

MEIKO REPORT

49th Report to Shareholders

(From April 1, 2023 to March 31, 2024)

Securities code: 6787

MEIKO ELECTRONICS CO., LTD.

Financial highlights

Net sales

179,458 million yen

Operating income

11,660 million yen

Net income attributable to owners of parent

11,310 million yen

Consolidated balance sheet (in million yen)

	Previous period (As of March 31, 2023)	Current period (As of March 31, 2024)
Assets		
Current assets	91,905	102,839
Noncurrent assets	110,489	127,120
Property, plant and equipment	95,537	112,065
Intangible assets	6,999	6,418
Investments and other assets	7,951	8,636
Total assets	202,394	229,960
Liabilities		
Current liabilities	73,672	81,714
Noncurrent liabilities	44,246	42,786
Total liabilities	117,919	124,501
Net assets		
Shareholders' equity	59,981	69,566
Capital	12,888	12,888
Capital surplus	13,700	14,242
Retained earnings	35,568	45,146
Treasury stocks	△2,176	△2,710
Cumulative other comprehensive income	17,339	28,617
Valuation difference on available-for-sale securities	13	94
Deferred gains or losses on hedges	54	45
Foreign currency translation adjustment	17,425	28,467
Non-controlling interests	△154	10
Total net assets	84,475	105,458
Total liabilities and net assets	202,394	229,960

Consolidated statement of income (in million yen)

	Previous period (year to date) (April 1, 2022 to March 31, 2023)	Current period (year to date) (April 1, 2023 to March 31, 2024)
Net sales	167,276	179,458
Cost of sales	141,260	148,910
Gross profit	26,015	30,548
Selling, general and administrative expenses	16,440	18,887
Operating income	9,575	11,660
Non-operating income	3,268	3,917
Non-operating expenses	1,631	1,310
Ordinary income	11,212	14,267
Extraordinary income	42	542
Extraordinary losses	583	936
Net income before income taxes	10,672	13,873
Income taxes	1,887	2,458
Net income	8,784	11,415
Net income (loss) attributable to non-controlling interests	△62	105
Net income attributable to owners of parent	8,847	11,310

Consolidated statement of cash flows (in million yen)

	Previous period (year to date) (April 1, 2022 to March 31, 2023)	Current period (year to date) (April 1, 2023 to March 31, 2024)
Net cash generated from operating activities	15,714	23,357
Net cash expended in investment activities	△29,042	△21,586
Net cash generated from/expended in financing activities	19,961	681
The effect of changes in the exchange rate on cash and cash equivalents	250	1,577
Increase (decrease) in cash and cash equivalents	6,884	4,028
Cash and cash equivalents at the beginning of the period	10,450	17,334
Cash and cash equivalents at the end of the period	17,334	21,363

Key points of the financial results

●Cash flows

In the fiscal year under review, cash and cash equivalents (hereafter "funds") increased by 4,028 million yen from the previous consolidated fiscal year to 21,363 million yen.

Net cash generated from operating activities

Funds generated from operating activities were 23,357 million yen, up 7,642 million yen from the previous consolidated fiscal year. Factors of this increase are net income before income taxes of 13,873 million yen, depreciation and amortization of 11,215 million yen, and an increase of trade payables of 2,261 million yen. Meanwhile, factors of decrease are exchange gain of 2,066 million yen and income taxes of 2,544 million yen.

Net cash expended in investment activities

Funds expended in investment activities were 21,586 million yen, down 7,456 million yen from the previous consolidated fiscal year. Factors of expenditure are acquisition of property, plant and equipment of 21,447 million yen and acquisition of investment securities of 1,058 million yen.

Net cash generated from financing activities

Funds generated from financing activities are 681 million yen, down 19,280 million yen from the previous consolidated fiscal year. Factors of gain are an increase of short-term borrowings of 1,551 million yen and proceeds from long-term borrowings of 9,100 million yen. Factors of expenditure are repayment of long-term borrowings of 7,991 million yen and payment of dividends of 1,730 million yen.

●Consolidated balance sheet

Total assets stood at 229,960 million yen, an increase of 27,565 million yen from the end of the previous consolidated fiscal year. This increase is mainly due to an increase of 4,018 million yen in cash and deposits, an increase of 1,654 million yen in accounts receivable-trade, an increase of 2,963 million yen in inventories, and an increase of 1,566 million yen in other, which were all recorded under current assets. Factors behind the increase in total assets also included an increase of 16,528 million yen in property, plant and equipment, which was recorded under noncurrent assets. Net assets totaled 105,458 million yen, an increase of 20,983 million yen from the end of the previous consolidated fiscal year, due primarily to an increase of 9,578 million yen in retained earnings and an increase of 11,041 million yen in foreign currency translation adjustment.



To our shareholders

I would like to express my sincere gratitude to all shareholders and investors for the outstanding support. The following is a report summarizing the operating results for the term ended March 2024.

Yuichiro Naya, President & CEO

Full-year consolidated results for FY2023/Full-year forecast for FY2024 (in 100 million yen)

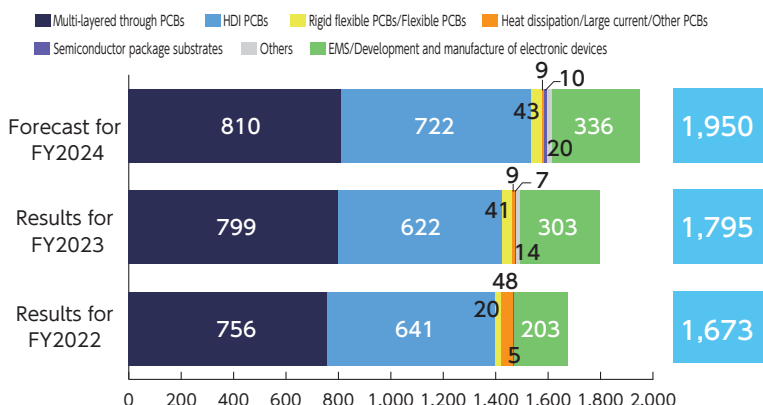
	Full-year results for FY2022	Full-year results for FY2023	Increase/decrease rate	Full-year forecast for FY2024	Increase/decrease rate
Net sales	1,673	1,795	7.3%	1,950	8.7%
Operating income	96 5.7%	117 6.5%	21.8%	160 8.2%	37.2%
Ordinary income	112 6.7%	143 8.0%	27.2%	150 7.7%	5.1%
Net income attributable to owners of parent	88 5.3%	113 6.3%	27.8%	125 6.4%	10.5%
Average FX rate (JPY/USD)	136.0	145.3		145	

Net sales from each product application/Forecast for FY2024 (in 100 million yen)

	Results for FY2022		Results for FY2023		Forecast for FY2024	
	Sales	Operating income (Operating margin)	Sales	Operating income (Operating margin)	Sales	Operating income (Operating margin)
Automotive	845	60 7.1%	947	81 8.6%	969	95 9.8%
Smartphones/tablets	271	11 4.1%	266	21 7.9%	238	30 12.6%
Semiconductor package	5	0 0.0%	7	-15 -214.3%	10	-17 -170.0%
SSD and IoT modules	100	10 10.0%	85	10 11.8%	77	12 15.6%
Satellite communication					80	8 10.0%
AI appliances/amusement/other products for industrial equipment	249	16 6.4%	187	11 5.9%	240	21 8.8%
EMS/development and manufacture of electronic devices	203	-1 -0.5%	303	9 3.0%	336	11 3.3%
Total	1,673	96 5.7%	1,795	117 6.5%	1,950	160 8.2%

Net sales by product specification

(in 100 million yen)



Business results in FY2023

Uncertainties concerning the future were not eradicated in the electronic parts industry in this consolidated fiscal year due to increasing geopolitical tension in addition to inflation and interests rising on a global scale and sluggish economy and consumption in major countries with the exception of the U.S. On the other hand, an increase in the number of produced automobiles due to the settlement of semiconductor shortage and recovery of demand for smartphones were observed.

Amid such circumstances, our group witnessed favorable results in terms of sales and profit of automobile PCBs owing to the recovery of demand for automobiles. While the sales of smartphone PCBs to Chinese smartphone manufacturers declined, profit grew as a result of endeavors to promote the sale of PCBs for high-end models. Regarding the EMS business, both sales and profit significantly increased due to the steady performance of projects for commissioned development. In terms of production, the factory operating rate improved due to a growth of the number of orders received and, coupled with cost reduction effects, the impact of foreign currency exchange, etc., revenues show a trend of improvement.

As a result, we posted net sales of 179,458 million yen (+7.3% year on year), up 12,181 million yen from the previous consolidated fiscal year. In terms of profit, we posted operating income of 11,660 million yen (+21.8% year on year), ordinary income of 14,267 million yen (+27.2% year on year) and net income attributable to owners of parent of 11,310 million yen (+27.8% year on year).

Forecast for FY2024

In the electronic parts industry in which our group operates business, demand for high-performance electronic parts is projected to grow in various fields, such as automatic driving of automobiles and communication infrastructure and AI servers that support it.

Regarding the outlook for performance of our group in the next term, automotive PCBs are projected to drive the overall performance of the PCB business. Regarding our initiatives, we will forge ahead with sales promotion targeted at clients that are major foreign-owned enterprises in addition to our existing Japanese clients. With regard to smartphone PCBs, we will keep focusing on promoting the sale of PCBs for high-end smartphones. In addition, we will concentrate on fields with high growth potential, such as IoT devices and satellite communication. In terms of production, we will strive for early achievement of profitability of our Ishinomaki Factory No. 2 and Vietnam Plant No. 3, which are in charge of producing semiconductor package substrates and communication module PCBs. Furthermore, we will endeavor to promote the commissioned development-type products, such as automotive PCBs, in the EMS business. Regarding profit and loss, we will improve profitability by enhancing productivity through efforts to automate factories and plants, save labor, and achieve yield improvement.

Consequently, we decided to set our performance forecast as 195,000 million yen in net sales, 16,000 million yen in operating income, 15,000 million yen in ordinary income, and 12,500 million yen in net income attributable to owners of parent.

- Management focused on capital cost and share price

- Outline of the Medium-Term Business Plan

●Situation of the new business (semiconductor package substrates)

Amid such circumstances, we are working toward achieving profitability at an early stage, proactively forging ahead with acquiring certification from our customers and gaining new business opportunities.

- Construction of new plants

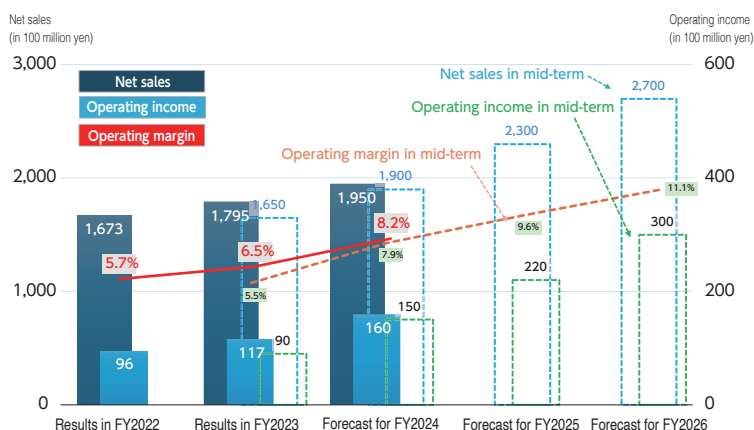
The establishment of the supply chain in ASEAN regions is rapidly progressing globally. We have also been receiving inquiries exceeding the capacity of our existing plants and therefore decided to construct new plants in Vietnam. Firstly, we are going to construct Plant No. 4 with the objective of complementing the existing Vietnam Plant No. 2 and producing high-multilayered and high-density HDI PCBs as well as memory module PCBs. Secondly, we have decided to construct a Hoa Binh Plant in Hoa Binh Province, Vietnam, to produce medium- to high-multilayered PCBs and HDI PCBs.



Management focused on capital cost and share price

Analysis of current situation	Policies	Initiatives
<p>◆ROE FY2022: 10.5% →FY2023: 10.7%</p> <p>◆PBR FY2022: 0.97 →FY2023: 1.32</p> <p>◆PER FY2022: 8.5 →FY2023: 12.3</p> <p>◆Dividend FY2022: 55 yen →FY2023: 68 yen</p> <p>◆Market cap FY2022: 74,900 million yen →FY2023: 139,000 million yen</p>	<p>◆Achievement of the Medium-Term Business Plan</p> <p>◆Financial targets Elevation of ROE Elevation of equity ratio Improvement of D/E ratio</p> <p>◆Investment in growing areas to elevate corporate value</p>	<p>◆Expansion of sales and profit</p> <p>◆Improvement of production Improvement of yield Improvement of quality Improvement of productivity</p> <p>◆Investment strategy Concentration of investment in cutting-edge PCBs</p>

Outline of the Medium-Term Business Plan



Vietnam Plant No. 4: Business overview

Location	Thach That - Quoc Oai Industrial Park, Hanoi
Total floor area	Approx. 60,000m ² (15,000m ² x four floors)
Investment amount	Approx. 25 billion yen
Outline of business	Complementing the capacity of Plant No. 2 (PCBs) High-multilayered and high-density HDI PCBs Memory module PCBs
Start of operation	Production of each product to be started one after another in FY2025

Hoa Binh Plant: Business overview

Location	Da River Left Bank Industrial Park, Hoa Binh
Site area	Approx. 93,000㎡
Total floor area	Approx. 60,000㎡ (Plant No. 1) (*extension possible)
Investment amount	Approx. 50 billion yen (Plant No. 1)
Outline of business	Medium- to high-multilayered and high-density HDI PCBs (Plant No. 1)
Start of operation	Operation to be started in FY2026

Shareholder return

Our company recognizes the increase of profits for shareholders as an important managerial mission. For the time being, we will prioritize investment to expand the business scale of our company and focus on increasing sales and profit. We set a payout ratio guideline at 15%, and shall work toward increasing dividends in step with the expansion of profit.

Dividends

FY2022	FY2023	FY2024 (forecast)
55yen	68yen	72yen
Interim: 27 yen Year-end: 28 yen	Interim: 27 yen Year-end: 41 yen	Interim: 36 yen Year-end: 36 yen

We are taking a number of measures for improvement with utmost efforts to elevate our performance and corporate value in order to live up to the support and expectations of our shareholders and all other stakeholders. We would appreciate your further kind support and encouragement from now on as well.



Eizo Shibata

Managing Executive Officer

In this fiscal year, we focused on promoting the sale of automotive PCBs in Japan and Europe and newly on gaining access to major automotive clients in the U.S., China and South Korea, aiming for "No. 1 in the global market of automotive PCBs." At the beginning of the fiscal year, we forecasted that the shortage of semiconductors for automotive PCBs would persist, but as the number of orders received picked up, thanks to the recovery of supply and the adoption of alternative components in the second half of the fiscal year, and we managed to improve the market share of smartphone PCBs, we achieved 179.5 billion yen in net sales and 11.7 billion yen in operating income for the full year.

Consequently, the achievement of 100 billion yen in sales of automotive PCBs in the next fiscal year now appears much closer to reality.

A progress has been made in client approval procedures at several companies and we have begun to receive orders in the semiconductor package-related business. Moreover, the new Tendo Factory has started to produce approved PCBs and an order for mass production from a major Tier 1 automotive vendor has been received. Furthermore, we succeeded in entering the field of satellite communication as a new product category, which is a significant achievement showing that the orchestrated activities of the production, sales and technology teams were fruitful. We will keep making all-out efforts to receive orders for next-generation automotive products, such as BEV and driver assistance.

This year marks the 50th anniversary of the establishment of the company, and Meiko Group shall make utmost endeavors to achieve the plan for FY2024, 195 billion yen in net sales and 16 billion yen in operating income.

We would appreciate your continued support.

Corporate data (As of March 31, 2024)

Corporate Profile

Name	MEIKO ELECTRONICS CO., LTD.
Established	November 25, 1975
Capital	12,888 million yen
No. of Employees	11,912 (consolidated) (Japan: 1,328) (Overseas: 10,584)
Outline of Business	Design and manufacturing and sales of PCBs and auxiliary electronics business

Executives

President & CEO	Yuichiro Naya
Director and Senior Managing Executive Officer	Masakuni Shinozaki
Director and Senior Managing Executive Officer	Junya Wada
Director and Managing Executive Officer	Atsushi Sakate
Director and Managing Executive Officer	Yoshihito Kikyo
Director and Executive Officer	Shigeru Naya
Director	Yoon Ho, Shin
Director	Nao Tsuchiya
Director	Yosuke Nishiyama
Director	Takashi Harada
Director	Toshifumi Kobayashi
Audit & Supervisory Board Member (Standing)	Takahiro Matsuda
Audit & Supervisory Board Member	Hiroshi Miyauchi
Audit & Supervisory Board Member	Kotomi Ejiri

*Changes in titles and positions at the Company which took place after the last day of this fiscal year are as follows.

Name	Before change	After change	Effective date
Atsushi Sakate	Director and Senior Managing Executive Officer General Manager of PCB Business Headquarters	Vice-President & COO General Manager of PCB Business Headquarters	April 1, 2024
Shigeru Naya	Director and Executive Officer Representative Director of Meiko Tech Co., Ltd. General Manager of Power Electronics Division	Director and Managing Executive Officer Representative Director of Meiko Tech Co., Ltd. General Manager of Power Electronics Division	April 1, 2024

Affiliated Companies

Yamagata Meiko Electronics Co., Ltd.	Auxiliary electronics business
Meiko Tech Co., Ltd.	Auxiliary electronics business
Meiko Techno Co., Ltd.	Auxiliary electronics business
Meiko Embedded Products, Ltd.	Auxiliary electronics business
Meiko Embedded Technology, Ltd.	Auxiliary electronics business
Meiko Elec. Hong Kong Co., Ltd.	Auxiliary electronics business
Meiko Electronics (Guangzhou Nansha) Co., Ltd.	Auxiliary electronics business
Meiko Electronics (Wuhan) Co., Ltd.	Auxiliary electronics business
Guangzhou Sipide Trading Co., Ltd.	Auxiliary electronics business
Meiko Electronics Vietnam Co., Ltd.	Auxiliary electronics business
Meiko Electronics Thang Long Co., Ltd.	Auxiliary electronics business
Meiko Electronics America, Inc.	Auxiliary electronics business
Meiko Towada Vietnam Co., Ltd.	Auxiliary electronics business
Meiko Electronics America, Inc.	Auxiliary electronics business

*On April 1, 2024, the name of "Meiko Embedded Products, Ltd." was changed to "Meiko Electronic Development Co., Ltd.," the name of "Meiko Embedded Technology, Ltd." to "Meiko Electronic Manufacturing Co., Ltd.," and the name of "Meiko Towada Vietnam Co., Ltd." to "Meiko Electronics Hai Duong Vietnam Co., Ltd."

Stock Information

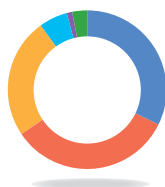
Number of Shares Authorized	Common stock: 70,000,000 shares First bond-type stock: 100 shares
Number of Shares Issued	Common stock: 26,000,803 shares (excluding treasury stock of 802,517 shares) First bond-type stock: 70 shares
Number of Shareholders	Common stock: 3,272 First bond-type stock: 1

Principal Shareholders

Name of shareholder	Number of shares held (thousands of shares)	% of shares held
Yuichiro Naya	4,704	18.09
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,774	14.52
Custody Bank of Japan, Ltd. (Trust Account)	2,864	11.02
CLEARSTREAM BANKING S.A.	947	3.64
BNP PARIBAS LUXEMBOURG/2S/JASDEC /FIM/ LUXEMBOURG FUNDS/UCITS ASSETS	700	2.69
Meiko Kosan Co., Ltd.	608	2.34
Yuhu, Ltd.	521	2.00
Sumitomo Mitsui Banking Corporation	377	1.45
STATE STREET BANK AND TRUST COMPANY 505223	376	1.45
Seiichi Naya	355	1.37

*The Company owns treasury stock of 802,517 shares and is excluded from the above principal shareholders. The percentages for the total number of issued shares have been calculated after excluding treasury stock.

Shareholding Structure (Common Stock)



Individuals and others	32.29%
Financial institutions	33.37%
Foreign institutions and others	24.56%
Other institutions	5.74%
Financial instruments business operators	1.05%
Treasury stock	2.99%

Shareholders' Information

Fiscal year	April 1 to March 31 of the following year
Annual shareholders' meeting	June
Record date	Year-end dividends: March 31 Interim dividends: September 30
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, 100-8233 Japan
Transfer office	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Dept. 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, 100-8233 Japan
Address for sending mails	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Dept. 2-8-4 Izumi, Suginami-ku, Tokyo, 168-0063 Japan
Contact	Tel: 0120-782-031
Stock exchange	Prime Market, Tokyo Stock Exchange
Method of public notice	Electronic public notice in our official page Official Page: https://www.meiko-elec.com/ir/pa.shtml In the event of an accident or other unforeseen events that prevent publication of the electronic public notice, it will be published in The Nikkei.

Enquiries concerning shareholdings

- Shareholders who need to update information on shareholdings, including change of address and method of receiving dividends, are advised to contact the securities companies where securities accounts are held.
- Shareholders who do not have accounts with securities companies and need to process payments of dividends are advised to contact Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Dept. as stated above.



Headquarters: 5-14-15 Ogami, Ayase, Kanagawa, 252-1104 Japan
Tel: 0467-76-6001 (main)

URL: <https://www.meiko-elec.com/>

Notes on Forecasts

The information in this report contains future forecasts, such as the plans and business results of the Company. These forecasts are based on information available at the time when these forecasts were made and certain preconditions that the Company believes to be reasonable. Please note that actual business results may differ from the forecasts herein due to a variety of factors.