and deposits (Millions of yen)	1,503	1,483	2,169	2,194	3,333	4,094
Interest-bearing debt (Millions of yen)	4,510	4,454	5,742	2,861	5,764	4,521
D/E ratio (Times)	1.29	1.49	1.68	0.56	1.17	0.95
Equity (Millions of yen)	3,499	2,985	3,427	5,078	4,912	4,775

Quarterly net sales



Continuing proactive investments in future growth sectors

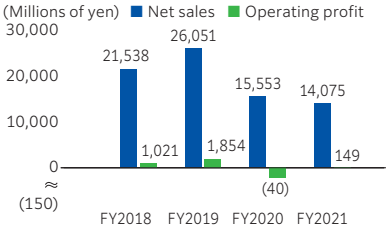
The current mid-term business plan (CN2023) is positioned as the investment phase for achieving the long-term vision. The COVID-19 pandemic wrought substantial damage on the public transportation industry and significantly impacted our sales and profits. Even amid these trying circumstances, we continue investing in future growth fields with the aim of ensuring profits not only in the short term, but also over the longer term.

Under our investment plan for research and development, we will continue investing mainly in systems development

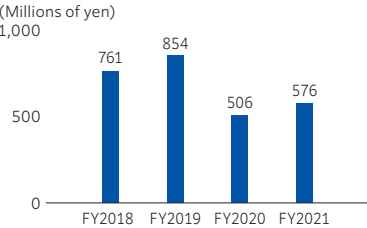
to achieve business structural reform for PRODUCTS + SERVICES and develop Energy Management System business. Under our capital investment plan, we will continue investing to improve operational efficiency and production capacity with the aim of fundamentally reforming operational processes in line with changing business models.

We will also continue developing growth businesses and reforming our business portfolio to achieve the long-term vision—the ideal we strive to embody.

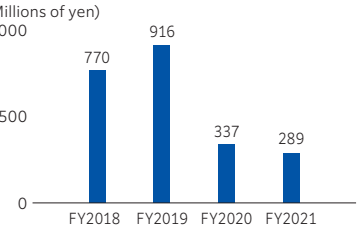
Net sales and operating profit



Research and development expenses



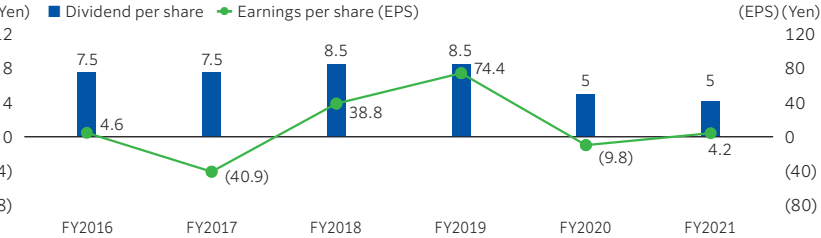
Capital investment



Maintaining consistent shareholder returns

LECIP has a basic policy to maintain stable shareholder returns based on our recognition of returning profits to shareholders as a key issue and consideration of medium- and long-term consolidated results and forecasts. We will continue striving for further shareholder returns by achieving the mid-term business plan.

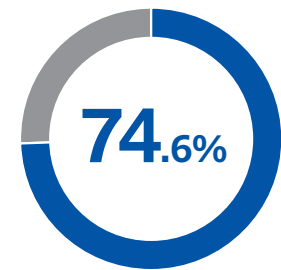
Actual shareholder returns



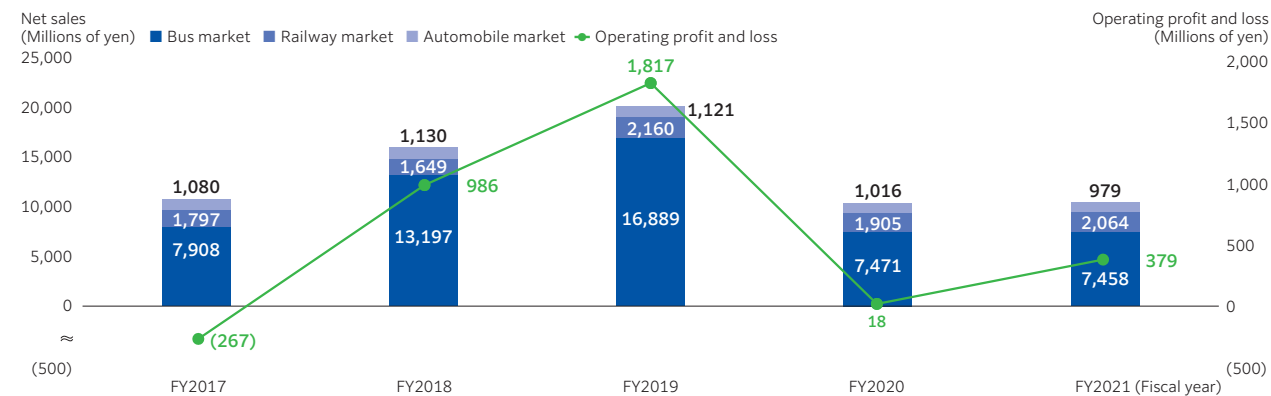
Segment Highlights

Transport Equipment business

As a general manufacturer of bus equipment, we systematically link each piece of equipment installed on each bus, providing support for both software and hardware to improve convenience for bus operators and passengers. We also manufacture and sell interior and exterior lighting equipment for buses, trains, trucks, and passenger vehicles.



■ **Net sales** **10,501** million yen (+1.0% YoY)
 ■ **Operating profit** **379** million yen (20.6× YoY)



Bus market

■ **Net sales** **7,458** million yen (-0.2%)

-13 million yen YoY

- Demand for modifications to fare collection devices increased in response to the issuance of the new 500-yen coin.
- Sales of fareboxes and IC card readers/writers increased in part due to demand for new bus IC card systems in the northern Kanto, Tohoku, and Chugoku regions.
- Sales of OBC-VISION declined substantially in the wake of a large order for onboard LCD displays for customers in Tokyo metropolitan area.
- Sluggish capital investment persisted across the industry due to the COVID-19 pandemic.



Railway market

■ **Net sales** **2,064** million yen (+8.3%)

+158 million yen YoY

- Sales of LED lighting for railcars increased.
- Sales increased thanks to modifications to fare collection devices in response to the issuance of the new 500-yen coin.



Automobile market

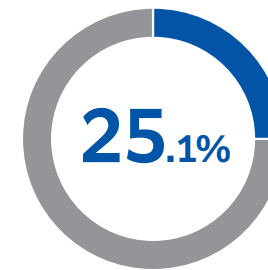
■ **Net sales** **979** million yen (-3.6%)

-36 million yen YoY

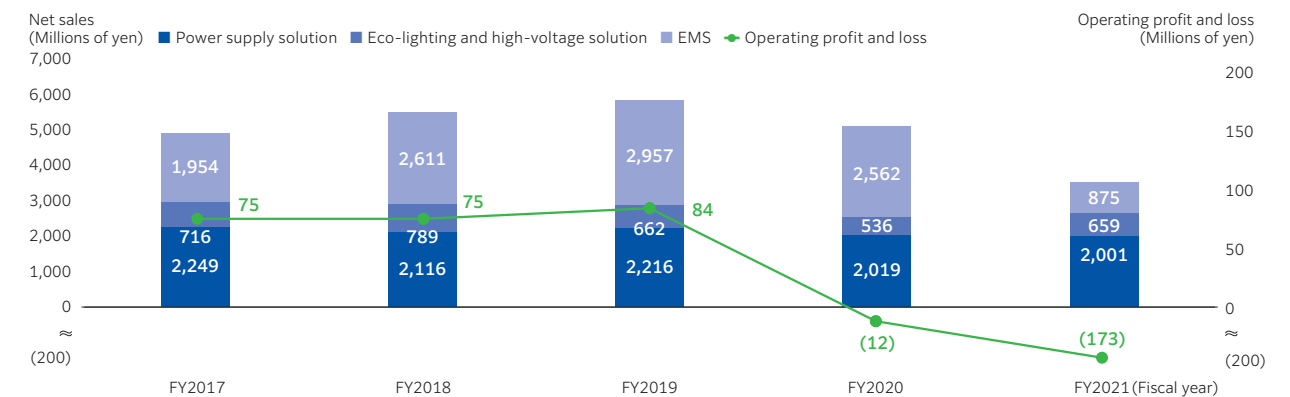
- Sales of LED lighting for trucks decreased because truck production volumes remained low.

Industrial Equipment business (Energy Management System business)

In addition to providing industrial power supply equipment based on inverter technology, Group subsidiary LECIP ELECTRONICS CORPORATION mounts printed circuit boards for automotive electronic devices and industrial equipment.



■ **Net sales** **3,536** million yen (-30.9% YoY)
 ■ **Operating loss** **173** million yen (operating loss of 12 million yen in the previous year)



Power supply solution market

■ **Net sales** **2,001** million yen (-0.9%)

-18 million yen YoY

- Sales of forklift battery recharging units and other products increased.
- Sales of uninterruptible power supplies, automatic operation units for in-house generators, and other products decreased.



Eco-lighting and high-voltage solution market

■ **Net sales** **659** million yen (+22.9%)

+122 million yen YoY

- Sales of LED power supplies increased in the demand for updating signs at gas stations and other retail locations.



Electronics Manufacturing Service (EMS) market

■ **Net sales** **875** million yen (-65.8%)

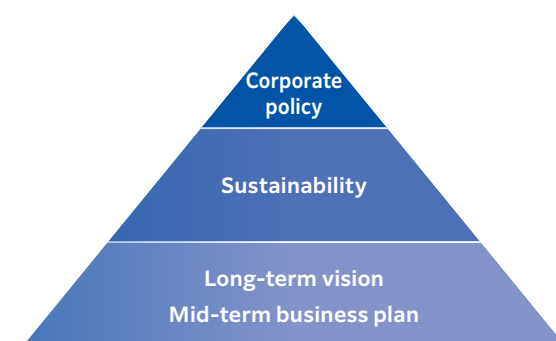
-1,686 million yen YoY

- The figure is 1,850 million yen lower under the new accounting standard for revenue recognition than under the previous standard.

Sustainability Management

For “realizing a comfortable everyday”

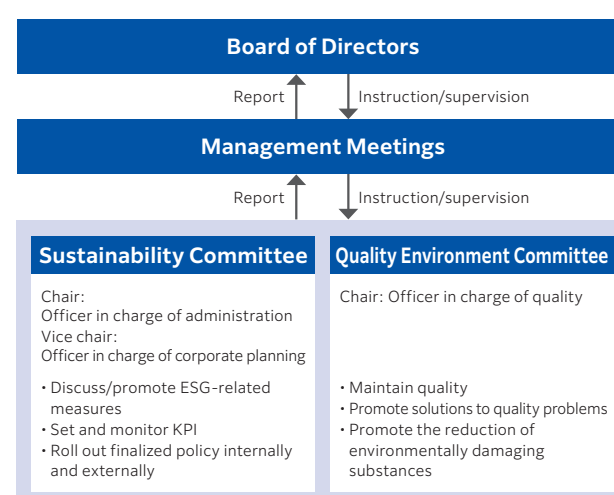
The LECIP Group identified material issues and combined business strategies with sustainability issues and targets in an effort to improve corporate value and realize a sustainable society based on its corporate policy. Based on these material issues, we will develop business based on the long-term vision and mid-term business plan in an effort to resolve societal issues by leveraging our strengths to create new value.



Sustainability promotion system

In April 2022, the Group established a Sustainability Committee chaired by a Director. When necessary, the committee holds meetings to discuss and determine elements of a Group-wide sustainability promotion system. These meetings are attended by department managers and members of all Group companies. The Quality Environment Committee also considers these elements in an effort to discuss and determine specific activities for reducing environmentally damaging substances.

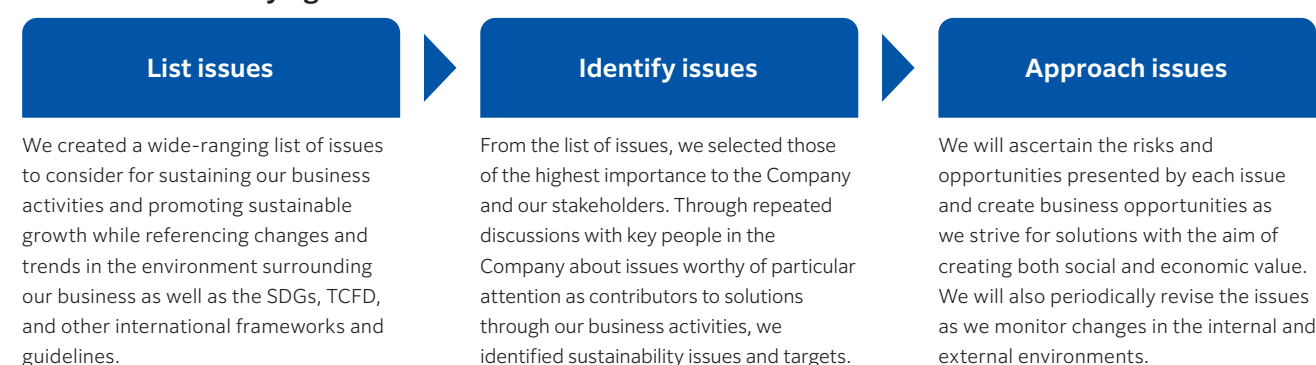
For major projects, the Sustainability Committee and Quality Environment Committee submit their significant findings at the Management Meetings and the Board of Directors, which incorporate them into management policies and decision-making.



Identifying material issues

The LECIP Group implemented the following process to analyze and identify material issues to tackle. We intend to revise the list of issues as needed in the future.

■ Process of identifying material issues



Sustainability issues and targets (material issues)

	Material issues	Targets	Relevant SDGs
E	Provide convenient, sustainable transport systems		
	- Improve the convenience of public transportation - Promote transitions to cashless transactions - Help reduce crewmember workloads	- Expand the functions of ticket-purchasing app QUICK RIDE - Develop cashless fare collection systems - Develop passenger information systems that improve convenience - Promote the introduction of LIVU operational support system	 
S	Contribute to the achievement of a decarbonized society		
	- Develop Energy Management System business - Promote the use of renewable energy - Reduce the size/weight/CO₂ of products - Reduce CO₂ emissions	- Release products with recharging systems - Experiment with the use of renewable energy to power forklifts in factories - Design products that reduce environmental burdens - Effectively utilize energy by installing solar power generation facilities and using electricity storage systems	  
G	Sustainable manufacturing		
	- Reduce environmentally damaging substances - Improve product quality - Establish relationships with suppliers - Coexist with local communities	- Develop products based on environmental design guidelines - Deploy quality management systems to provide reliable products - Promote and realize green procurement guidelines - Interact with local residents to promote mutual understanding	  
	Create motivating workplaces		
	- Diversity and inclusion - Develop human resources - Improve employee engagement	- Employ and utilize diverse human resources - Accept foreign nationals as technical trainees - Enhance engineer training to develop engineers - Establish ideal working environments and systems	  
	Establish systems to rigorously implement demanding corporate ethics		
	- Fair and honest business activities - Strengthen governance based on the Corporate Governance Code - Strengthen information security	- Establish proper rules and improve awareness of compliance - Respond to revisions of the Corporate Governance Code - Deploy Information Security Management Systems (ISMS)	

ESG (Environment)

Environmental policies

The LECIP Group will continue working to preserve the environment while striving to coexist with local communities and the rest of society and producing eco-conscious, highly appealing products and services toward the goal of realizing a sustainable society. In service of the goal, each year the Group devises an annual environmental management program, verifies the progress of the program, and revises activities for the next fiscal year.

Environmental initiatives

Promoting environmental management programs

Reducing CO₂ emissions

Each fiscal year, we devise an annual environmental management program and work toward achieving the following CO₂ emissions reduction targets by FY2030 (baseline: FY2019) toward the ultimate goal of achieving carbon neutrality by FY2050.

- FY2030 CO₂ reduction targets:**
- **50% reduction of fuel consumed by LECIP**
 - **Shift to 30% renewable energy sources for purchased electricity**
 - **20% reduction of electricity consumption by streamlining/ reducing electricity consumption in production activities**

Reducing environmentally damaging substances

In consideration of the global environment, the Group makes efforts to reduce environmentally damaging substances. Since FY2020, we have worked to eliminate the use of the ten substances prohibited under the RoHS Directive* in new product development. We are also systematically phasing out the substances from existing products.

With regard to supplier relations, we clearly state the Group's intentions by providing suppliers with our green procurement guidelines, share information about trends in technology pertaining to environmentally damaging substances, and promote cooperation systems for reducing the use of such substances.

■ Reducing greenhouse gas (GHG) emissions toward the goal of achieving carbon neutrality by FY2050

Environmental targets		FY2022 indicators
Scope 1: Reduce GHG emissions from combustion of purchased fuel		
1. Set targets and formulate plans for reducing GHG emissions from combustion of purchased fuel by FY2030		Formulate an action plan to reduce emissions 50% by FY2030
2. Reduce GHG emissions from combustion of fuel		
a. Shift from gasoline/diesel vehicles to electric vehicles		10% reduction in fuel consumption
Scope 2: Reduce GHG emissions from the consumption of purchased electricity		
1. Shift to renewable energy		Formulate an action plan for a 30% shift to renewable energy by FY2030
2. Reduce electricity consumption by offices		
a. Activities on production floors		
• Visualize electricity consumption		Visualize electricity consumption and load status
• Reduce electricity consumption by updating production systems		10% reduction in electricity consumption
• Upgrade infrastructure to improve the overall efficiency of production systems		Overall efficiency of production systems of 30% or higher
b. Activities in offices		
• Transition to energy-saving air-conditioners and lighting		10% reduction in electricity consumption
Scope 3, Category 1: Reduce upstream GHG emissions (purchased goods and services)		
1. Set targets and formulate plans to reduce GHG emissions by FY2030		Set reduction targets for each product category
2. Reduce the size/weight/number of components of existing products		
• Reduce the size/weight of inverter rechargers		60% reduction of product weight/50% reduction of product volume
• Reduce the size/weight of displays during boarding/disembarking		50% reduction of product weight/60% reduction of product volume
Scope 3, Category 11: Reduce GHG emissions from the use of sold products		
1. Set targets and formulate plans to reduce GHG emissions by FY2030		Set reduction targets for each product category
2. Reduce the energy consumption/size/weight of existing products		
• Optimize the recharging capacity of forklift battery recharging units		3% reduction of recharging electricity consumption

(Note) Baseline for reduction targets: FY2019 actual figures

■ Reducing environmentally damaging substances

Environmental targets		FY2022 indicators
Eliminate the use of the ten substances prohibited under the RoHS Directive	Eliminate the use of the ten substances prohibited under the RoHS Directive* in new products	
Strengthen supplier cooperation systems	Inform contractors about environmental laws and regulations	

* Ten substances prohibited under the RoHS Directive: Six environmentally damaging substances prohibited under the RoHS Directive plus four substances prohibited under RoHS 2.0.

Recent extreme weather events and ongoing climate change have made us keenly aware of the unstoppable nature of these developments. We must consider our next steps as a society so that the changes in the global environment brought about by the conveniences we have enjoyed impose as little debt as possible on future generations.

Toward that end, it is extremely important to shift our attention toward contributing to a sustainable society by developing eco-friendly products and services. LECIP is working to reduce emissions of CO₂ and other greenhouse gases with the dual aims of easing the burden on the global environment and eliminating the use of environmentally damaging substances that can negatively impact humankind.

ESG activities are not a cure-all to be administered once. Each year, we must establish specific targets and develop a full understanding of the state of the environment as we work to conserve it, repeatedly creating plans to reach the next target in a diligent march toward the realization of a carbon neutral society by FY2050.



Toru Tanaka
Managing Executive Officer
in Charge of Quality

Climate-related disclosures based on TCFD recommendations

In October 2021, the LECIP Group announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Based on the long-term vision (VISION2030) formulated in April 2021, the Group intends to use its hard-earned manufacturing technology to provide new value of “PRODUCTS + SERVICES” through combinations of products, software, and services with the aim of realizing a sustainable and comfortable everyday life. Amid these efforts, and so that the Company continues to be indispensable for society, we consider confronting the climate change risks society faces as a key challenge in terms of managing the Company.

We disclose climate-related information based on the disclosure framework recommended by the TCFD as described below. We intend to continue enhancing our disclosure of this information, examining specific efforts to combat climate change, and incorporating them into our medium- and long-term business plans with the aim of contributing to a sustainable society and further improving our corporate value.



Governance

In the Group, an important internal meeting body tasked with discussing climate-related problems and ways of responding to them under the supervision of the Board of Directors reports the problems and responses through the Management Meetings at least once per year and as necessary to the Board of Directors, where they are discussed and decisions are made.

The Group established the Sustainability Committee (chaired by a Director) to serve as this important internal meeting body. The committee shares information about business risks and opportunities with regard to climate change and other factors, considers countermeasures, considers and determines policy for the disclosure of corporate information, and manages progress. The Group has also established a Quality Environment Committee (chaired by the Executive Officer in charge of quality) to maintain quality

and the environment and promote solutions to quality- and environment-related problems that pertain to the Group.

The Group's Management Meetings, where decisions on the execution of operations are made, and the Corporate Governance Committee, chaired by the President and CEO, are responsible for analyzing and responding to Groupwide risks, including climate-related issues. The Corporate Governance Committee makes the final decisions on risk management, and identifies, analyzes, and evaluates key risks before reporting them to the Board of Directors.

The Group has also established an Environmental Management System based on ISO 14001. The results of activities implemented under the system are reported to the Board of Directors.

Strategies

With climate change identified as a factor behind the intensification of weather disasters in recent years, and as the time ripens to transition away from carbon, we recognize climate change as a challenge to tackle in the context of managing the Company. We also consider climate change to present both risks and opportunities to contribute to solutions through our business activities.

We conducted impact assessments of these risks and opportunities on our business activities, focusing our analysis on our main domestic businesses—Transport Equipment and Industrial Equipment (Energy Management System)—with the target year of 2030. Additionally, in the course of these evaluations, we categorized the respective impacts on our business activities.

We are aware of the following risks and opportunities in the scenario in which temperatures rise 2°C due to

climate change. We recognize opportunities in each of the main businesses. In the Transport Equipment business, personal vehicle ownership will be increasingly restricted and drive down automobile production volumes, but public transportation will be promoted as a replacement, and demand for more convenient public transportation will rise. In the Industrial Equipment (Energy Management System) business, the increasing need for electrification will cause demand for energy-saving products and highly efficient power conversion to skyrocket. Additionally, surging raw material and resource prices and the need to work around factory shutdowns and other problems caused by the intensification of disasters have been identified as risks to overall business to discuss. We intend to respond to these risks and opportunities by combining our existing knowledge and technologies with the technologies we expect will be needed in the future.

Risks and opportunities		Impact
Risks	Changes in policy/laws and regulations	• Introduction of carbon taxes will cause the procurement costs (e.g. raw materials) and distribution costs to increase • Clients' capital investment will slow as the price of fuel rises and ownership of vehicles that run on fossil fuels is increasingly restricted • Purchases of green electricity will drive up energy procurement costs
	Ever-changing client behavior	• Changes in clients' environmental awareness will cause demand for eco-friendly products (e.g. energy-saving, resource-saving) to rise, delayed responses will result in lost opportunities
	Intensification of extreme weather events	• Distribution network disruptions will compromise procurement and production capacity • Extreme weather events will cause factory shutdowns
Opportunities	Promotion of electrification	• The ongoing electrification of automobiles and industrial vehicles (forklifts, AGVs) will prompt the replacement of existing products and expand business opportunities for products for EVs • Demand for more energy-efficient rechargers will rise, the need for efficient operation will increase
	Promotion of public transportation	• Increasing ridership rooted in the promotion of public transportation will drive capital investment upward • MaaS-related business opportunities will expand • Public funds will be invested in maintaining/enhancing public transportation networks • The need for efficient operation of public transportation (e.g. cashless transactions, reduced operation and management workloads) will increase

(Note) Scenario analysis conducted in reference to information from the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and others

Risk management

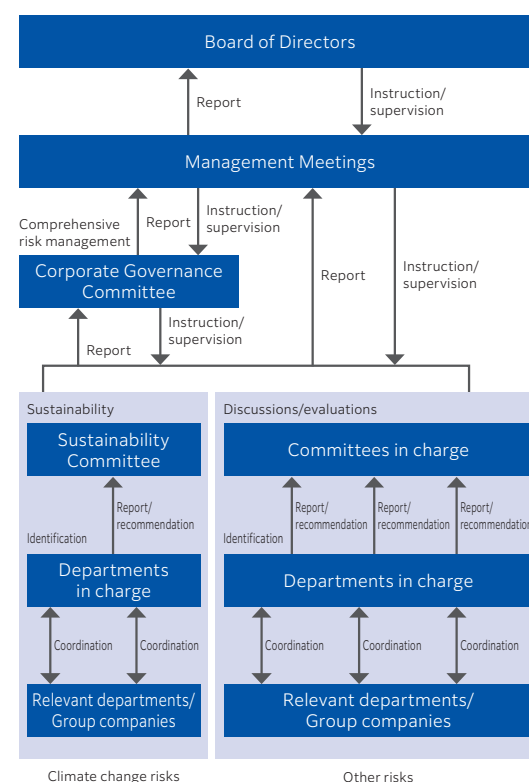
Our process for identifying, evaluating, and managing the risks and opportunities of climate change starts when the departments in charge of climate change-related matters work with other relevant internal departments and Group companies to develop a full understanding of the circumstances. Next, they report and make recommendations on the impacts of and responses to climate change to the Sustainability Committee and other important internal meeting bodies, which then hold discussions to identify and evaluate the risks and opportunities. Subsequently, at least once per year and as necessary, the problems and responses are reported to the Board of Directors through the Management Meetings. The Board of Directors receives these reports and supervises the established targets and efforts to resolve the issues.

The Sustainability Committee and other important internal meeting bodies also report and make recommendations to the Corporate Governance Committee when necessary to fulfill their responsibility to incorporate the impacts of climate change into Company-wide risks. The Corporate Governance Committee convenes when necessary to evaluate the reports and recommendations from the departments and internal meeting bodies overseeing risk management, ascertain Company-wide risks and discuss appropriate responses, and report them to the Board of Directors through the Management Meetings. As in the case of reports and recommendations on the impacts of climate change, the Board of Directors determines appropriate responses in terms of reflecting them in Company-wide comprehensive risk management.

The Board of Directors receives reports about the state and responses of comprehensive risk management, which includes the state and responses of climate change-related risk management, from the Sustainability Committee, the other important internal meeting bodies, and the Corporate Governance Committee, and then supervises.

Indicators and targets

The LECIP Group has established reduction targets to meet by FY2030 as milestones on the path toward achieving carbon neutrality by FY2050. To achieve these long-term targets, we devise environmental management programs under which we formulate specific efforts to reduce fuel and energy consumption and transition to renewable energy in an effort to reduce GHG emissions in Scopes 1 and 2. As for Scope 3, we are proceeding with discussions to incorporate responses for achieving a decarbonized society into strategies for each business segment in the mid-term business plan (CN2023).



FY2030 targets
• 50% reduction of fuel consumed by LECIP • Shift to 30% renewable energy sources for purchased electricity • 20% reduction of electricity consumption by streamlining/reducing electricity consumption in production activities
FY2050 targets
Achieve carbon neutrality

Special Feature: Efforts to Resolve Societal Issues

The societal environment surrounding the Group is changing at a dizzying pace; the spread of COVID-19 infections and the ensuing changes in values and lifestyles recently joined the persistent problems of the aging population, declining birthrate, and labor shortage. Through business activities we are uniquely positioned to implement, the LECIP Group intends to contribute to solving these widely varied societal issues en route to realizing a sustainable society.

Provide convenient, sustainable transport systems

Societal issues

- Improve the convenience of public transportation
- Maintain public transportation in rural areas

Approach

To achieve sustainable public transportation, we believe it is necessary to provide convenience to passengers while keeping costs down and reducing operating workloads for operators. We intend to leverage our experience in the bus and railway industries to provide new products and services.



Benefits of QUICK RIDE

- ▶ Enjoy more sales opportunities—passengers can purchase tickets anytime, anywhere.
- ▶ Introduce cashless transactions with low initial expenses.
- ▶ Reduce customer service and accounting workloads.

In the Transport Equipment business, we are taking the bold step of providing a new ticketing service in the automated fare collection (AFC) field.

QUICK RIDE, the ticket-purchasing app we brought online in October 2020, has been introduced by 18 bus and railway operators in Japan as of May 2022.

Thanks to our knowledge of farebox-based fare collection systems, the new ticketing service is characterized by its ability to handle complex calculations, including ticket books and commuter tickets.

Contribute to the achievement of low-carbon societies

Societal issues

- Achieve carbon neutrality
- Create smart cities

Approach

We believe the pursuit of streamlined, more advanced cities will involve more labor-saving and automation in logistics and services and require new sources of power and more efficient operation than ever before. We will leverage our power conversion technology to establish an Energy Management System. We will also continue to expand our use of renewable energy.

LECIP is focusing development efforts on expanding functionality in the Energy Management System (EMS) field.

In smart cities, labor-saving and automation efforts in logistics are expected to progress to the point where robots are used for last-mile deliveries. In April 2022, we developed a contactless recharger for AGVs. Whereas conventional rechargers require workers to plug and unplug the AGVs by hand, contactless rechargers fully automate AGV operations.



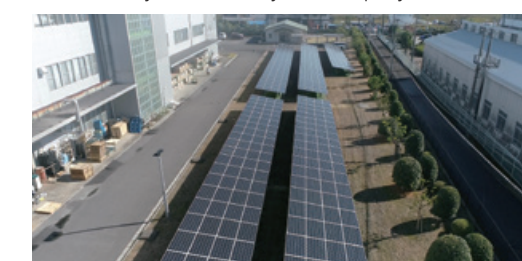
This ability to safely and securely recharge devices in factories and public spaces should be useful for autonomous robots as well.

Benefits of contactless rechargers

- ▶ Fully automate recharging.
- ▶ Install anywhere and recharge safely—no need for contact.

Introducing solar power generation facilities for internal consumption

In March 2020, we installed and launched solar power generation facilities for internal consumption on the property of our head facility in Gifu. The facilities provide roughly 150,000 kWh of electricity, or around 3.5% of the electricity consumed by the Company.



ESG (Society)

Employee relations

To achieve the mid-term business plan and long-term vision and contribute to society through our business, it is crucial for each and every LECIP Group employee to be able to exhibit their abilities to the fullest. By creating ideal workplaces for our employees and their different personalities and abilities, we aim to foster a corporate culture where people are free to think, explore, and proactively seek new frontiers. Toward that end, we intend to continue working to create invigorating workplaces for our employees.

Developing human resources

We conduct new employee training and collaborate with outside entities to provide technical training to further advance the expertise of our young and mid-level employees. We also provide assistance for a wide range of training and education, including efforts to acquire official certifications and partake in correspondence courses.

Product planning projects

In these projects, teams consisting mainly of young and mid-level employees assembled from open calls and by recommendation plan new products that target societal issues we must tackle to achieve our long-term vision. The teams present their products to management and receive feedback intended to bring their products to fruition. Participating in these practical activities on teams that span departmental boundaries invigorates the organization and develops the leaders of the next generation.



Employing diverse human resources

We believe that promoting workplaces that allow employees with different personalities and backgrounds to exhibit their abilities and achieve success will help foster a dynamic corporate culture. Toward that end, we hire a diverse range of people.

	(Fiscal year)			
	2018	2019	2020	2021
Number of employees*1	578	631	623	600
Men	475	520	511	489
Women	103	111	112	111
Percentage of employees with disabilities (%)*2	1.82	1.69	1.31	1.35
Number of elderly people rehired after scheduled retirement*3	34	36	37	55
Number of newly hired employees	17	17	8	8

*1 Number of regular employees in the Group as of March 31 in each fiscal year
*2 LECIP CORPORATION only, from April of each year to the following March
*3 Total from each fiscal year

Work-life balance and work style reform

We are making efforts to create workplaces that accommodate different work styles as job descriptions and lifestyles demand, specifically by offering personal leave for maternity and family care and systems for telecommuting and flexible scheduling. Through our company nursery established in April 2009, we provide support for our employees to strike a balance between work and parenting.



	(Fiscal year)			
	2018	2019	2020	2021
Number of employees who took childcare leave	5	15	11	8
Percentage of employees who return after taking childcare leave (%)	100	100	90.9	100
Percentage of paid leave taken (%)	52.2	55.7	56.8	64.5
Number of employees who use the company nursery	7	8	6	5

Supplier relations

We are working to further mutual understanding with our suppliers and are grateful for their cooperation, which allows us to procure the required materials of the right quality and at the right prices and times, all while observing relevant laws and regulations and striving for fair business relationships.

Green procurement

The LECIP Group is working to scale back on the use of environmentally damaging materials with the aim of reducing the environmental impact of the chemical substance content of products. With the help and understanding of our suppliers, we are expending every effort to manage these environmentally damaging substances throughout our supply chain.

Support for suppliers

The Group provides data on the chemical substance content of products to automakers and other individual customers through JAPIA Sheets*1 and the IMDS*2. When our suppliers provide us with JAPIA Sheets and IMDS data on the chemical substance content of the materials they deliver to us, we provide supplementary explanatory materials as well as explanations and support on individual matters. Additionally, in an effort to improve the quality of delivered materials, each year we identify suppliers as targets of quality improvement support, and visit them and provide guidance on a regular basis.

*1 JAPIA Sheets: Standardized ledgers issued by the Japan Auto Parts Industries Association (JAPIA) for use in studies of the constituent materials and substances of products with the aim of complying with environmental regulations.
*2 IMDS: International Material Data System. The standard material data system in the automotive industry, used in automobile supply chains, entailing the entry of data on products, materials, and constituent substances in a standardized format and process.

Customer relations

Under our customer-first approach and in an effort to gain customers' trust and satisfaction, we pursue quality in all processes from market research, development, and design to manufacturing and sale, and strive to enhance and strengthen our quality assurance systems.

Improving customer satisfaction

The LECIP Group believes in the importance of working with customers to develop products as a means of responding to their ever-changing needs. In addition to directly inquiring about their views and wishes, we also take part in trade fairs, exhibitions, and other events to proactively explore customers' needs and learn ways to make our products and services universally accessible. We constantly devote full attention to safety, the environment, and user-friendliness to develop and provide products and services that satisfy our customers.

Enhancing and strengthening our quality assurance systems

To strengthen the Group's quality assurance systems, we have acquired ISO 9001 certification at five Group companies, including our American affiliate. We are also working to improve the quality of our designs and manufacturing through small-group improvement activities (Q-Up Activities) and process improvement activities in the manufacturing and other departments, and small-group improvement activities in design departments. Additionally, so that our customers can use LECIP Group onboard products in demanding environments free of worry, we construct anechoic chambers at Group facilities and conduct tests to ensure that they emit less noise than the standards allow and function properly even in the presence of radio waves from mobile phones and wireless devices. Furthermore, we conduct various tests during the design stage, including evaluating the durability of our products by using vibration testers to conduct random vibration testing that simulates actual road conditions. Finally, we host seminars on requirements so that we comply with laws and regulations and satisfy customer requirements.

Community relations

As a member of the communities in which we operate, we make contributions and promote partnerships with them by offering factory tours and work experiences for students, engaging in various types of environmental conservation, interacting with local residents, and more.

Offering factory tours and work experiences

We invite supplier personnel and students from nearby elementary, junior high, and high schools to view exhibitions, take factory tours, and participate in work experiences.



Public viewings of Usuzumi Zakura

Each year, we open the property of our head facility in Gifu to the public to allow them to view the Usuzumi Zakura cherry tree in bloom. People have enjoyed viewing the illuminated tree—a direct descendent of the designated national natural treasure in the Neodani area of the city of Motosu—since we started hosting the viewings in 2010.



Shareholder and investor relations

We make efforts to disclose information to our shareholders and investors at fair and appropriate times and in a highly transparent manner. We implement various investor relations activities, namely holding semiannual results briefings and General Meeting of Shareholders and publishing annual reports. We also stream our results briefings on our website and make other efforts to enhance our dissemination of information online. We intend to continue working to promote communication with our shareholders and investors by proactively disclosing information in a highly transparent manner.

ESG (Governance)

Basic approach to corporate governance

To provide society with products and services for realizing a comfortable everyday through energy conservation, environmental mitigation, and improved security, the LECIP Group recognizes the realization of management that respects the interests of our customers, shareholders, and all other stakeholders and the enhancement of corporate governance as the priority management

issues, and engages in the following initiatives based on the five basic policies listed below. We also use the holding company format and make efforts to further strengthen governance throughout the Group by managing and supervising Group companies in addition to providing guidance in line with Group management strategies.

Basic policies of corporate governance

(1) Ensure shareholder rights and equality

We will ensure the substantial rights and substantive equality of all shareholders in part by creating a proper environment for exercising those rights at General Meeting of Shareholders.

(2) Engage in proper cooperation with stakeholders

We will achieve sustainable growth and create medium- and long-term corporate value by fostering a corporate culture and climate of respect for stakeholders and through proper cooperation with our customers, shareholders, employees, suppliers, communities, and other stakeholders.

(3) Disclose information properly and ensure transparency

We will establish a foundation for constructive dialogue with shareholders by proactively and properly disclosing and providing not only financial information, but also management policies, management issues, business activity status updates, CSR activities, and other useful information about the Company.

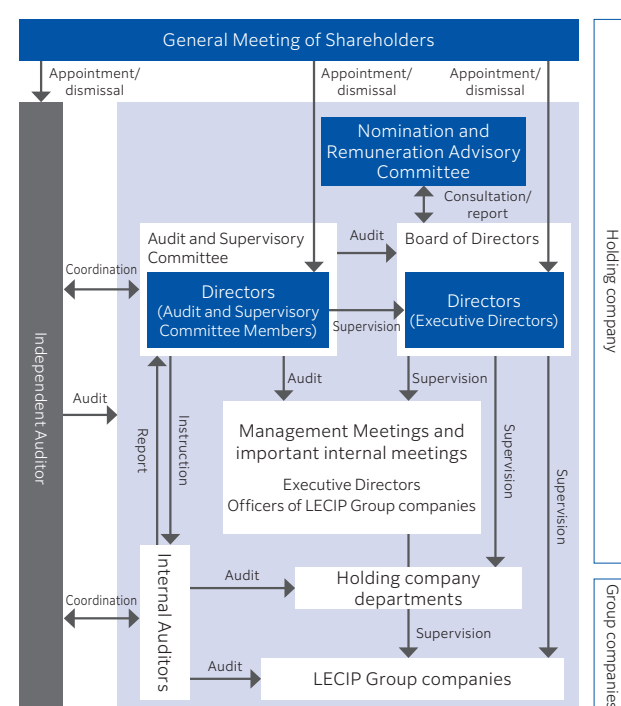
(4) Execution of duties by the Board of Directors

The Board of Directors promotes the Company's business strategies to create leading products in each business segment by gathering management resources in our three core business domains: Lighting, Electric power Conversion, and Information Processing. To actualize the strategies, the Board of Directors strives to increase profitability, capital efficiency, and more by promoting the sustainable growth of the Company and medium- to long-term improvement of corporate value and fulfilling its roles and responsibilities, namely creating supportive environments for appropriate risk-taking by management and executives and effectively supervising management and Directors.

(5) Engage in dialogue with shareholders

By hosting briefings for investors and implementing other IR activities, publishing annual reports and shareholder communication, and disseminating information through mass media, we will promote constructive dialogue between the Company and shareholders with the aims of earning shareholders' understanding with regard to our management strategies and plans, achieving sustainable growth, and improving our medium- and long-term corporate value.

Corporate governance system

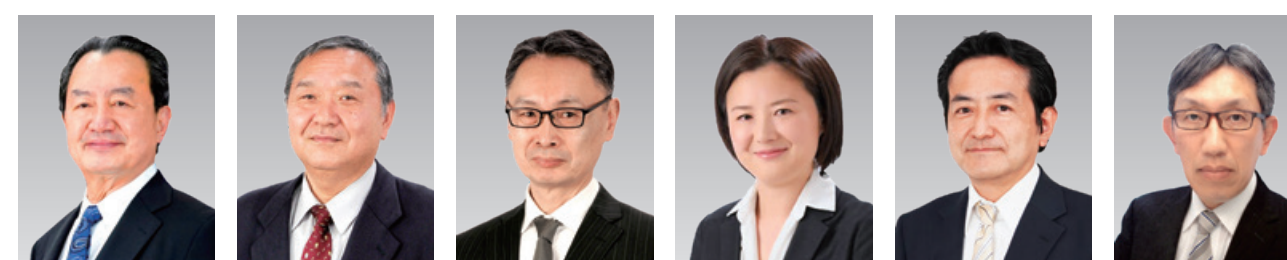


We established an Audit and Supervisory Committee comprising mostly outside Directors and gave Directors who are also Audit and Supervisory Committee Members the right to vote on resolutions of the Board of Directors in an effort to further strengthen the supervisory functions of the Board of Directors. Additionally, we delegated wide-ranging authority to make decisions on the execution of operations to the Board of Directors to expedite management decision-making and increase efficiency, and transitioned to a company with an audit and supervisory committee in June 2016 to further improve corporate value.

The Group also uses the holding company format, unifying the common indirect operations throughout the Group (e.g. personnel affairs, general affairs, accounting) and making efforts to strengthen governance throughout the Group by managing and supervising Group companies in addition to providing guidance in line with Group management strategies.

Furthermore, we have established a Nomination and Remuneration Advisory Committee under the Board of Directors to nominate Representative Directors, Directors, and Executive Officers and to enhance the functional impartiality, objectivity, and accountability of the Board of Directors pertaining to Director remuneration and other matters. The Nomination and Remuneration Advisory Committee comprises at least five members, a majority of whom are independent outside Directors.

Directors (as of June 21, 2022)



President and CEO
Makoto Sugimoto* Director
Haruo Nagano Director
Norihiro Shinagawa* Director
Hiroko Mitsui* Director
Koji Iwasa Director
Motoaki Kitano Director



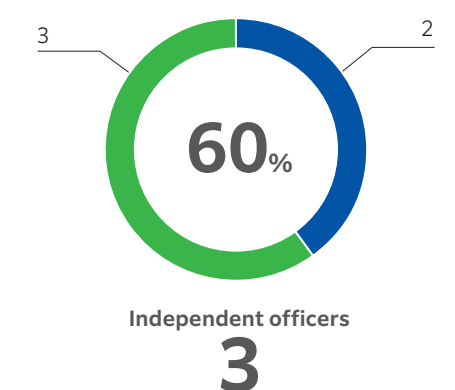
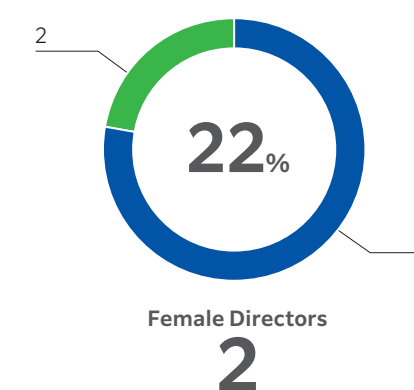
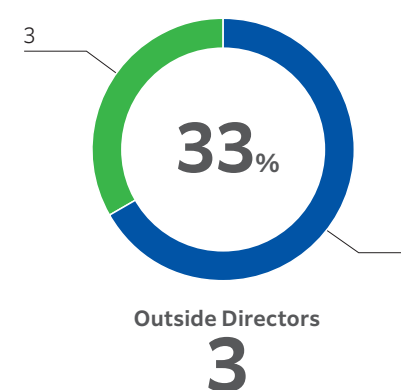
Outside Director
Kiyoyuki Kimura** Outside Director
Ryoko Sugiyama** Outside Director
Kazuhiro Naiki**

* Member of the Nomination and Remuneration Advisory Committee
★ Independent officer
◆ Female officer

Skills matrix

	Management	Finance/ accounting	Legal affairs/ risks/compliance	Global	Sales/marketing	IT/digital	Sustainability/ diversity	Personnel/ labor affairs	Research/ development
Makoto Sugimoto	●	●		●	●	●	●	●	
Haruo Nagano	●			●		●			●
Norihiro Shinagawa	●	●	●	●		●	●	●	
Hiroko Mitsui	●			●	●	●	●	●	
Koji Iwasa	●		●	●	●	●			●
Motoaki Kitano	●				●	●			
Kiyoyuki Kimura			●						
Ryoko Sugiyama	●						●		
Kazuhiro Naiki		●							

Percentage of outside Directors Percentage of female Directors Percentage of independent officers in the Nomination and Remuneration Advisory Committee



Management

We work to ensure rigorous compliance, continuous risk management, and swift, proper disclosures based on our basic policy for corporate governance to promote business management that is fair and highly transparent.

Internal control

To ensure the proper execution of operations based on the Companies Act, we established Basic Policy for Developing an Internal Control System and are striving to develop and enhance such a system for the entire Group.

We also draft basic plans for each fiscal year under which we implement activities and create and disclose reports on internal control with the aims of developing and operating a system for ensuring the effective implementation of audits by the Audit and Supervisory Committee, developing an internal control evaluation system, establishing systems for establishing and continuously maintaining the necessary internal control, and improving operational efficiency by establishing and evaluating internal control.

Risk management

The Group makes efforts to gather and share information internally to prepare for emergencies.

We have prepared a crisis management manual to manage the inherent risks of earthquakes and major disasters and seek to minimize the damage by having organizational systems at the ready.

Additionally, to ensure rigorous compliance with laws and regulations and to prevent disputes with other companies, our legal affairs department gathers information on legal revisions, reviews agreements before they are concluded, researches the intellectual property rights of other companies, conducts compliance training, and makes other efforts to reduce the Company's legal risks.

Information security

As management assets in and of themselves, the information assets we own are critical for the continuity of our business. Ensuring the confidentiality, integrity, and availability of this information is a key management issue.

Additionally, in terms of customer relations, information security incidents and accidents can ruin trust, cost business opportunities, and have other major negative impacts. With the recognition of data, operating systems, computer equipment, networks, and other information systems as information assets, LECIP CORPORATION (for a portion of business segments) and LECIP ENGINEERING CORPORATION have established and introduced, and continue to operate, monitor, review, maintain, and improve information security management systems (ISMS) based on ISO/IEC 27001, thereby working to fulfill the corporate social responsibilities.

Compliance

The Group has established regulations pertaining to compliance to clarify the Company's stance toward and means of complying with laws and regulations as well as the attitudes our employees should have. Additionally, to promote compliance, we expend every effort to inform our officers and employees of the details of relevant laws and regulations, our own compliance regulations, and our code of compliance. In conjunction with our efforts to expand business overseas in earnest, we proactively promote the establishment of internal regulations for compliance in overseas business and compliance training for employees at our foreign subsidiaries and departments involved in matters overseas so that they comply with local and international laws and regulations and take other necessary actions.

Business continuity plans (BCP)

We regularly review action plans, procedures, and more to increase the certainty of our business continuity and position ourselves to resume business by the target recovery time after disasters, accidents, and other unforeseeable events. For our IT infrastructure, we minimize the risks of disasters and swiftly implement recovery measures by backing up data in several ways, including storing emails and other data in the cloud, ensuring redundancy of wiring, supplying server rooms with electricity generated by in-house systems and outfitting the rooms with gas fire extinguishing systems, and storing data remotely. We also conduct drills once each year to practice confirming the safety of employees in the aftermath of disasters.

Protecting personal information

We have established a Privacy Policy and publish both it and a document titled Purposes of Use of Personal Information on our website. We undertake safety measures to prevent the loss and leakage of personal information. Given the particular importance of Individual Numbers and other specific personal information, we have established control zones to handle it properly, and keep records on its use and manage it strictly and lawfully.

LECIP CORPORATION earned PrivacyMark certification in April 2022. We intend to make efforts to further increase the rigor of our protection and use of personal information.

Messages from Outside Directors

Please allow us to tell you from the perspective of the outside Directors about what we believe to be the roles that LECIP should fulfill for sustainable corporate growth and medium- to long-term improvement of corporate value amid this drastically changing society and business environment.



Kiyoyuki Kimura

Outside Director,
Audit and Supervisory
Committee Member

LECIP shoulders the important part of social infrastructure known as public transportation, and these products connect directly with the increase of convenience in the lives of ordinary people. By creating superior products, LECIP can be expected to not only earn customers' support, but also bring forth benefits for society as a whole. Furthermore, for corporate growth, it is important to develop employees' capabilities and for each employee to feel motivated. Recently, it has become necessary for companies to contribute to global societal issues, such as SDGs. Based on these issues, LECIP has established long-term targets and prospects, such as VISION2030, and is aiming for growth toward the new era. LECIP is striving for sound corporate growth through this and the establishment and strengthening of governance. By providing an objective external perspective as an outside officer, we work to increase corporate value further as a company that exists to help society.



Ryoko Sugiyama

Outside Director,
Audit and Supervisory
Committee Member

My area of expertise is the environment, and looking back over the past ten years, the direction has changed significantly toward decarbonization throughout the world after the adoption of the Paris Agreement in 2015. Moreover, it is necessary to address not only climate change, but also a circular economy and natural capital (biodiversity). SDG initiatives and ESG investment have spread into the state of affairs surrounding companies.

With regard to Japan, which could be called a developed country with new problems such as declining birthrates and the aging of the population, it is needless to say that public transportation as a method of transportation that can be used safely by anyone is important in local communities, which are the foundation of life. We anticipate that LECIP will show its strengths in Japan and overseas going forward through its efforts to resolve societal issues. From the standpoint of an independent outside Director, I will strive for monitoring from the perspective of shareholders in order to strengthen governance, and hope to contribute if I am able to give advice from the environmental field.



Kazuhiro Naiki

Outside Director,
Audit and Supervisory
Committee Member

There are societal issues, such as SDGs, in the changes to the environment surrounding us. I believe it is necessary for companies to contribute to the development of society by independently working on these issues. Within this situation, I anticipate that LECIP will provide safe, secure and comfortable systems that help maintain and advance public transportation as infrastructure, and streamline energy infrastructure utilizing its knowledge of batteries.

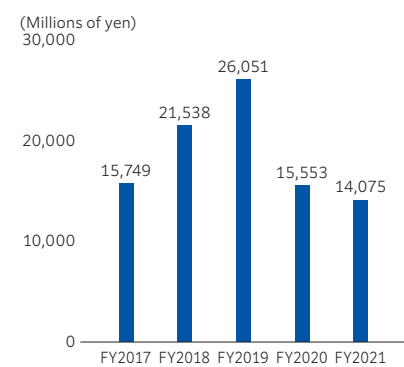
Furthermore, LECIP began to apply the revised corporate governance code from June 2021, and an even higher level of governance has become necessary, such as fulfilling the functions of the Board of Directors, ensuring diversity in companies' core human resources and initiatives for sustainability issues. As an outside Director, I believe that proactive proposals at meetings of the Board of Directors, Audit and Supervisory Committee and Nomination and Remuneration Advisory Committee based on corporate governance levels, which are becoming stricter every year, will lead to our sustainable growth and improvement of corporate value over the medium to long term.

Financial Highlights

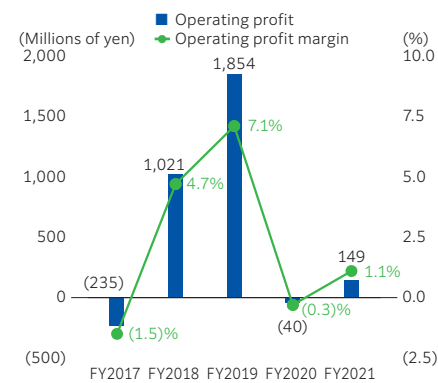
	FY2011	FY2012	FY2013	FY2014	FY2015		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Profit and loss												
Net sales (Millions of yen)	13,059	13,480	14,157	20,215	16,203		16,985	15,749	21,538	26,051	15,553	14,075
Operating profit (Millions of yen)	493	477	151	603	(571)		483	(235)	1,021	1,854	(40)	149
Ordinary profit (Millions of yen)	514	526	164	779	(649)		354	(248)	1,030	1,830	35	325
Net profit (Millions of yen)	132	292	(98)	227	(1,378)		50	(454)	438	891	(124)	53
Financial position												
Total assets (Millions of yen)	10,347	9,791	12,677	14,431	13,173		13,048	12,465	16,445	14,791	15,129	14,449
Net assets (Millions of yen)	5,308	4,755	4,614	4,637	3,277		3,499	2,985	3,427	5,078	4,912	4,775
Cash flows												
Cash flows from operating activities (Millions of yen)	495	248	(560)	(292)	324		1,135	487	125	2,876	(1,130)	2,300
Cash flows from investing activities (Millions of yen)	(189)	(136)	(1,052)	(722)	(555)		(387)	(326)	(452)	(685)	(481)	(138)
Cash flows from financing activities (Millions of yen)	(308)	(416)	1,293	1,306	402		(59)	(187)	1,005	(2,239)	2,747	(1,415)
Related information												
Capital investments (Millions of yen)	198	218	537	652	488		306	492	770	916	337	289
Depreciation (Millions of yen)	292	353	786	585	528		384	473	534	514	433	476
Research and development expenses (Millions of yen)	275	243	323	408	395		445	691	761	854	506	576
Index												
Equity ratio (%)	51.3	48.6	36.4	32.1	24.9		26.8	24.0	20.8	34.3	32.5	33.0
Return on equity (ROE) (%)	2.5	5.8	(2.1)	4.9	(34.8)		1.5	(14.0)	13.7	21.0	(2.5)	1.1
Earnings per share (EPS) (Yen)	10.4	23.4	(9.1)	20.8	(125.3)		4.6	(40.9)	38.8	74.4	(9.8)	4.2
Book-value per share (BPS) (Yen)	415.4	438.7	422.2	422.3	297.0		315.5	267.6	301.9	398.6	385.2	371.6

* In the fiscal year ended March 31, 2020, a capital increase involving the new issuance of 1,380 thousand shares was conducted.

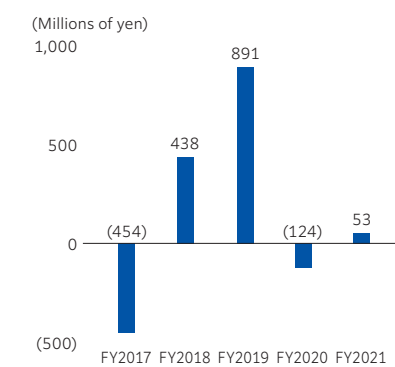
Net sales



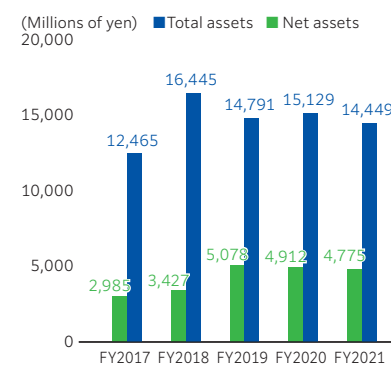
Operating profit / Operating profit margin



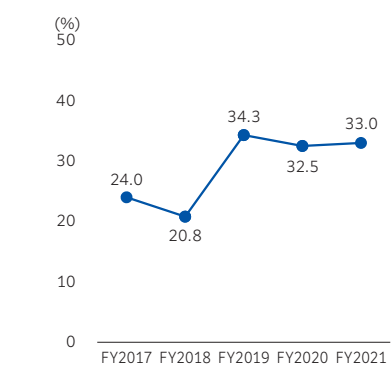
Net profit



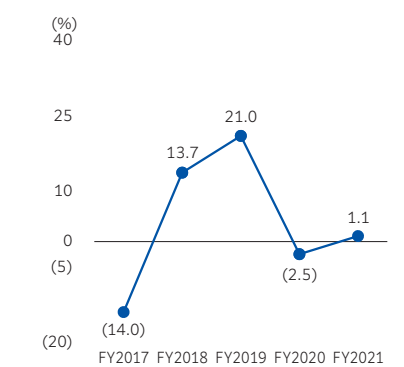
Total assets / Net assets



Equity ratio



Return on equity (ROE)



Consolidated Financial Statements

■ Consolidated balance sheet (Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,388,858	4,094,941
Notes receivable - trade	702,148	592,576
Accounts receivable - trade	4,237,485	2,762,281
Merchandise and finished goods	791,485	839,266
Work in process	572,063	537,168
Raw materials and supplies	1,305,435	1,908,013
Income taxes refund receivable	320,024	2,519
Other	429,395	545,692
Total current assets	11,746,898	11,282,458
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,361,127	3,367,689
Accumulated depreciation	(2,499,534)	(2,560,579)
Buildings and structures, net	861,593	807,109
Machinery, equipment and vehicles	1,066,412	1,131,578
Accumulated depreciation	(881,410)	(946,246)
Machinery, equipment and vehicles, net	185,002	185,332
Tools, furniture and fixtures	3,467,989	3,463,441
Accumulated depreciation	(3,323,490)	(3,319,860)
Tools, furniture and fixtures, net	144,499	143,581
Land	110,915	110,915
Leased assets	579,808	641,330
Accumulated depreciation	(267,298)	(360,247)
Leased assets, net	312,510	281,083
Construction in progress	21,377	7,548
Total property, plant and equipment	1,635,898	1,535,570
Intangible assets	688,280	587,885
Investments and other assets		
Investment securities	615,899	558,180
Deferred tax assets	250,211	301,763
Other	239,457	230,411
Allowance for doubtful accounts	(47,450)	(46,300)
Total investments and other assets	1,058,117	1,044,054
Total non-current assets	3,382,295	3,167,510
Total assets	15,129,194	14,449,969

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,202,933	1,183,455
Electronically recorded obligations - operating	1,339,727	1,512,855
Short-term borrowings	4,561,895	3,205,615
Current portion of long-term borrowings	416,934	437,201
Lease liabilities	106,439	110,494
Accounts payable - other	355,574	384,776
Income taxes payable	16,097	286,532
Advances received	15,958	124,577
Provision for bonuses	328,585	315,473
Provision for product warranties	58,710	60,355
Provision for loss on orders received	108,542	116,569
Other	537,549	681,742
Total current liabilities	9,048,946	8,419,649
Non-current liabilities		
Long-term borrowings	372,729	499,133
Lease liabilities	269,227	231,439
Deferred tax liabilities	7,316	3,900
Provision for Employee Stock Ownership Plan Trust	187,705	201,626
Provision for Management Board Incentive Plan Trust	117,237	102,866
Retirement benefit liability	33,510	35,830
Other	180,182	180,228
Total non-current liabilities	1,167,908	1,255,023
Total liabilities	10,216,854	9,674,672
Net assets		
Shareholders' equity		
Share capital	1,190,955	1,190,955
Capital surplus	1,202,890	1,211,976
Retained earnings	2,798,894	2,773,271
Treasury shares	(590,805)	(549,340)
Total shareholders' equity	4,601,934	4,626,863
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	162,223	120,417
Foreign currency translation adjustment	148,181	28,015
Total accumulated other comprehensive income	310,405	148,433
Total net assets	4,912,339	4,775,296
Total liabilities and net assets	15,129,194	14,449,969

■ Consolidated statement of income (Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	15,553,636	14,075,755
Cost of goods sold	12,250,086	10,121,386
Gross profit	3,303,549	3,954,368
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	217,039	235,743
Salaries and allowances	1,252,731	1,490,471
Bonuses	54,451	113,714
Provision for bonuses	105,902	105,715
Retirement benefit expenses	40,222	39,590
Provision for Employee Stock Ownership Plan Trust	28,655	18,597
Legal welfare expenses	223,069	224,636
Share-based payment expenses	-	23,627
Freight costs	142,848	143,754
Provision of allowance for doubtful accounts	(85)	-
Travel and transportation expenses	57,871	68,338
Repair expenses within guaranteed term	6,009	42,820
Provision for product warranties	39,239	41,652
Depreciation	160,720	222,788
Administrative outsourcing expenses	255,229	296,684
Other	759,740	736,437
Total selling, general and administrative expenses	3,343,647	3,804,572
Operating profit (loss)	(40,097)	149,796
Non-operating income		
Interest income	37	0
Dividend income	10,269	11,094
Foreign exchange gains	33,673	144,273
Subsidy income	48,584	40,023
Reversal of allowance for doubtful accounts	5,200	1,150
Other	12,491	13,503
Total non-operating income	110,256	210,045
Non-operating expenses		
Interest expenses	30,664	28,904
Levy for employing disabled persons	2,410	4,200
Loss on sale of receivables	52	110
Other	1,049	1,506
Total non-operating expenses	34,177	34,721
Ordinary profit	35,981	325,120
Extraordinary losses		
Impairment losses	5,562	11,753
Loss on abandonment of non-current assets	448	968
Loss on valuation of investment securities	-	3,800
Total extraordinary losses	6,011	16,522
Profit before income taxes	29,970	308,598
Income taxes - current	25,828	286,346
Income taxes - deferred	128,625	(31,023)
Total income taxes	154,453	255,322
Profit (loss)	(124,483)	53,275
Net profit (loss)	(124,483)	53,275

Consolidated Financial Statements

Consolidated statement of cash flows (Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	29,970	308,598
Depreciation	455,690	476,231
Impairment losses	5,562	11,753
Increase (decrease) in allowance for doubtful accounts	(4,985)	(1,150)
Increase (decrease) in provision for bonuses	(177,443)	(13,836)
Increase (decrease) in provision for product warranties	(53,006)	(196)
Increase (decrease) in provision for loss on orders received	20,107	8,027
Increase (decrease) in provision for Employee Stock Ownership Plan Trust	25,835	13,920
Increase (decrease) in provision for Management Board Incentive Plan Trust	(3,794)	(14,371)
Increase (decrease) in retirement benefit liability	1,180	2,320
Interest and dividend income	(10,306)	(11,095)
Interest expenses	30,664	28,904
Subsidy income	(48,584)	(40,023)
Loss on abandonment of non-current assets	448	968
Decrease (increase) in trade receivables	1,086,582	1,546,305
Decrease (increase) in inventories	(187,128)	(588,392)
Decrease (increase) in beneficial interests in trust	46,977	71,103
Decrease (increase) in advance payments to suppliers	11,304	(16,095)
Increase (decrease) in trade payables	(786,696)	146,410
Increase (decrease) in advances received	(1,613)	99,457
Increase (decrease) in accounts payable - other	(387,766)	28,241
Increase (decrease) in accrued consumption taxes	(167,992)	87,094
Other	(130,363)	(168,446)
Subtotal	(245,360)	1,975,726
Interest and dividends received	10,307	11,272
Interest paid	(30,725)	(28,288)
Subsidies received	48,584	40,023
Income taxes refund (paid)	(913,233)	302,154
Net cash provided by (used in) operating activities	(1,130,427)	2,300,889
Cash flows from investing activities		
Purchase of property, plant and equipment	(311,438)	(126,864)
Proceeds from sale of property, plant and equipment	1	0
Purchase of intangible assets	(169,832)	(70,944)
Purchase of investment securities	(6,132)	(6,588)
Proceeds from withdrawal of time deposits	-	55,000
Other	6,042	10,445
Net cash provided by (used in) investing activities	(481,360)	(138,952)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,078,860	(1,381,975)
Proceeds from long-term borrowings	400,000	650,000
Repayments of long-term borrowings	(496,280)	(503,329)
Proceeds from sale of treasury shares	6,615	-
Purchase of treasury shares	(23)	-
Dividends paid	(116,725)	(68,363)
Other	(125,132)	(111,722)
Net cash provided by (used in) financing activities	2,747,313	(1,415,389)
Effect of exchange rate change on cash and cash equivalents	3,530	14,535
Net increase (decrease) in cash and cash equivalents	1,139,057	761,082
Cash and cash equivalents at beginning of period	2,194,801	3,333,858
Cash and cash equivalents at end of period	3,333,858	4,094,941

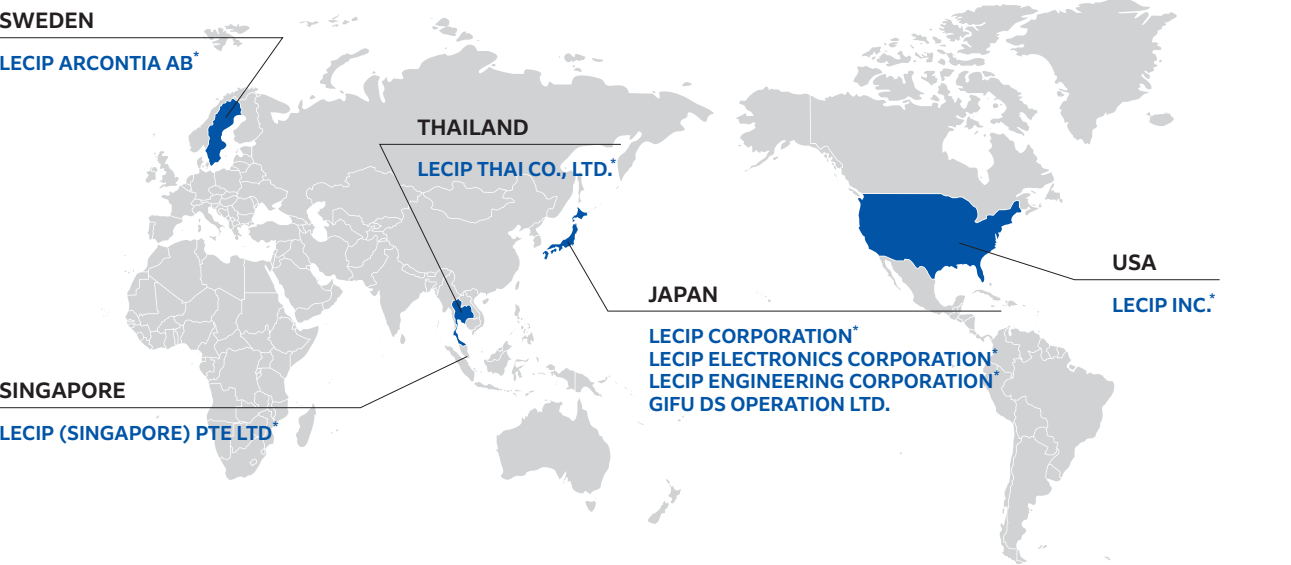
Company Information and Status of Shares (as of March 31, 2022)

Company overview

Trade name	LECIP HOLDINGS Kabushiki Kaisha (Company name in English: LECIP HOLDINGS CORPORATION)	List of Group companies and main business activities
Address	1260-2 Kaminoho, Motosu City, Gifu Prefecture 501-0401, Japan	● LECIP CORPORATION (Manufacture and sale of electrical components and equipment for buses and railways, various industrial equipment, automotive parts, etc.) ● LECIP ELECTRONICS CORPORATION (Mounting and assembly of printed circuit boards) ● LECIP ENGINEERING CORPORATION (Support for introduction and repair of electrical components and equipment for buses and railways, and various industrial equipment) ● GIFU DS OPERATION LTD. (Operational control of digital signage) ● LECIP INC. (Sale of the Group's products for the North American transportation equipment market) ● LECIP (SINGAPORE) PTE LTD (Sale, support for introduction, and repair of the Group's products for the ASEAN transportation equipment market) ● LECIP THAI CO., LTD. (Sale of electrical components and equipment for buses, various industrial equipment, automotive parts, etc.) ● LECIP ARCONTIA AB (Manufacture and sale of products and software related to the transportation equipment market)
Established	March 1953	
Share capital	1,190 million yen	
Employees	600 (Consolidated)	
Description of business	Formulation and promotion of the Group's management strategy and other management support as the Group's holding company	

Group network

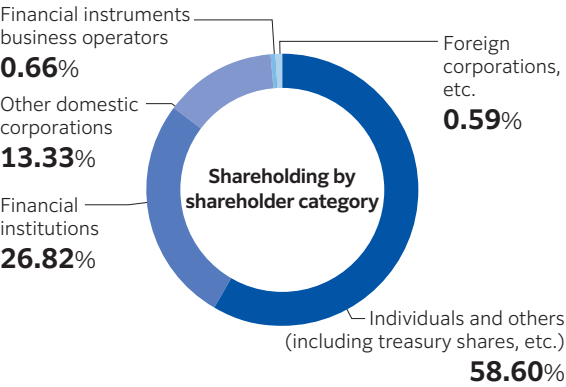
Companies denoted by an asterisk (*) are consolidated companies.



Status of shares

Total number of shares authorized	44,000,000 shares
Total number of shares issued	14,178,200 shares
Number of shareholders	17,271

Distribution of shares



Principal shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
LECIP Employees' Shareholder Association	1,005,240	7.30
Nagoya Small and Medium Business Investment & Consultation Co., Ltd.	936,480	6.80
The Master Trust Bank of Japan, Ltd. (Trust account)	872,700	6.33
The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust)	575,564	4.18
The Juroku Bank, Ltd.	560,000	4.06
Makoto Sugimoto	397,976	2.89
The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust)	349,706	2.53
Rakuten General Insurance Co., Ltd.	300,000	2.17
LECIP Business Partners' Shareholder Association	287,500	2.08
Nippon Life Insurance Company	260,000	1.88

Notes: 1. The Company holds 400,891 treasury shares, and is excluded from the principal shareholders list above.
The treasury shares (400,891 shares) do not include the Company's shares held by the Stock Grant ESOP Trust (575,564 shares) and the Company's shares held by the Board Incentive Plan Trust (349,706 shares).
2. Treasury shares (400,891 shares) are excluded in the calculation of the shareholding ratio.