

MEIKO corporate report 2023

Business Principles

We provide the best-ever products and services for our customers through Meiko's manufacturing, thus contributing to the creation of happiness in employees and society.

Our profile

We produce cutting-edge PCBs for automobiles, smartphones, IoT devices, industrial equipment, etc. and design, develop, mount, and assemble electronic devices on a global basis.

EMS
Electronic device development and manufacturing

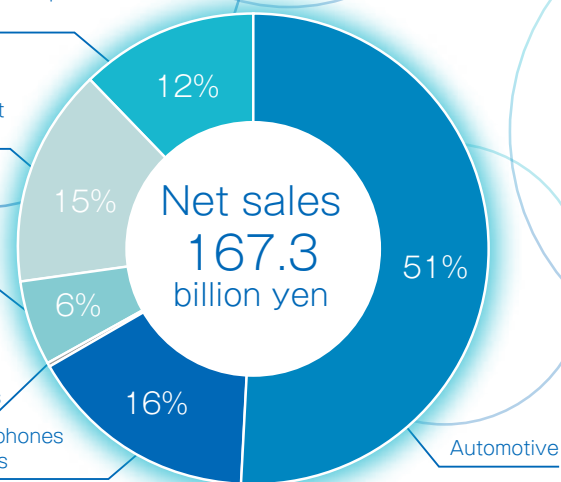
AI appliances
Amusement
Industrial equipment
etc.

SSD
IoT modules

Semiconductor
package substrates

Smartphones
Tablets

Automotive



Operating income
9.6 billion yen

Number of employees
12,553



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Value Creation

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Positioning of This Report

	Financial Information	Non-financial Information
Publications	Corporate Report	
	Securities Report	
	Convocation Notice	
		Company Brochure
WEB	Corporate Website	

The documents shown in the above table can be browsed on our website. <https://www.meiko-elec.com/english/>

To the Readers of This Report

◆Editorial Policy◆

This integrated report was issued for the purpose of deepening the understanding of all stakeholders, including shareholders and investors, about our mid/long-term activities. Going forward, we will continue our efforts to meet requests from all stakeholders and have them deeply understand our business activities.

◆Applicable Period◆

April 1, 2022 to March 31, 2023

◆Coverage◆

Meiko Electronics Co., Ltd. and affiliated companies

◆Caution Regarding Forecasts◆

This report mentions our future outlook and plans based on currently available information. In particular, the PCB industry is faced with a variety of risks and uncertainties due to changes in raw material prices, diverse customers' market trends, changes in technological trends, exchange rate fluctuations, changes in tax and other systems, natural disaster, international conflicts, COVID-19, etc. Accordingly, actual performance may be different from our expectations.

◆Reference Guidelines◆

The Ministry of Economy, Trade and Industry; Guidance for Comprehensive Disclosure and Dialogue for Co-creation of Value-IIRC/IIRC; International Integrated Reporting Framework Task Force on Climate-related Financial Disclosures (TCFD)

History of Value Creation

Meiko will soon be marking the 50th anniversary of its establishment. Over time, we have stably supplied high-quality PCBs. Going forward, we will continue to take on the challenge of cutting-edge PCBs, grow through challenging the evolution of electronics, and contribute to society.



1978



1982



1990



1997



2010



2000



2020



2026



*Trends in net sales

Value Creation Process

Sources of Competitive Advantage



Business Principles

External environment

Risks and opportunities

Value we create



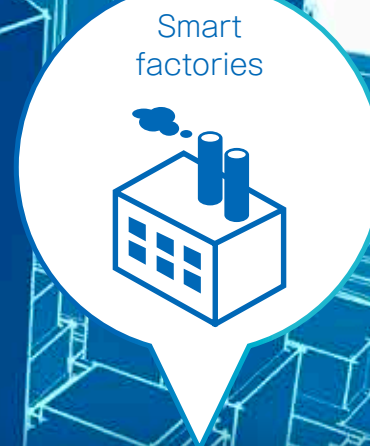
Design and manufacturing of PCBs

Design, manufacturing, research and development of PCBs to respond to the evolution of the world through technological innovation and the new needs that arise from this evolution.



Development and manufacturing of electronic devices

We assist with the entire manufacturing process from design to completion and delivery of products with the technical capabilities and track record unique to the top manufacturer of PCBs.



Mechatronic products

We realize the development and evolution of manufacturing processes that resolve issues such as production quality improvement, cost reduction, workers' safety, and human resource management.



Imaging-related equipment

Design, manufacturing, software development, and system construction for professional imaging equipment that contributes to society in facilities for crisis management in response to disasters, incidents, accidents, etc.



Economic value

Operating income 9.6 billion yen

Net sales 167.3 billion yen

Social value

Work satisfaction

Employees

Growth

Security

Society

Clean

Safety

Customers

Products

Social significance

Resolution of social issues

Business Portfolio

The Meiko Group creates products together with clients as the best partner of each client, and continues our endeavor to become the best manufacturer with comprehensive technologies to meet each client's demand.

PCB Business



We offer a wide array of cutting-edge products, including high-density and high-frequency PCBs, heat dissipation and high-current PCBs, and bendable PCBs.

EMS Business



We offer comprehensive solutions for realizing the tasks of outsourcing processes including the design, manufacturing, mounting, assembly, and delivery of PCBs

Mechatronics Business



We undertake the development and production of equipment and software for solving onsite problems and troubles with advanced technologies.

Visual system Business

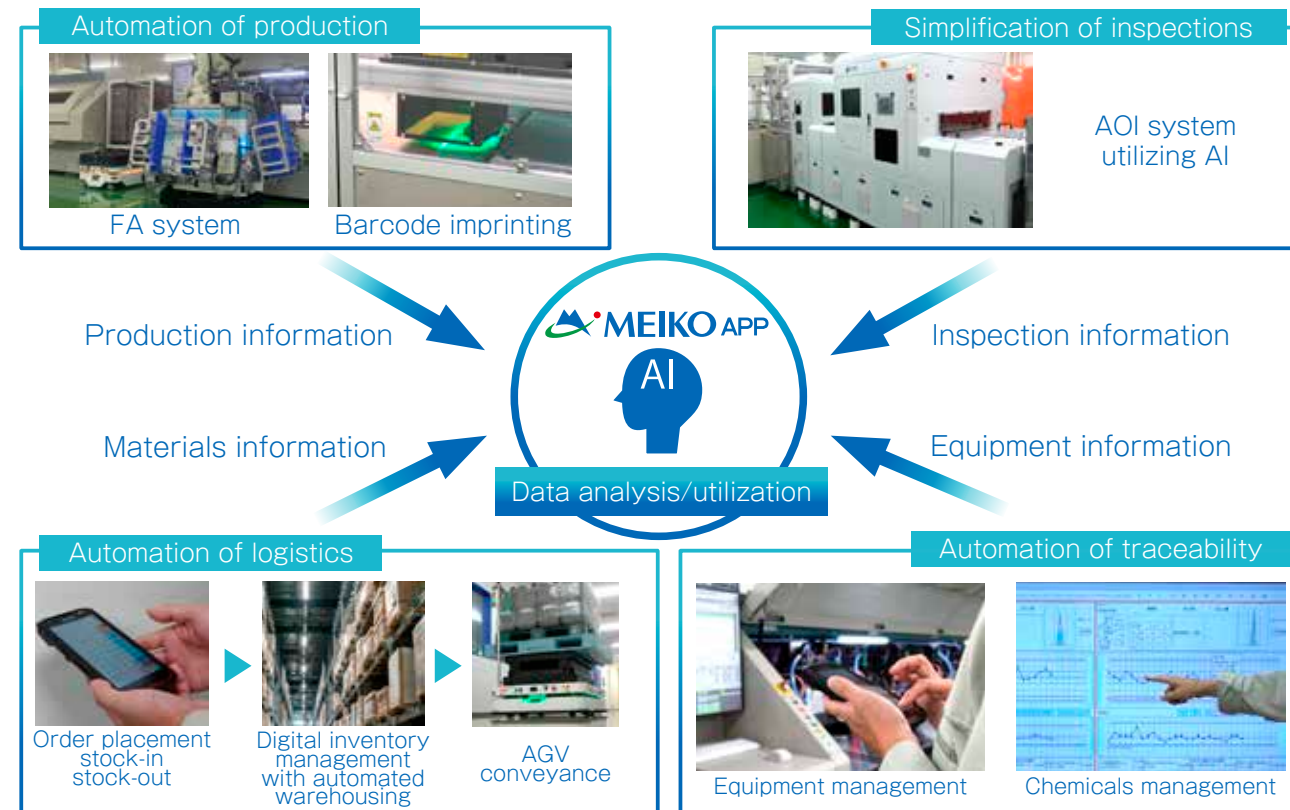


The multi-vision system developed by Meiko considerably helps grasp a variety of information.

PCB Business Topics

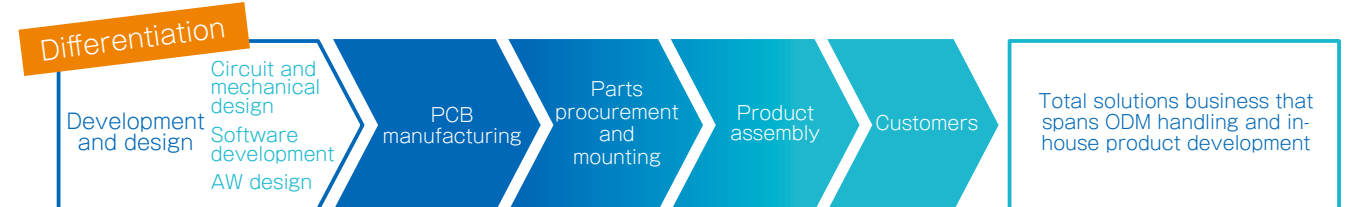
Tendo Factory

The Tendo Factory is Meiko's fifth domestic PCB factory. Located in the Town of Kahoku adjacent to Tendo City is our largest factory in Japan, the Kahoku Factory. There, we mainly engage in the production of automotive PCBs. At the Tendo Factory as well, we will produce automotive PCBs, through-hole multilayered PCBs for high-speed communications, and HDI PCBs. This factory was planned as an eco-smart factory. For its energy, natural gas (LNG) will be used alongside a solar power generation system, making the Tendo Factory environmentally-friendly. The inside of the factory is designed so that conveyance is conducted using Automatic Guided Vehicle (AGV), with the insertion of materials into production equipment performed by robots as well. Additionally, through linkage with an ERP that centralizes production equipment, we computerized materials input/output processing, inventory management, manufacturing instruction sheets, etc. to enable us to reduce defects caused by human error. We will also realize the establishment of a high level of traceability. Through this endeavor, we anticipate a 30% improvement in production over our preexisting factories. Eventually, the Tendo Factory will have triple the production capacity of the Kahoku Factory.



EMS Business Topics

EMS/electronic device development and manufacturing



Our EMS Business is characterized by the proposals we make for one-stop solutions that span design/development and finished product assembly. We handle design and development in line with customer needs, be they for electrical circuit, software or mechanical design. For the handling of the stages between PCB manufacturing and mounting/assembly, in Japan, we manufacture PCBs at our Kahoku and Tendo Factories and mount/assemble them at Meiko Embedded Technology in order to limit transport distances and complete the PCBs in Yamagata Prefecture to reduce lead times. At our Vietnam Factory (Thach That), a PCB factory and EMS factory have been built adjacent to each other within the same site, making the factory capable of one-stop solutions in every sense of the word. Normally, design, development, PCB procurement and mounting/assembly require business dealings with an individual supplier for each. Meiko, however, has a system in place that enables it to take on customer needs in their entirety.



Message from the President & CEO

Meiko contributes to society through "Challenge the evolution of electronics and achieve development thus contribute to the society"

President & CEO
Yuichiro Naya



Our social role and significance

Over time, we at Meiko Electronics Co., Ltd. have expanded our business base as well as fulfilled our social responsibility through addressing SDG challenges based on our Business Principles of “We provide the best-ever products and services for our customers through Meiko’s manufacturing, thus contributing to the creation of happiness in employees and society.”

We live as residents of the irreplaceable Earth. Our lives as those residents have become more sophisticated and comfortable over time. However, we believe that these lifestyles should not be at the expense of global warming, ocean pollution, natural disasters, food problems, human rights issues, and the depletion of natural resources around the world. Currently, the world has been addressing such challenges, with rapid progress being made in endeavors aimed at realizing a sustainable society such as green transformation (GX) and digital transformation (DX). Amid this situation, corporations are being called upon to fulfill a greater role.

While placing sustainable management at its core, based on its purpose of growing and contributing to society through challenging the evolution of electronics, Meiko will continue pushing forward with its contributions to the promotion of social innovation through the evolution of electronics and endeavoring to do its part to address social issues through its business activities, including achieving carbon neutrality and efficiently using resources and energy to respond to climate change as well as addressing human rights and the way employees work and preserving employment.

Business environment

We first publicly announced our Medium-term Business Plan in Fiscal 2022. However, due to factors such as surge in energy prices triggered by Russia’s invasion of Ukraine, soaring procurement prices resulting from progression in the yen’s depreciation caused by monetary



Current Meiko headquarters

tightening in Europe and the US, and sluggishness in demand because of the COVID-19 pandemic, we revised that plan for the period starting in Fiscal 2023 and ending in Fiscal 2026. As for the situation surrounding orders in the immediate term, while there has been a moderate trend of improvement, we believe there is a need for us to tackle measures for recovering from delays in our plans.



Firstly, in our leading products of automotive PCBs, in order to bolster orders for xEV PCBs, we will expand orders from Japanese customers as well as endeavor to expand transactions with European and US customers. For smartphone PCBs, in addition to expanding orders of HDI PCBs for high-end smartphones, we will proceed to work on expanding sales of flexible PCBs. In our EMS Business, our initiatives for M&As and so forth have yielded success in the form of gradual growth in net sales. We are currently working on expanding sales from automotive transactions as we look towards further net sales growth. Additionally, it is looking increasingly like sales to customers in our PCB Business will gradually go up. In our Semiconductor Package PCB Business, we have been preparing to produce FC-BGA PCBs at our Ishinomaki Factory No.2 and memory package PCBs at our Vietnam Plant No.3. However, we forecast that a delay in our plans of roughly one year will arise due to sluggish demand for semiconductors. During this time as well, we have been pushing forward with the likes of customer certifications and improvements to production preparations and yields at our factories.

To boost profitability, we are implementing automation and manpower-saving for the sake of promoting cost reduction measures and improving productivity. To give an example, at the Tendo Factory that we completed construction on in October, we have made great strides in automating production, and have successfully saved manpower by 30% over our existing factories. At our existing factories, we are engaged in various measures with the aim of improving productivity and yields.

Environmental initiatives

As environmental issues grow increasingly serious, initiatives for responding to climate change and transitioning to a decarbonized society are becoming important management challenges. For that reason, we will set environmental targets and push forward with CO2 reductions as we follow a roadmap. As our environmental targets, we have adopted the reduction of CO2 emissions per rate of consumption per production volume in Japan by 50% between Fiscal 2021 and Fiscal 2030 and the achievement of zero emissions by Fiscal 2050. Looking at a breakdown of our CO2 emissions, the ratio of CO2 emissions from production activities (Scopes 1 & 2) is 42%. That from purchased products and services (Scope 3) is 58%. As the majority of our Scope 1 and Scope 2 CO2 emissions are from the consumption of electric power, we worked on reducing those emissions largely through cutting down on standby power and switching production equipment to energy-saving devices.

One example of a concrete initiative in this regard is the design of the Tendo Factory, which was completed in October, as a smart factory based on expertise on energy-saving. For Scope 3, to address a challenge present in our overall supply chain, we have been collaborating with suppliers to promote initiatives to reduce CO2.

DX initiatives

At our preexisting factories, operators performed the moving of raw materials and work in process and input of production results. At our latest Tendo Factory, the moving of raw materials and work in process is conducted with the use of AGV. Additionally, robots are utilized to supply work in process to the production equipment. Production orders are optimized using IT systems, and production results are automatically prepared based on movement data from production equipment. Also, we introduced IoT devices to monitor production equipment and help improve productivity and reduce losses, and worked towards lowering the burden on the environment through the likes of energy-saving and waste treatment. As a result, we forecast productivity improvements of 30% over our existing factories. These initiatives have enabled us to realize manpower-saving and are also serving to address the decline in the working population as well as social issues such as the reform of the way employees work.

Furthermore, we have been conducting a myriad of initiatives for our existing factories, such as performing task analysis using AI cameras developed in-house and pushing forward with productivity and yield improvements. Presently, our core systems differ between Japan and overseas. This presents a bottleneck when the site of work changes. We will go on to promote DX with "integration" as a keyword from that standpoint as well.



Human resource empowerment initiatives

Meiko leaves the operation of its overseas factories in the hands of local staff. Our ability to do so is the result of establishing a cycle of dispatching local staff to Japan to study manufacturing and having them engage in factory operation following their return. This cycle has been in place since the startup of our Guangzhou Plant in 2000. Alongside the expansion of Meiko's efforts to develop its businesses globally, more and more individuals representing a number of nationalities are active in Japan as well. Be it Vietnam, China or Japan, our human resources capable of working in any country have steadily grown in number. Going forward, we will continue to further expand upon such initiatives.

In terms of recruitment, as the ratio of new graduates and mid-career hires is roughly 50% each, there is no discrimination between the two categories. As such, a corporate climate of working in a free environment is in place. While it goes without saying that employees are properly called upon to demonstrate work skills, we do not discriminate against them whatsoever on the basis of nationality or gender provided that they are capable. Given our need to further advance our global business development efforts in a strategic fashion, diversity could be considered an essential choice for our company. We strive to ensure that diverse human resources are able to fully demonstrate their abilities without discrimination based on race, creed, religion, nationality, disability, or the like. We promote the creation of a comfortable working environment that is safe, secure, hygienic for all our employees, respects their diversity, and allows them to develop.

As a result, with gender as an example, the ability for both men and women to approach their work without worrying about their gender has become one of Meiko's strengths. Such a positive working environment is surely part of our company's value. Of course, it is true that there was a long way to go in terms of internal education to establish such an environment. Unless we make a steady effort to bridge the gap of awareness among our employees, diversity cannot be achieved. It is important to continue to make efforts to gradually change the mindset of onsite workers until "diversity as a matter of course" can be achieved without worrying about various differences. If we aim for further improvement in work performance, we need to reform the way we work, including telecommuting.

We are currently working on improvements in all areas to enhance the quality of our work. For example, should productivity improve by 30%, we may be able to boost net sales up to double the amount. In our eyes, that would enable us to sufficiently best our global competition with the same headcount. In the future, we would like to motivate our employees to work harder, and we would like to provide generous support, including salary consideration, to new hires and other young employees.

Shareholder returns and communication with investors

Meiko views the improvement of profits for its shareholders as one of its priority management challenges. For the time being, we will prioritize investment for expanding our corporate scale and focus on growing our net sales and profit amounts. With a target dividend payout ratio of 15%, we will endeavor to increase dividend amounts as well as expand amounts of profit.

In corporate management, communication with shareholders and investors is indispensable. Meiko conducts initiatives that incorporate management by arranging for opportunities for our officers to hear the opinions of shareholders and investors at shareholder's meetings, financial results briefings, individual interviews, and other forums.

Through the provision of PCBs, we at Meiko have made investments, expanded employment, and stably delivered products bearing outstanding quality to our customers while simultaneously paying taxes in countries where we have placed factories and making local contributions in various ways. Going forward, we will keep on growing and contributing to society through challenging the evolution of electronics.

Outside Director's Message

Meiko formulated its five-year Medium-term Business Plan based on our Business Principles of "We provide the best-ever products and services for our customers through Meiko's manufacturing, thus contributing to the creation of happiness in employees and society," and is currently in the midst of that term.

Taking an objective, top-down view of the situation the company presently finds itself in, we see demand in the electronic parts industry as continuing to be high despite the likes of COVID-19 and issues with international affairs rearing themselves. At the same time, unstable elements are also present, such as how our line of business is significantly affected by surging resource and energy prices and how our production site presence in Vietnam and China leaves us prone to the effects of economic security. Further, we are currently in a situation where we must bear in mind that the impact of exchange rates yields performance values on paper that exceed our actual ability.



Based on these conditions, Meiko is steadily taking the next steps to further grow the company going forward, such as enhancing its domestic sites largely through its new Tendo Factory, organizing the roles of its various overseas sites, and revising its purchasing system, and is making progress towards the realization of the content set forth in its Medium-term Business Plan.

Meiko's Board of Directors has been formulating plans and discussing and examining individual measures. As an Outside Director, I have participated in those discussions and examinations while constantly being mindful of whether the results of specific matters of examination would serve to benefit our shareholders and other stakeholders. I also make it a point to occasionally provide opinions and recommendations that are difficult for internal members to offer. Additionally, in situations outside meetings of the Board of Directors, through the likes of communication with the executive side, I work towards grasping the actual situation at the company for the sake of effective discussions and also provide verification and advice from the perspective of both sides on whether things that we are set to carry out as a matter of Board of Directors policy are moving towards realization.

Even in comparisons dating back to 2018 when I assumed the post of Director, Meiko's corporate governance system has been becoming stronger with each passing year. I believe that is manifesting itself not only in actions in the form of the formulation of our Medium-term Business Plan as I mentioned above, but also in the matters that we have been disclosing externally as ESG/CSR initiatives as well as in the changes in our officer makeup. At present, Meiko has four Outside Directors and two Audit & Supervisory Board Members. At meetings of the Board of Directors that they also attend, these members state their opinions from their individual specialized perspective or objective perspective that is a product of them being outside members. These opinions then form the basis of active discussion with the executive side as well.

Going forward, while firmly maintaining an ideal stance as an Outside Director, I seek to continue confronting the internal and external challenges our company will likely face, particularly through the activities of the Board of Directors, and in doing so, keep on doing my part for the further growth of the company and assisting with the realization of our purpose of growing and contributing to society through challenging the evolution of electronics.

Outside Director Nao Tsuchiya

Medium-term Business Plan

- Business Principles -

We provide the best-ever products and services for our customers through Meiko's manufacturing, thus contributing to the creation of happiness in employees and society.

- Purpose -

Challenge the evolution of electronics and achieve development thus contribute to the society

Management Targets (Fiscal 2026)

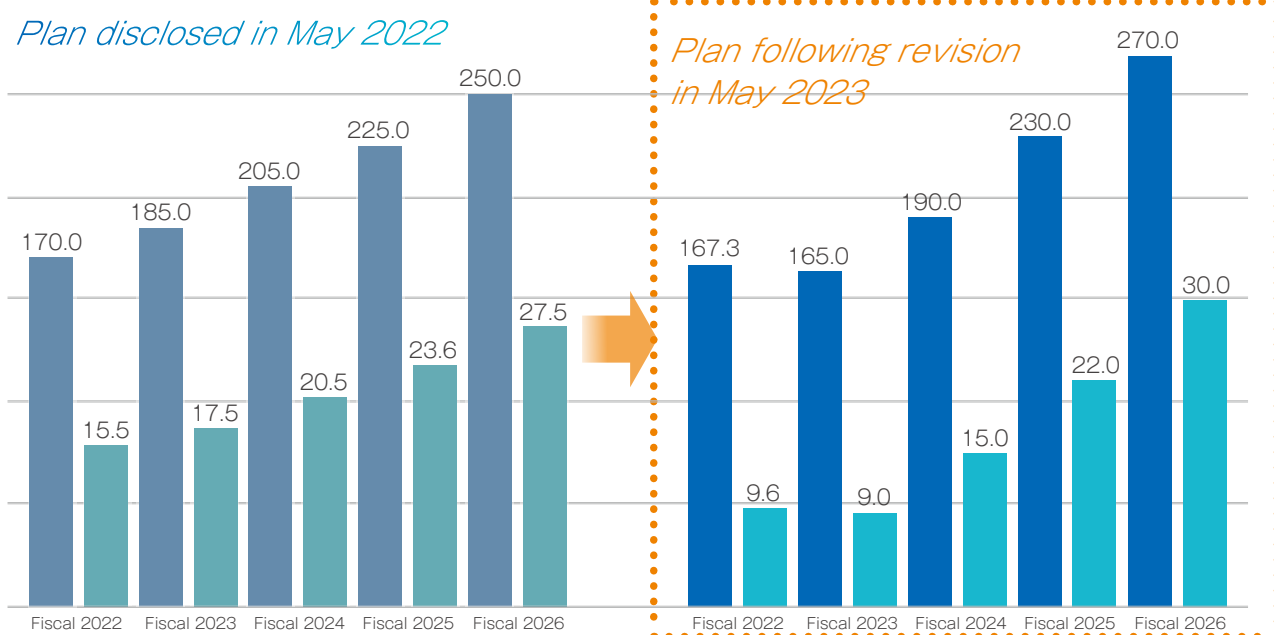
Net sales	270 billion yen
Operating income	30 billion yen
Operating income margin	11.0%
Exchange rate assumptions	130yen

Investment

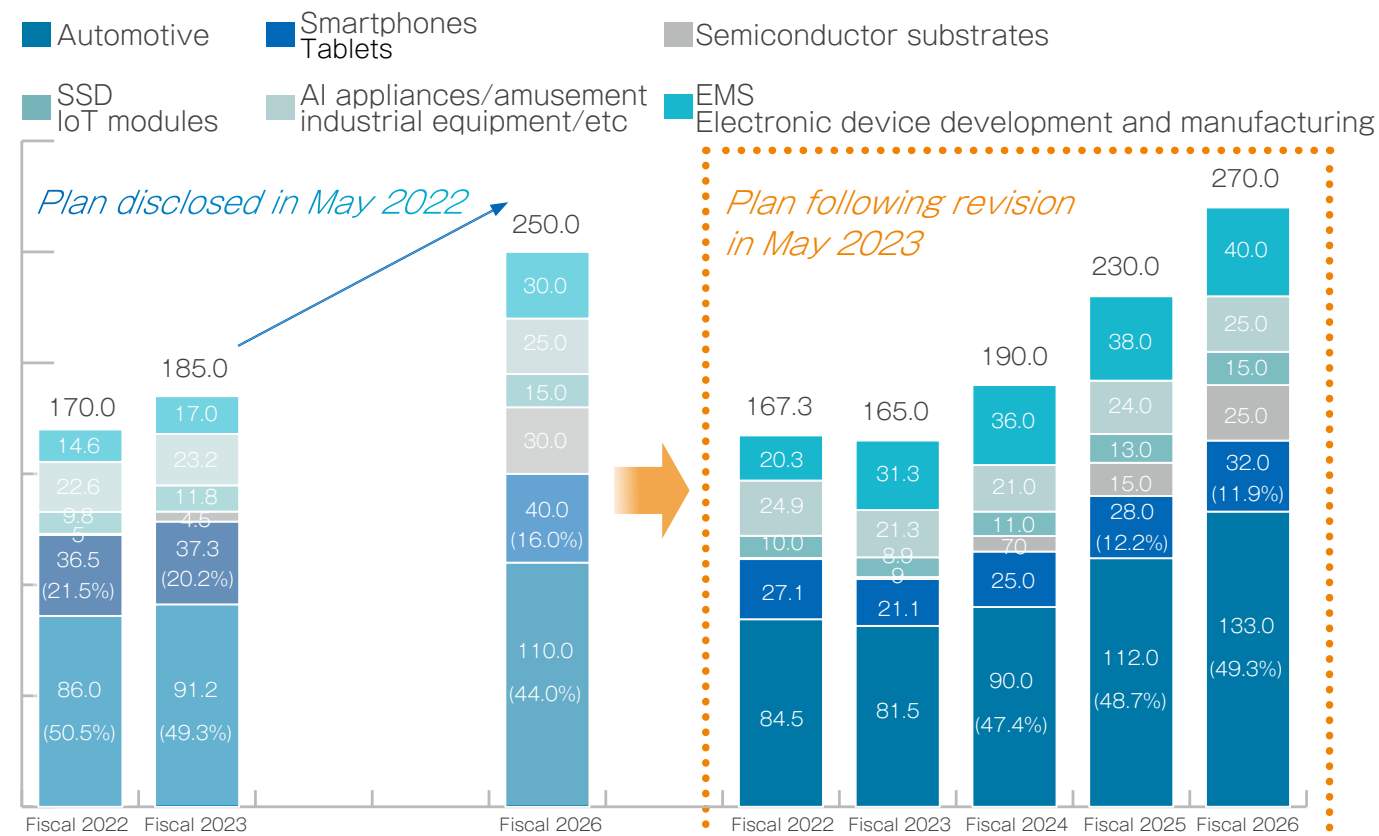
(Total from Fiscal 2022 to Fiscal 2026)	Capital expenditure	90 billion yen
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01 Overview of Medium-term Business Plan

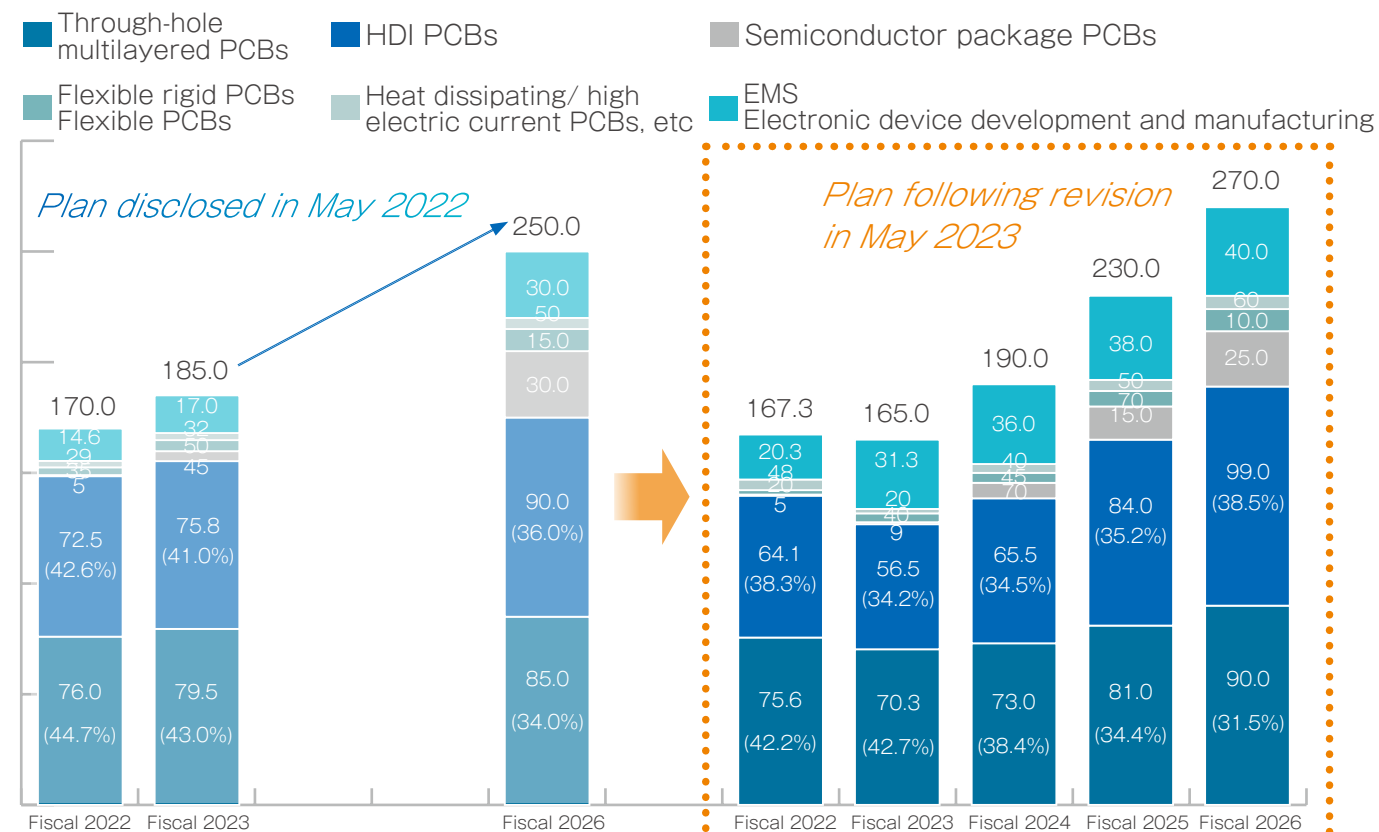
■ Net sales
■ Operating income



02 Trends in Sales by Product Application



03 Trends in Sales by Product Specification

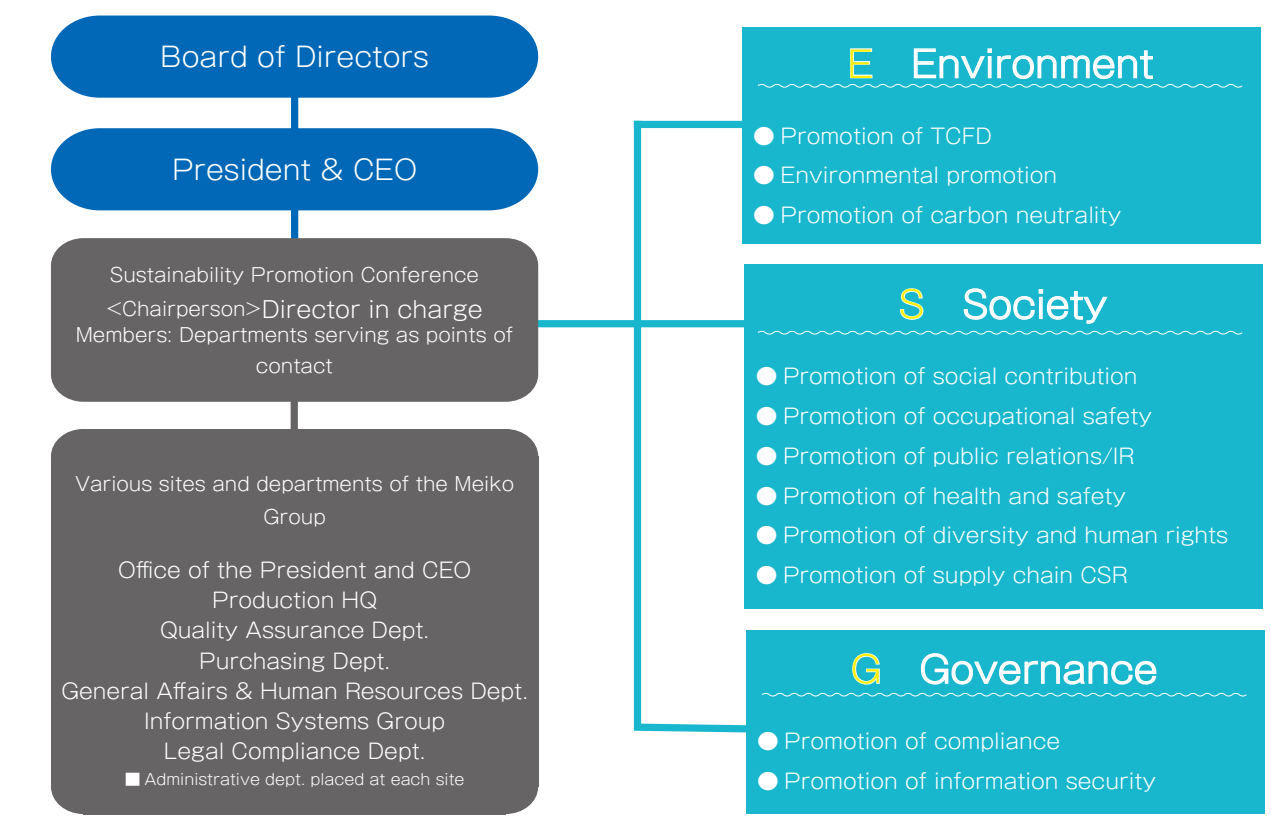


Sustainability Policy

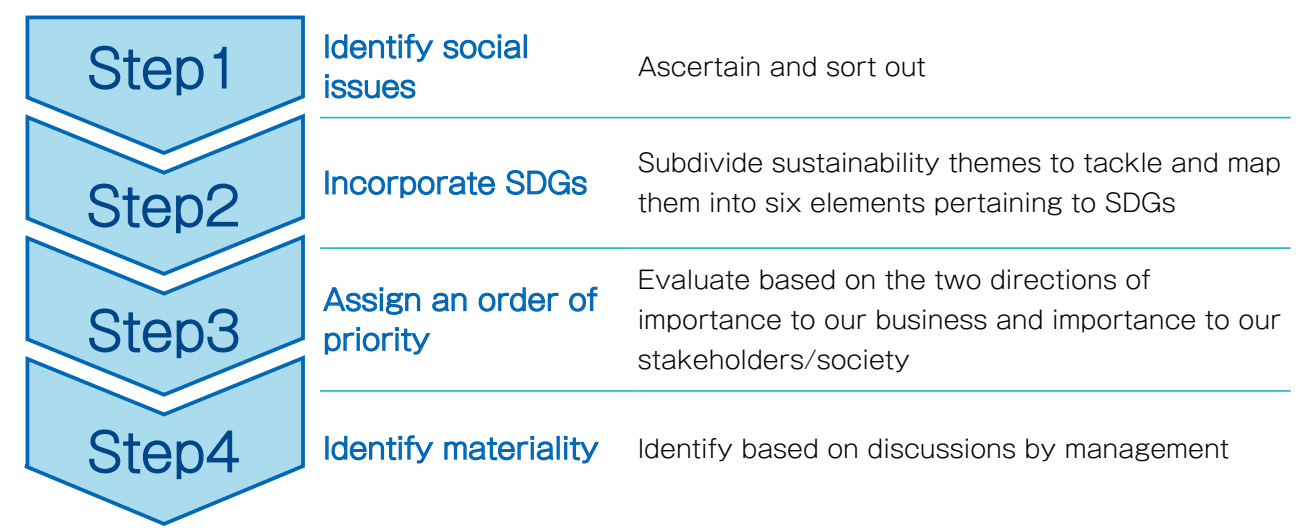
Under the Business Principles, Meiko shores up the trust of stakeholders through sound, highly transparent business administration and business activities harmonized with society and the environment, and actively conducts activities for sustainability to contribute to the sustainable growth of society and mid/long-term improvement in corporate value.

Sustainability Promotion System

The Sustainability Promotion Conference, under the direct control of the President and chaired by the Director and Executive Officer in charge, is responsible for determining sustainability-related policies, managing the progress of targets, and deliberating on measures to be taken.



Steps for identifying materiality



Priority Issues and SDGs

Classification	Materiality	Related SDGs	Initiatives
Priority issues related to business activities	(E) Environment	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER	Implementation of actions following TCFD Recommendations Promotion of and transition to energy-saving Adoption of in-house solar power generation Recycling and promotion of zero emissions Suppression of CO2 emissions, waste and discharge volumes in production process
	(S) Society	3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Realization of environmentally-conscious highly-functional modules/package PCBs Highly-functional (loss reduction) fine wiring technology Assistance with transition to high frequency for 5G/6G (Contracted high frequency measurement service) Contribution to global health (Manufacturing of artificial respirators)
	(G) Governance	8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Establishment of resilient management foundation Continuous stable supply through bolstering supply chain Establishment of Sustainable Procurement Guidelines Conflict mineral surveys
Priority issues related to internal infrastructure	(S) Society	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Strengthening of our BCP Transformation of Yamagata business operation into second headquarters Continuous reinforcement of compliance (Compliance Handbook) Promotion of diversity & inclusion (D&I)
	(S) Society	10 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	Development of diverse human resources and reinforcement of human capital Resolution of social issues through businesses Establishment of environment that accommodates diverse ways of working Career Support Program Employment of disabled persons Participation in locally organized social welfare activities and environment activity events Donations to Parent-Child Bonds Development Fund Contribution to regional revitalization (Promotion of sports)

E Environmental initiatives

Measures against global warming	Implementation of measures following TCFD Recommendations ·Reduction of CO2 emissions per rate of consumption per production volume in Japan by 50% between Fiscal 2021 and Fiscal 2030 ·Carbon neutrality by Fiscal 2050 ·Promotion of energy saving (Per rate of consumption per production volume: Electric power down 2.5%/year, fuel down 2.0%/year) ·Adoption of in-house solar power generation
Waste reduction	Promotion of zero emissions 80% recycle rate by Fiscal 2030 Recycling (Recovery of copper, palladium, and gold)
Utilization of water resources	Promotion of reuse Reduction of water use per rate of consumption per production volume by 10% between Fiscal 2021 and Fiscal 2030

S Social initiatives

Engagement of employees	Promotion of diversity (Promotion of women's participation and advancement and promotion of overseas human resources) Promotion of development of safe, comfortable working environment (zero occupational accidents) Improvement of employees' health (We are expected to be certified as an excellent corporation in terms of health-oriented management)
Contribution to and vitalization of each region	Contribution to protection of nature and environment (Recycling activities) Contribution to regional vitalization (Promotion of sports and contribution according to local needs) Contribution to social welfare

G Governance

Reinforcement of management system	Establishment of management systems for supporting sustainable growth
Reinforcement of crisis management system	Strengthening of our BCP Transformation of Yamagata business operation into second headquarters

ESG Initiatives

01 Environmental Strategy

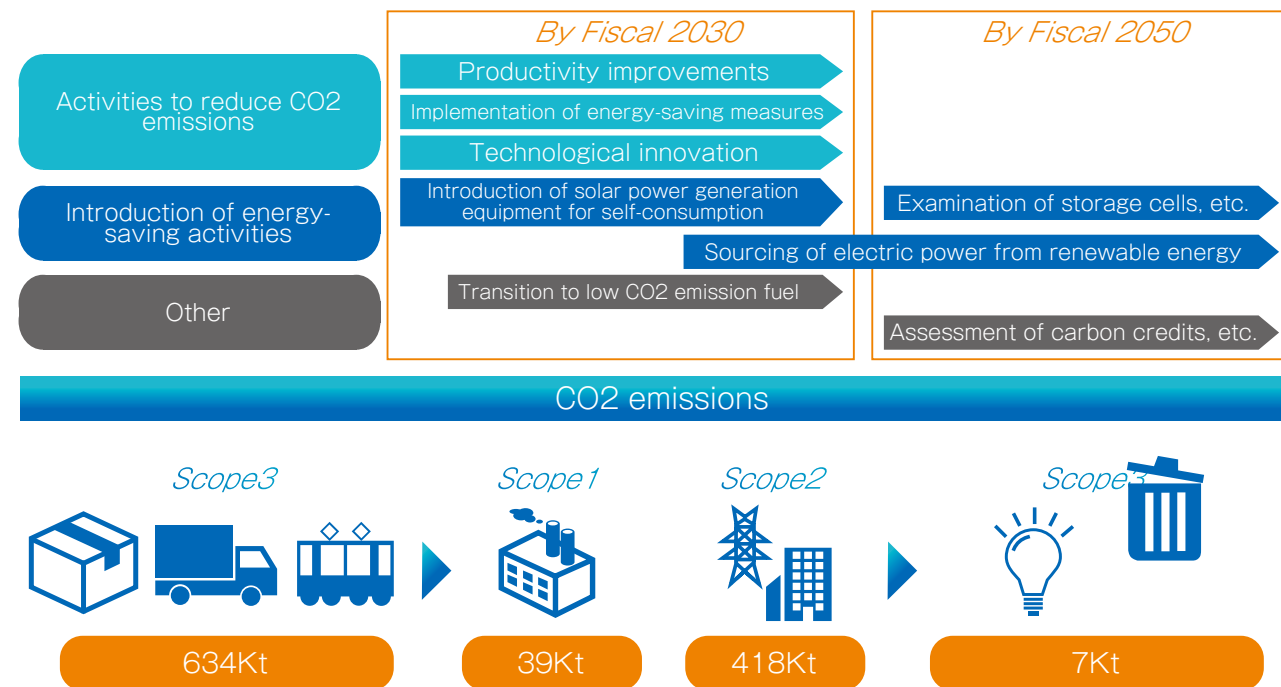
Prevention of global warming

Meiko recognizes the issue of greenhouse gases as an extremely serious threat to our irreplaceable planet. In order to promote associated initiatives, we recently revised our targets. Having changed our annual reduction volume target from a rate of consumption per production volume of -1.5% to -2.5% , as we aim to realize carbon neutrality by 2050, we will promote improvements to productivity, the updating of equipment to that with higher efficiency, and other energy-saving measures and, in doing so, reduce CO2 emissions originating from energy. In Fiscal 2022, we newly introduced solar power generation equipment for in-house consumption at our Ishinomaki Factory.

Going forward, we will continue to assess all kinds of possibilities, including further energy creation, changes to electric power contracts, and the utilization of non-fossil certificates, and conduct similar activities at overseas plants as well to promote global measures preventing climate change. We will proceed to formulate further action plans and work towards their realization in order to elevate the speed of energy-saving efforts.

Environmental targets

With a view to achieving carbon neutrality by Fiscal 2050 and a 50% reduction in CO2 emissions per rate of consumption per production volume in Japan between Fiscal 2021 and Fiscal 2030 as our target, we will accelerate energy-saving measures as well as promote the introduction of solar power generation for in-house consumption and other forms of energy creation as we move forward. Additionally, we will tackle Scope 3 emissions as well in order to also push forward with decarbonization in our value chain as a whole.



For CO2 emissions, Scope 1 and Scope 2 emissions emitted from the likes of production activities are 4% and 38%, respectively. Given the particular importance of reducing power consumption, we will endeavor to reduce CO2 emissions by introducing energy-saving equipment and renewable energy. In addition to this, Scope 3 emissions not attributable to direct production activities account for 58% of the whole. Based on the fact that the majority of these emissions are the result of the procurement of raw materials, etc., we will proceed to endeavor to reduce CO2 emissions across our entire supply chain.

Response to TCFD

As a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), Meiko promotes initiatives aimed at mitigating the impact of climate change.



Governance

We have strengthened our sustainability system to elevate our corporate value from the standpoint of sustainability. Our President & CEO has final responsibility over management decisions relating to sustainability issues. Recognizing the handling of these issues to be key elements of our management strategy, we formulated our "Sustainability Policy" at the meeting of the Board of Directors held on October 25, 2021. To accompany that, in order to reinforce response to climate change, we started up the Sustainability Execution Conference. This Execution Conference, under the direct control of the President and chaired by the Director and Executive Officer in charge, is responsible for functions such as determining sustainability-related policies, managing the progress of targets, and deliberating on measures to be taken. Furthermore, it cooperates with related departments to input those measures.

In addition to collecting and analyzing necessary data on the impact that risk and earnings opportunities pertaining to climate change have on our business activities, earnings, etc. and appropriately making assessment reports on specific achievements to the Board of Directors, the Sustainability Execution Conference conducts external disclosures based on the TCFD and other frameworks. The Executive Conference convenes four times per year.

Strategy

To correctly recognize risks and opportunities related to climate change, Meiko assesses their impact on its business strategy, performs scenario analysis to proceed to apply them to the formulation of business strategy, recognizes business risks and opportunities with high importance based on shifts in its business environment accompanying climate change and its impact, and pushes forward with action over the medium/long term.

More specifically, in terms of risk, we see the likes of the incurring of costs alongside carbon offsetting, cost increases due to shifts from fossil fuels, greater R&D investment that boosts energy-saving performance, and drops in corporate value and declines in orders caused by delays in climate change countermeasures as opportunities, and as such establish new methods and technologies for manufacturing to reduce our environmental burden, increase our EV-compatible products, adapt to the growing market, and establish a global procurement network.

Identification of risks and opportunities

Under the 1.5°C scenario heading towards a decarbonized society, mainly shift risks are called into greater question. Under the 4°C scenario, in which global warming progresses and outdoor temperatures rise, physical risks are called into greater question. Even should progress be made towards a decarbonized society such as that under the 1.5°C scenario, it is conceivable possibility that physical risks at the level under the 4°C scenario may arise. We use the IEA NZE scenario to analyze shift risks and opportunities and the RCP 8.5 scenario to analyze physical risks and opportunities. We are also looking at actions to safeguard against physical risks at the level under the 4°C scenario within a business environment in which we aim to achieve a decarbonized society at the level under the 1.5°C scenario.

*Financial and strategic impact refers to the impact exerted on our operating earnings, share price, and costs as well as on our financial position. In assessing that impact, we quantify the frequency of occurrence into three levels and the level of importance into five levels, classify the class into five levels within that quantification so that a ranking is assigned based on an order of priority, and assess risks and opportunities related to climate change. We assign a degree of impact of "Large" out of "Small," "Medium," and "Large" to risks and opportunities that fall under Class 4 or 5, the higher among the five levels, and assess them as being serious risks and opportunities. In terms of the monetary impact on financial indicators, we combine the below figures indicating levels with figures indicating the frequency of occurrence, and consider those falling under "Large" among the three levels of "Small," "Medium," and "Large" as serious risks and opportunities.

► Risks and opportunities accompanying the “shift” to a low-carbon economy

Category	Risk	Period before Each Risk Emerges	Degree of Impact	Opportunities and Response
Policies and legal regulations	1) Risk of incurring costs for offsetting CO2 emissions.	Medium/long term	Large	1) To proceed with measures for saving energy and reducing waste.
	2) Regulations for waste will be enforced in each country, increasing costs.	Short term	Large	2) To procure renewable energy as much as possible through in-house power generation business and reduce costs.
	3) Increase in costs due to the replacement of fossil fuel.	Medium/long term	Large	3) To compensate for the insufficiency of in-house power generation, we will buy electric power through offsite PPAs and CO2-free power to achieve the target reduction of CO2 emissions. *To promote the reduction of CO2 emissions in a planned manner.
	4) Rapid increase of legal regulations in socialist countries because overseas ratio is high.	Medium/long term	Large	4) To monitor the legal regulations and measures in each country.
Technology	1) The necessity of energy-saving measures will increase, and the competition for energy-saving performance will intensify. As a result, costs for R&D will increase and low-carbon technologies will be applied to existing products.	Medium/long term	Large	5) More energy-saving measures will be conducted and more energy-saving products will be developed, and the demand for low-carbon technologies will grow. Accordingly, business opportunities will increase (Establishment of new methods and technologies for manufacturing to reduce environmental burden).
	2) Intensification of competition for knowledge, technologies, engineers, manufacturing equipment, etc. related to decarbonization, low-emission technologies, products, and so forth.	Short term	Medium	6) To reduce loss by improving yield rate.
Market	1) Due to the increase of electric components and progress in the digitalization of automobiles and other products, the supply of PCBs for semiconductors will become insufficient.	Medium/long term	Large	7) To promote the reduction of CO2 emissions in a planned manner.
	2) Manufacturers in other fields will enter this market, and the orders from existing makers will decrease. Medium/long term Large	Medium/long term	Large	8) To develop and offer products with a small environmental burden.
	3) Due to skyrocketing prices of materials with a significant environmental burden, costs will increase. Medium/long term Large	Medium term	Large	9) To increase products compatible with EVs and adapt to the growing market.
	4) Due to the lack of the ability to take environmental measures, the number of orders will drop (demand will weaken).	Short term	Large	10) To respond to the expansion of business opportunities due to the increase of telecommunications speed following the augmentation of data transmission volume and the growth of demand for semiconductor PKG.
Reputation	1) Being low-carbon and environmentally friendly will become one of the requirements for investment.	Medium/long term	Large	11) To establish a global procurement network.
	2) If a company falls behind in measures against climate change, its corporate value will decline, orders received will decrease, and the impact on management and recruitment will become serious.	Medium/long term	Large	12) To reduce energy consumption in distribution by improving loading ratios. 13) To appropriately disclose the progress of the plan for reducing CO2 emissions.

► “Physical” risks and opportunities due to climate change

Category/Aspect	Risk	Level of Importance	Level of Impact	Opportunities and Response
Acute	1) Disasters will become more serious (storm and flood damage will become greater), increasing the risks of suspension of factory operation, damage to assets, and employees' difficulty in commuting.	Medium/long term	Small	1) To improve our BCP to cope with more serious disasters, to stabilize business continuity (Maintenance of the supply chain, the stable supply of energy, etc.).
	2) The greater storm and flood damage will disrupt the supply chain.	Medium/long term	Large	2) To promote energy-saving plans.
Chronic	1) The rise in air temperature will cause costs for energy and the management of materials to increase.	Medium/long term	Large	3) To strengthen our efforts to acquire business in the anti-disaster system

In the future, we will define concrete scenarios and delve further to include impact on our finances.

■ Risk management

Meiko conducts company-wide risk management through its Risk Management and Compliance Committee. However, for the identification of risks pertaining to sustainability and the narrowing-down of risks that should be responded to with priority, more detailed examinations are performed at meetings of the Sustainability Execution Conference. The narrowing-down of risks that should be responded to with priority is conducted based on impact on the entire company, the impact that corporate activities have on the environment and society, and the possibility of occurrence. For response to these risks, we set medium-term targets whose progress is reported to the Board of Directors to be assessed. This progress is also disclosed on our website.

■ Indicators and goals

We have formulated as our new targets a 50% reduction in CO2 emissions per rate of consumption per production volume in Japan between Fiscal 2021 and Fiscal 2030, -2.5% for electric power per rate of consumption per production volume, -2.0%/year for fuel per rate of consumption per production volume, and carbon neutrality by Fiscal 2050. Going forward, we will promote energy-saving as well as tackle forms of energy creation such as the introduction of solar power generation for in-house consumption. Additionally, we will tackle Scope 3 emissions as well in order to also push forward with decarbonization in our value chain as a whole.

02 CO2 Reductions: Examples of Energy-Saving Initiatives

Reductions in electric power consumption through the updating of compressors and inverter control

For compressors, we updated our older-model low-efficiency equipment to high-efficiency equipment and rebuilt our entire system for supplying pressurized air. We realize energy-saving through the automatic selection of the optimal number of units in accordance with changes in air volume used and factory operation rates when using multiple compressors. Additionally, as a result of combining these with inverter compressors, energy-saving properties have improved dramatically.

<p>Guangzhou Plant</p> <p>Reductions in energy costs 262,000kWh/month reduced</p> <p>CO2 emissions 132t-CO2 reduced</p>	<p>Fukushima Factory</p> <p>Reductions in energy costs 3,700kWh/month reduced</p> <p>CO2 emissions 1.8t-CO2 reduced</p>
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Reduction of electric power consumption through control of blower fan rotations

For adjusting the airflow of blower fans on concentrated dust collectors, we had originally performed operation by closing the valve. However, through enhancing efficiency and supplying appropriate airflow by modifying inverter control, we lowered blower fan rotations by roughly 20%, thereby achieving energy-saving.



Advanced PCB Center

Reductions in energy costs
1,940kWh/month reduced

CO2 emissions
0.8t-CO2 reduced

03 Solar Power Generation Initiatives

Solar power generation equipment for in-house consumption generating 383.68kW



■ Ishinomaki Factory

At the Ishinomaki Factory (located in Ishinomaki City, Miyagi Prefecture), we commenced the generation of 383.68kW in power using solar panels in March 2023, achieving CO2 reductions of 214t-CO2 over the year that followed.

Solar Park Fukushima

■ Fukushima Factory

Solar Park Fukushima, which commenced power generation in 2015, currently generates power in the range of 3,025kW, with annual CO2 reductions of 1,650t-CO2 (equivalent to the power consumption of 880 general households). Together with the Ishinomaki Factory, Meiko generates 3,409kW in solar power overall, and has reduced CO2 by 1,864t-CO2 per annum.



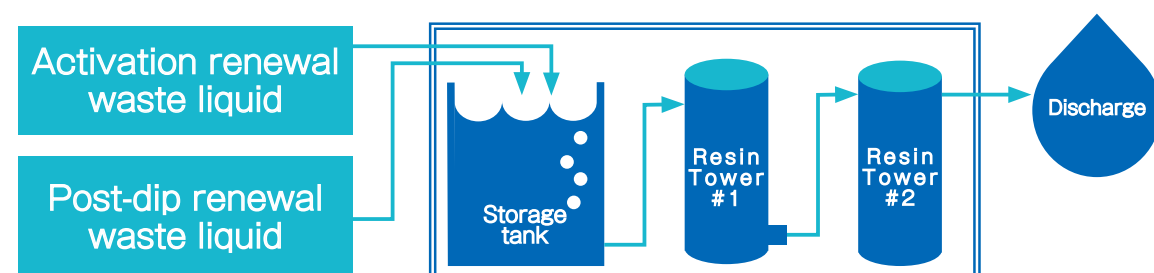
04 Cyclical Use of Resources

Copper scrap: Introduction of recycling system

At our Vietnam Plant, we consign the disposal of copper scrap to a treatment vendor. This copper scrap is internally pulverized and sorted and separated into high-grade copper powder (97%) and a small amount of resin powder waste to achieve the reuse of copper resources and reduction of waste. Moreover, we are currently examining alongside related manufacturers how to reuse the resin powder waste as fuel as the second step in this process, and will continue pushing forward with initiatives that do not waste resources.

Recovery of nickel plating catalyst activation palladium in electroless gold plating line

At the Thang Long Plant, we had been externally discharging palladium in nickel plating catalysts from wastewater treatment equipment. In order to recover that precious metal resource, we developed and utilized a dedicated recovery device with the use of chelating resin and endeavored to recover over 99% of that resource, establishing a resource circulation cycle in the process.



Utilization of water resources

In manufacturing PCBs, Meiko utilizes large amounts of water in its substrate cleaning process. Up to this point, we had tackled the reduction of those amounts through means such as managing water use for each piece of equipment and using RO water.*1 While a large number of our domestic factories have an abundance of groundwater, some of our overseas plants suffer from a serious lack of water. Using global tools such as Aqueduct*2, Meiko assesses water risk at each of its sites. As a result, we have found that none of our business establishments are located in areas judged to have high water risk. However, we will continue to use the minimum necessary quantities of water to the extent that quality is not affected as well as implement reuse systems for RO concentrated water in our endeavors to reuse wastewater.

*1: RO water: Water from which impurities are removed with the use of Reverse Osmosis (RO).

*2: Aqueduct: A water risk assessment tool developed by the World Resources Institute (WRI)

Preservation of Biodiversity

[Basic Policy]

Meiko recognizes that biodiversity is an indispensable part of a sustainable society. To that end, we have adopted a "Conduct Policy" shared across the Group from the dual aspects of "business activities" and "social contribution activities," under which we will proceed to promote a myriad of activities to preserve biodiversity.

[Conduct Policy]

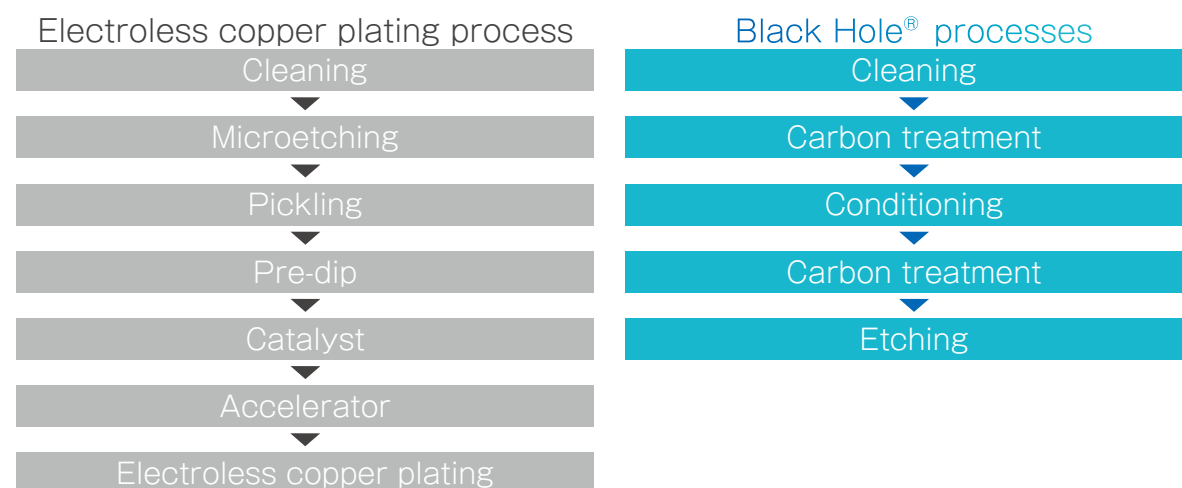
1. Clarify the relationship with ecosystems in our business activities and promote activities that are considerate of biodiversity.
2. Contribute to the formation of a society that nurtures biodiversity through cooperation with various stakeholders and educational activities.

05 Reduction of Environmental Burden through Changes to Copper Plating Process

In the manufacture of PCBs, copper plating constitutes an extremely important process. Metallic copper cannot be directly deposited on the resin materials that make up PCBs. For that reason, in general copper plating processes, "electroless copper plating" is used to dip substrates in chemicals. The resulting chemical reaction is used to form conductive coating. The environmental challenges present in this process were twofold. The first was the inclusion of metallic palladium in the catalysts. The second was the use of formalin, which exerts a considerable burden on the environment. Given that, as a new conductive coating formation process to replace electroless copper plating, we introduced a new technology called "Black Hole®."

Through this process, conductive coating is formed using fine carbon black powder, without the use of metal catalysts. Not only does this exclude precious and heavy metals from the process, but it also benefits the environment by excluding the environmentally-harmful substances of formalin, cyanide, and fluoride. Another advantage of Black Hole® is that it is extremely simple and easy to handle even when compared to the electroless copper plating process. Compared to treatment devices for electroless copper plating, in addition to water consumption being theoretically reduced by as much as 76%, waste liquid is reduced as well, indicating how environmentally-friendly the process is. At present, Black Hole® has been introduced at the Vietnam Plant, and is scheduled to be successively expanded to other plants as well.

Comparison between electroless copper plating and Black Hole® processes



Comparison between electroless copper plating and Black Hole® treatment devices



Advantages to introducing Black Hole®

1. Lowers burden on the environment by excluding use of precious and heavy metals.
2. Lowers burden on the environment by excluding formalin, cyanide, and fluoride.
3. Reduces water consumption.
4. Reduces amount of waste liquid.

06 Technology Development Geared towards Automatic Driving and 5G/6G High-Speed Communications

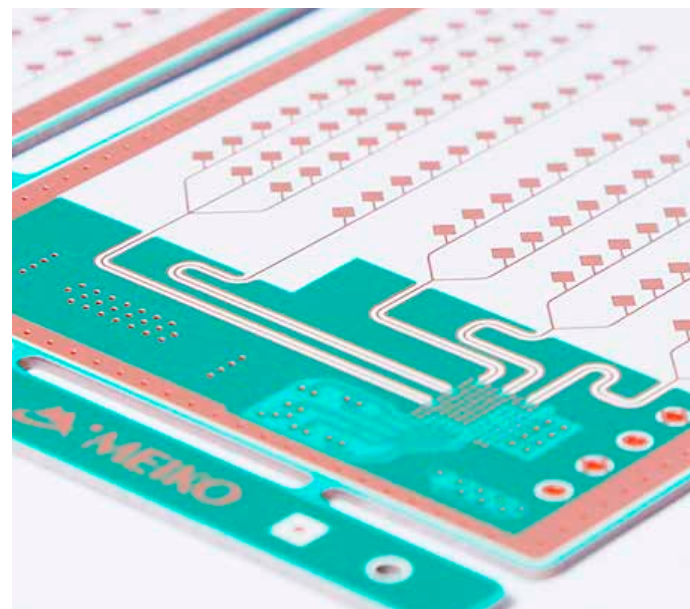
Since the 2020s, automobiles have evolved rapidly. In Japan, Level-1 automatic driving (assisted driving) has become standard. In China, Europe, and the US automatically-driven vehicles are on the roads in certain experimental cities, and it is predicted that in the near future, fully-automatic driving will become increasingly popular.

Concurrently, technologies such as IoT, high-speed communications, cloud platforms, big data, and AI have also started to make their way into automobiles. Various ways of using these technologies that go beyond driving control are being examined. A representative example of such technologies are Telematics Control Units, or TCUs for short. TCUs are devices that use a mobile network to conduct bidirectional communications between an automobile and an external party.

This makes it possible for drivers to operate the vehicle's engine or air conditioner from a remote location before they ride the vehicle. TCUs also automatically supply notification to drivers if their vehicle is broken into or if another anomaly occurs. Furthermore, because data such as distance driven and battery status are automatically sent to dealerships, it is possible to receive information on maintenance with optimal timing. TCU functionality has been given practical application, such as being able to receive operator support when getting into an accident, being harassed on the road, or encountering another emergency.

Until several years ago, PCB technologies were fully separated between those for automobiles and those for smartphones (communications). Now, due to the increase in demand for automobile communications, the classification of those technologies has become ambiguous. Meiko develops PCBs that are compatible with 5G/6G high-speed communications for automobiles by applying the experience and knowledge that it has cultivated in technology development for smartphone PCBs. To give an example, in order to realize high-speed communications, we are currently examining processes for high-frequency materials for reducing noise and transmission loss.

Moreover, for the purpose of lowering the cost of high-priced high-frequency materials, we are also moving forward with PCBs bearing a hybrid construction that combines existing materials with high-frequency materials.



07 Miniaturization Process and New Materials for Next-Generation Semiconductor Packages

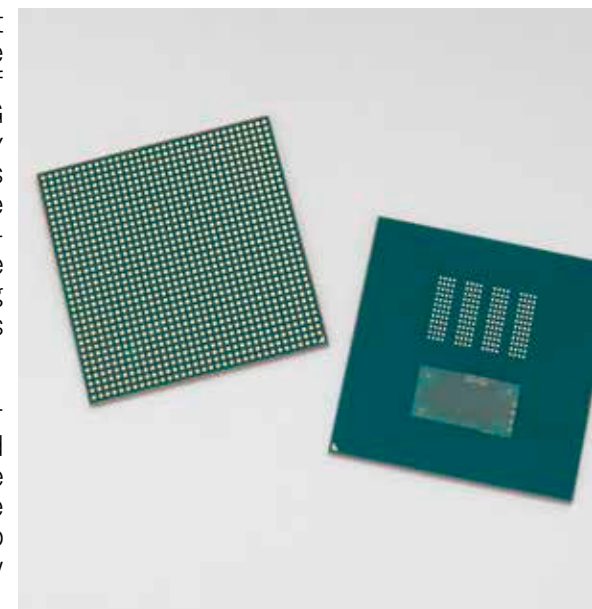
Over the years, alongside the rapid evolution of electronics as seen in the likes of AI, cloud computing, big data, high-speed communications, and smart cars, semiconductors have also continued to evolve. Meiko continues to promote "semiconductor package substrates" inside semiconductor parts as one of its new business pillars.

Semiconductor package substrates serve to protect fine IC chips and play the role of terminals that assist with the connection to PCBs. While they appear similar to PCBs, the process that forms their circuit pattern and their product materials differ from those for PCBs.

For the process used to manufacture semiconductor package substrates, we have introduced a Semi-Additive Process, or SAP, in order to make the circuit pattern L/S=10/10 micrometers or less. SAP as a process involves forming electrolytic layers atop resin materials only on the areas where the circuit pattern requires them. This process is well-suited to forming fine circuit patterns.

Additionally, we are also pushing forward with the development of new materials that are suitable for semiconductor package substrates. As also touched upon in the discussion of technology development for automatic driving and 5G/6G high-speed communications to the left, high-frequency materials are needed in semiconductor package substrates as well in order to reduce noise and transmission loss. Where high-frequency materials are concerned, in addition to high-frequency grades of commonly-used epoxy resin, there are numerous materials that are difficult to process, including fluororesin such as Teflon, ceramic, and glass. These materials necessitate a high level of technological prowess.

Given that, in addition to the examination of processes for various high-frequency materials, Meiko has also initiated the development of processes for "glass substrates." While glass substrates pose an extremely high level of difficulty due to their manufacturing process not being established, Meiko conducts research and development on them with the view that those substrates will be needed in future semiconductors.



08 Product Information

SDGs initiatives by technology development departments

Items Developed	Examples of Application	Characteristic Processes
Embedded device PCBs	Automotive smartphones tablets	Technology for embedding electronic parts into PCBs through vacuum hot pressing. Technology for forming laser-processed connection holes on internal part electrodes and connecting with copper plating. Connection formation technology for coping with high current and improvement in heat dissipation performance (Large-area cavity connection to electrodes of parts). Technology for using materials with a thermal conductivity of 1W/mK or more to form inter-layer connections, wiring, etc.
Heavy copper PCBs	Automotive	Technology for embedding a copper circuit with a thickness of up to 175 μm into PCBs through vacuum hot pressing.
Copper inlay PCBs	Automotive	Technology for applying pressure to copper inlay PCBs (copper blocks) with superior thermal conductivity to widen their diameter and fix them to the inner walls of PCB through-holes by caulking them (Copper inlay PCB caulk pressing).
High frequency Millimeter-wave PCBs	Automotive tablets	Technology for combining LowDk (low-dielectric)/LowDf (low-loss) materials and general materials for PCBs (FR4) through vacuum hot pressing (Hybrid construction).
HDI/ Any Layer	Automotive tablets	Can make wiring high-density by shortening the distance between the inter-layer connection holes formed with laser processing.
Flexible PCBs	smartphones	Technology for forming wiring on bendable substrates and making them lightweight.
Flexible rigid PCBs	Automotive smartphones	Technology for combining flexible PCBs and rigid PCBs through vacuum hot pressing.
FR4-FLEX	Automotive	Process of cutting rigid substrates to a bendable thickness through machining (Boring to bend).
Mega through-hole PCBs	Automotive	Process of applying heavy copper plating to through-holes only in order to boost heat dissipation properties.
MSAP	Package PCBs	Process of forming wiring patterns through pattern plating by using ultra-thin copper foil as a conductive layer.
SAP	Package PCBs	Process of directly forming a conductive layer on resin and a wiring pattern through pattern plating.
Low-elasticity resin aluminum-based PCBs	Automotive	Metal-based PCBs with Meiko's original low-elasticity insulated heat-dissipating resin.
Metal-base heat dissipation PCBs	Automotive Industrial equipment	Metal-base substrates consisting of a special high heat-dissipating insulated resin material, a copper circuit, and base metal fused with high-pressure pressing equipment.

Meiko's technology development departments address global CO2 reduction requirements by carrying out initiatives that consist of the below. As measures for contributing to the environment, efforts to promote non-CO2-emitting options such as solar, wind, and natural power generation and hydrogen fuel instead of using fossil fuels have sped up further. The greatest technological contribution to such initiatives is how the enhancement of efficiency translates into a reduction of losses. Meiko has been conducting development efforts centered on technology development aimed at improving energy efficiency. We proactively tackle the development of structural technologies such as those to achieve smaller size and light weightness and those for embedded part construction as well as technologies for boosting heat dissipation properties.

Sensors		Computers	Communications	Power trains/ motors	Electronic control	Charging	Effects
Millimeter wave/LIDAR	Cameras/ CMOS	Domain PCs/ HPCs	AIP	V2X /5G-6G	Controllers/ Inverters/ converters	Battery management/ Power MODS	
	●	●	●	●	●	●	Reduces the consumption of organic materials and metal materials by downsizing products: 10% down. Saves energy through reduced inductance: 10% down. Decreases solder consumption by embedding devices: 3% down. ECopes with high current of EVs.CO2 reduced through EV popularization: 2% down. Saves energy with mitigated semiconductor load through improved heat dissipation efficiency: 5% down.
					●	●	Copes with high current of EVs and chargers. CO2 reduced through EV popularization: 3% down. Saves energy with mitigated semiconductor load through improved heat dissipation efficiency: 8% down.
					●	●	Copes with high current of EVs and chargers. CO2 reduced through EV popularization: 2% down. Saves energy with mitigated semiconductor load through improved heat dissipation efficiency: 4% down.
●			●	●			Realizes lower cost of high frequency-compatible PCBs and improves multi-layer stackup support and wiring freedom.
●	●	●	●	●			Makes automobile substrates higher-density in order to sophisticate electronic vehicular control: 5% down. Reduces amount of materials used through downsizing substrates with Any structuring: 10% down.
●				●			Saves energy through increased light weightness: 10% down. Substitutes for wire harness, etc. due to reduced thickness: 10% down.
●	●	●			●		Reduces materials used through downsizing: 2% down. Reduces parts through connector-less design: 10% down.
●					●		Reduces materials used through downsizing: 5% down. Reduces parts through connector-less design: 10% down.
					●	●	Increased the tolerable amount of current and heat dissipation by two or more times with heavy copper plating on through-holes only. Downsizing substrates.
●	●	●	●	●			Reduces the consumption of organic materials and metal materials by downsizing PCBs with fine wiring: 10% down.
●	●	●	●	●			Reduces the consumption of organic materials and metal materials by downsizing PCBs with fine wiring: 10% down. Does not contain copper foil: 5% down.
					●	●	Significant improvement in product life as a result of improving long-term reliability by inhibiting solder cracks caused by insulating heat dissipation resin with low elasticity.
					●	●	Improvement in reliability with limited warpage on ceramic substrates: 50% down. Low height and light weight through reduction in parts and materials due to integrated structure. Reduced power consumption by limiting power loss through improved power supply conversion efficiency: 50% down.

09 Quality Assurance Initiatives

Quality for reliability and safety

While securing the reliable and safe quality of products, we will improve their attractiveness and follow our Business Principles of “providing the best-ever products and services for our customers.” We examine each element of the lifecycle of each product from the viewpoints of reliability and safety, take measures for improving or upgrading our products, and deliver products to customers.

We strive to optimize QCDS (Service), which have trade-off relationships with each other, through communication with customers to realize attractive quality and satisfy requests from customers.

Quality policy

Meiko is committed to contributing to society by supplying customers with products that are backed by world class technology and guaranteeing the highest level of satisfaction, resulting in improved company profits and employee well-being.

Therefore, we always set quality goals to continuously improve the quality of our operations as well as our products by ensuring the management cycle in every process of work. Needless to say, we will comply all statutory and regulatory requirements.

Moreover, we establish the fulfillment of legal and regulatory requirements as a given.

The slogan encapsulating the “Meiko Electronics Co., Ltd. Quality Policy” is as follows.
Ensuring quality that meets customer expectations and instills confidence

Initiatives to meet customers' request

M-QMS (Meiko Quality Management System)

The products of the Meiko Group are used by a broad range of customers in the field of electronic devices. In particular, the importance of quality of in-vehicle products is growing further. Accordingly, we adopted the Automotive Process Approach (APA), which is an obligatory requirement of the International Automotive Task Force (IATF) 16949, in addition to the quality management system based on ISO 9001: 2015.

Moreover, we conduct analysis emphasizing customer-oriented processes (COPs), examine quality at the design and development stages, carry out global quality assurance activities, and implement external process management to meet requests from customers. Furthermore, we are promoting initiatives to improve quality by continuously enhancing our quality management system.

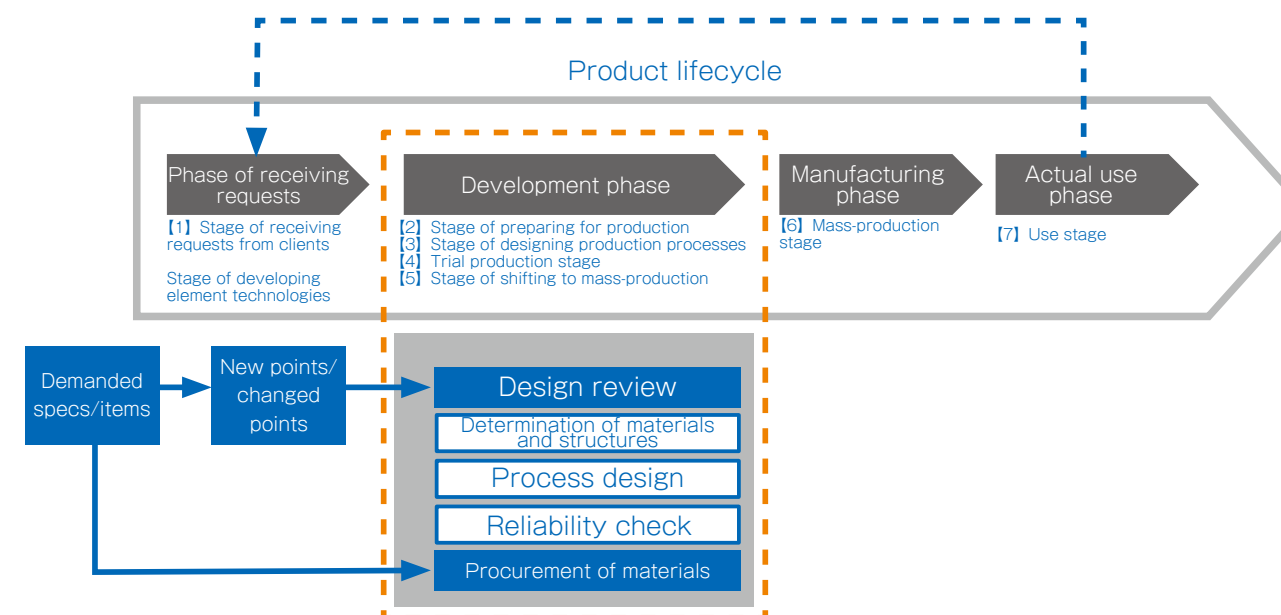
Status of certification of ISO 9001/IATF 16949 at manufacturing bases

Certifications	Japan						China		Vietnam	
	Headquarters	Advanced PCB Center	Fukushima Factory	Yamagata Meiko Electronics			Guangzhou Plant	Wuhan Plant	Thach That Plant	Thang Long Plant
				Kahoku Factory	Tendo Factory	Ishinomaki Factory				
ISO9001_2015	○	○	○	○	To acquire IATF in 2024	○	○	○	○	○
IATF 16949_2016	—	—	—	—	—	To acquire IATF in 2024	○	○	○	—

Objective evaluations for securing reliability and safety (design review)

We carry out design reviews (DR) to define design quality at the stages of designing and developing new products before mass-production. In the DR system of the Meiko Group, risks are assessed to rank them, and processes in the development phase are systematized for each rank.

At the execution stage, the production design, technology, and quality assurance divisions spearhead a review of changed points and past trouble, a discussion of products' tolerance of risks and the feasibility of manufacturing, and efforts to take improvement measures for preventing the recurrence of past trouble, etc. to meet requests from clients.



Quality of procured materials (measures for securing quality in external processes)

The quality, characteristics, and reliability of PCBs are significantly affected by the quality of their raw materials and secondary materials for processing them.

As procurement becomes global, it becomes necessary to procure materials with globally unified quality. In order to satisfy clients' requests, it is important to propose materials suited for their products and secure the quality of procured materials.

We distribute the “Quality Control Standards for Business Partners” formulated by the Meiko Group to have our business partners understand and follow the quality control and change management items in the quality management system of the Meiko Group.

In addition, we regularly audit the business operations of business partners to check whether they follow our standards and maintain/secure quality.

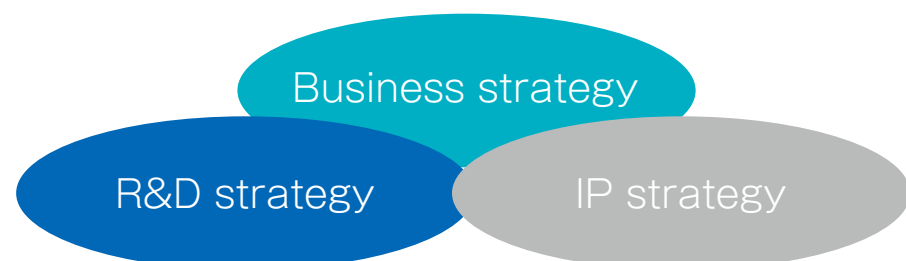


10 Intellectual Property (IP) Strategy

As a corporation that continues to challenge the evolution of electronics, Meiko places importance on IP as assets for its future management. We aim to leverage IP in promoting our R&D activities and endeavoring to improve our corporate profit.

Positioning of IP strategy

We view business strategy, R&D strategy and IP strategy as our strategic trinity. We formulate and execute our R&D strategy based on our business strategy and convert the positive outcomes gained through our R&D activities into rights. This cycle ties into the creation of the competitive advantage of our businesses over other companies and brings forth products bearing high profitability. Under our IP strategy, we promote the conversion of IP in growth areas under our business strategy into rights in order to realize that cycle. Additionally, in line with the globalization of our business, we also aggressively promote the conversion of IP to rights in key markets and production areas overseas in addition to those in Japan.



IP promotion system

Meiko will promote the creation of PCB inventions for automotive equipment, semiconductor packages/modules, and high-frequency equipment, which constitute future growth areas. To that end, we regularly administer IP training by experts to our engineers to help them master basic knowledge of IP and enhance their inventing skills. Additionally, to maintain our competitive advantage over other companies, we aggressively apply for structural patents and endeavor to conceal our processes and knowhow.

IP management system

We have established an Employee Invention Committee to verify the validity of inventions when they are made and upon the renewal of patents. Also, when inventions are made, the inventing department conducts an investigation of prior applications. Simultaneously, the patent management department monitors whether that investigation is being properly conducted.

Invention incentives

Meiko has an invention incentive system for employee inventors in place. Monetary incentives are paid to employee inventors when the invention is made and upon the application of a patent. Moreover, when patents converted to rights are applied at the time of mass-production, a commensurate monetary incentive is disbursed. Through this system, we endeavor to elevate the motivation of our engineers to invent.

11 Supply Chain

In order for both Meiko and its supply chain to fulfill their corporate social responsibility (CSR), we work to elicit our business partners' understanding of Meiko's basic stance with respect to procurement activities.

Basic Procurement Policy

We encourage the continuation of procurement activities based on the "Basic Procurement Policy" and "Action Guidelines for Purchasing Deals" below. As a basic concept, we at Meiko believe that the most important aspect of our procurement activities is to establish win-win relationships and relationships of mutual trust with our business partners for further growth as we live in an era in which an integrated supply chain ranging from procurement of materials from business partners to production, distribution and sales is required. We ensure cooperation not only between the production and sales bases in Japan but also with overseas bases, and select business partners through a comprehensive assessment of quality, delivery punctuality, price, and management and business continuity in case of an accident and a disaster as well as UN's SDGs (human rights, equality, environment and partnership). In this way, we are strongly emphasizing CSR practices within our supply chain.

Basic Purchasing Policy

1	We will conduct procurement activities optimized for our global production in accordance with the Action Guidelines for Purchasing Deals.
2	We will conduct smooth, fair, appropriate procurement activities based on closer communication and strengthened cooperation with our business partners.
3	We will promote the strengthening of environmental measures (chemical substances/green procurement).
4	We will conduct procurement activities that are considerate of international standards regarding human rights, safety, health, and labor conditions and of laws, ordinances, and regulations in various countries and regions.

Action Policy for Purchasing Deals

1	We will purchase from business partners that constantly maintain a recognition of "Quality first," understand the quality policy of Meiko Electronics Co., Ltd., aggressively engage in quality assurance, and are capable of accurately providing materials, etc. that conform with quality standards.
2	We will purchase from business partners that endeavor to procure environmental preservation-conscious materials with priority and are capable of proactively promoting the development of materials, parts, etc. with a limited environmental burden.
3	We will purchase from business partners that are able to flexibly respond to changes in market needs, possess outstanding technological and development prowess, consistently cope with technological innovations, and are globally competitive.
4	We will purchase from sincere, passionate business partners that make proactive proposals, including those for the mutual elevation of technological prowess, improvement of quality, and reinforcement of product power.
5	We will purchase from business partners that are able to accommodate globally-competitive pricing and designated delivery dates.
6	We will purchase from business partners that are able to swiftly and fully deal with situations such as when trouble occurs.
7	We will purchase from business partners that comply with and enforce related laws and ordinances (including the antitrust laws, commercial laws, subcontracting laws, foreign exchange laws, personal information protection laws, work safety and health laws, and copyright laws of various countries and regions), social norms, information security, etc.
8	We will purchase from business partners that fulfill their social responsibility with respect to human rights and labor (by preventing child and forced labor and discrimination).
9	We will purchase from business partners that enforce risk management for the sake of ensuring business continuity and have no issues with stable supply to Meiko Electronics Co., Ltd.
10	We will purchase from multiple business partners out of consideration of business continuity.
11	We will conduct procurement activities optimized for our global production in accordance with the Action Guidelines for Purchasing Deals.

Promotion of corporations' social responsibility in sustainable supply chain

In addition to control of greenhouse gas emissions, waste reduction, and management of specified chemical substances, which we naturally undertake in our internal production activities, we also implement a variety of measures to ensure environmentally friendly procurement. We ask our business partners to implement and recommend green procurement, and also request that distribution and sales activities be undertaken in an environmentally friendly manner. We strengthen initiatives to minimize procurement risk caused the likes of natural disasters and epidemics and conduct surveys on conflict minerals and young worker employment as well as environmental compliance surveys that accommodate the updated editions of REACH Regulations and so forth.

Requests to our business partners

1	Comply with laws and ordinances and respect international organizations.
2	Respect workers' human rights in light of international human rights standards.
3	Implement initiatives to keep workers' injuries accompanying their duties and physical or mental illnesses to a minimum and put a hygienic work environment in place.
4	Aggressively tackle resource depletion, climate change, environmental contamination, and other global environment issues as well as be conscious of regional environmental issues while considering the health and safety of the people of the region involved.
5	Conduct business activities based on a high level of ethics in addition to legal compliance.
6	Ensure the safety and quality of the products and services offered and provide accurate information.
7	Prevent leaks of confidential and personal information and strengthen information security.
8	Conduct preparations that make it possible to resume production activities early on in order to fulfill that business partner's responsibility to supply in cases where the business partner or the suppliers thereof are afflicted by a large-scale natural disaster, etc.
9	Conduct activities that are conducive to contributing to the development of international and regional society.
10	Establish company-wide policies and systems and action guidelines, education, and other mechanisms for expanding CSR, and administer them appropriately and adequately.

Meiko issued "Responsible Corporate Conduct Guidelines" that include trends in CSR, related requests by international society, and so forth. Within those guidelines, explanations are provided on CSR items universally or individually requested of each corporation as well as summarized items.

In Meiko's "Responsible Corporate Conduct Guidelines Check Sheet," we set forth questions for each item so that our business partners can perform a self-diagnostic. We ask our business partners to carry out that self-diagnostic and inform us of the results.

Internal controls and compliance for measures concerning purchasing and procurement

Meiko undertakes smooth operations with its business partners by complying with the following rules on purchasing and procurement activities.

We carry out enhanced appropriate, perpetual transactions with our business partners by undertaking internal training and confirming compliance in relation to adherence to customs regulations, laws, ordinances, and social norms of the relevant regions and nations in our global procurement activities as well as the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors in Japan.

Procurement policy based on ESG management

Under our Business Principles, we put together social issues from our mid/long-term vision with the ESG (environment, society, and governance) framework, and will engage in business activities for the purpose of attaining the SDGs that are considered important for our stakeholders by utilizing our strengths.

1	Fair, appropriate operations with business partners shall be undertaken through compliance with laws and ordinances concerning purchasing and procurement activities.
2	Business partners' information that we obtain through purchasing and procurement activities shall be kept confidential and the information security system for preventing the leakage of confidential and personal information shall be strengthened.
3	Entertainment and gifts from business partners shall be permitted to the extent that would normally be considered reasonable, and shall be prohibited if such acts result in personal profits.
4	Efforts shall be geared toward eliminating antisocial forces, procurement of conflict minerals and young labor.


Environmental measures (green procurement)

In accordance with the "Standards for the Environment," we encourage environmentally-friendly purchasing and procurement activities together with our business partners.

1	We confirm laws and regulations (RoHS Directive, ELV Directive, and REACH Regulations) and the content of environmentally hazardous substances to encourage the procurement of compliant products and maintain and improve the environmental quality of our products.	
	① RoHS Directive	EU restriction on the use of certain hazardous substances in electrical and electronic equipment
	② ELV Directive	A directive adopted by the EU to reduce the environmental burdens of end-of-life vehicles
	③ REACH Regulation	EU law for protecting people's health and the environment
	④ JIG (1-R)	Legally controlled substances specified in the CSCL guidelines concerning the disclosure of information regarding chemical substances contained in electrical and electronic equipment
	⑤ Customer standards	
2	We encourage the signing of the Memorandum on Environmental Protection and Guarantee of Non-Use of Environmentally Hazardous Substances to ensure environmental protection together with our business partners. We are pursuing the signing of this Memorandum and Guarantee with our major business partners, including manufacturers to whom we outsource processing.	
3	We strive to reduce the discharge of industrial waste and encourage the use of this waste as a valuable resource by recycling it or using it in other ways together with our business partners.	

Business Partner's VOICE

Shengyi Technology Co., Ltd.
Group Sales Center
Senior General Manager of Sales
Dong Hong wei



We have benefited from a business relationship with and the patronage of Meiko Electronics Co., Ltd. for twenty years. I would first like to take this opportunity to express my gratitude for that.

As a pioneer in China's copper clad laminate industry, Shengyi Technology espouses industry as the value of our corporation's existence and sustainable development as its philosophy, and sees the promotion of advancements in the electronics industry as the duty of our corporation. As a responsible corporation, we concern ourselves with the public benefit and forward development of society, and conserve energy and resources out of consideration of the environment.

We also concern ourselves with our employees, and are careful to enable them to partake in the positive outcomes of our corporation's growth. We firmly maintain the sharing of those positive outcomes by society, our shareholders, and our employees. We constantly ensure that our customers and vendors are able to partake in the profits resulting from our growth.

12 Disaster Prevention and Risk Management

Implementation system for disaster prevention measures

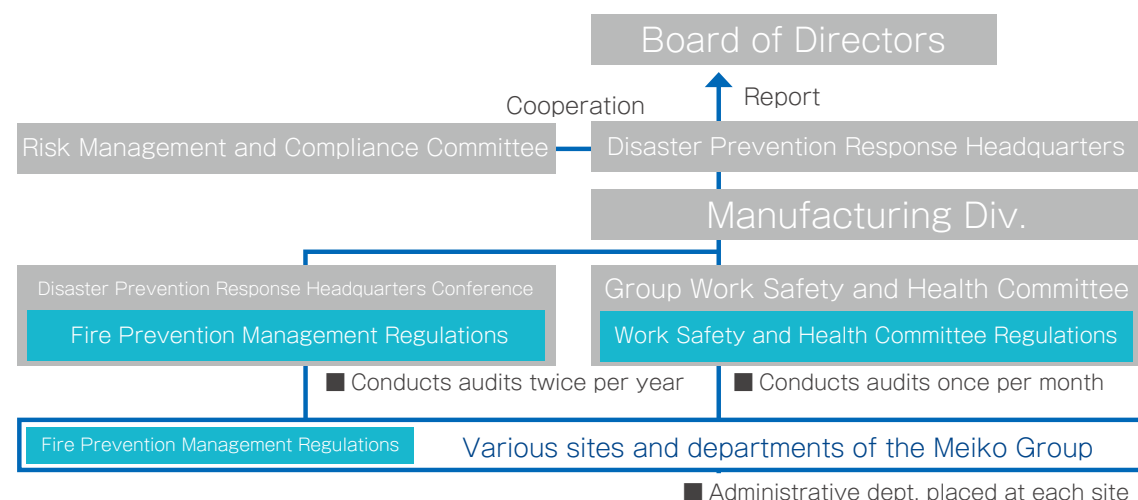
In accordance with our "Fire Prevention Management Regulations," we establish a Disaster Prevention Response Headquarters made up of Directors, Audit & Supervisory Board Members, and other members, assign an organization and personnel specialized in disaster prevention at each site, and share relevant information across the entire Group. In this and other ways, we are strengthening our initiatives geared towards the prevention of accidents.

Disaster Prevention Slogan at the Meiko Group

1. Protecting our factories and plants on our own
2. Zero accidents
3. Multiple forms of safety against latent hazard sources

We also conduct fire prevention monitoring at all times largely with the use of IoT devices, and communicate information swiftly when an anomaly occurs.

With "Protecting our factories and plants on our own" as its policy, the Disaster Prevention Response Headquarters sets out to establish multiple forms of safety rather than a single safety measure to prevent factory and plant accidents before they occur, thoroughly instill its policy, and promote ongoing activities.



Work safety and disaster prevention activities

Audits are conducted twice a year for disaster prevention and once a month for work safety to evaluate the management status for safety, disaster prevention, and the environment from a point of view unified across the company. Outstanding areas, etc. are then spread across the entire Group in our efforts to enhance our level.



Activities aimed at lowering disaster prevention risk

Disaster prevention improvement activities

- Expansion of examples of incidents and work accidents to all factories and plants and elimination of similar risks
- Overseas and domestic sites and fire prevention coaching activities
- Verification of disaster affliction risk utilizing hazard maps and emergency response drills
- Holding of nighttime evacuation drills

Risk assessments

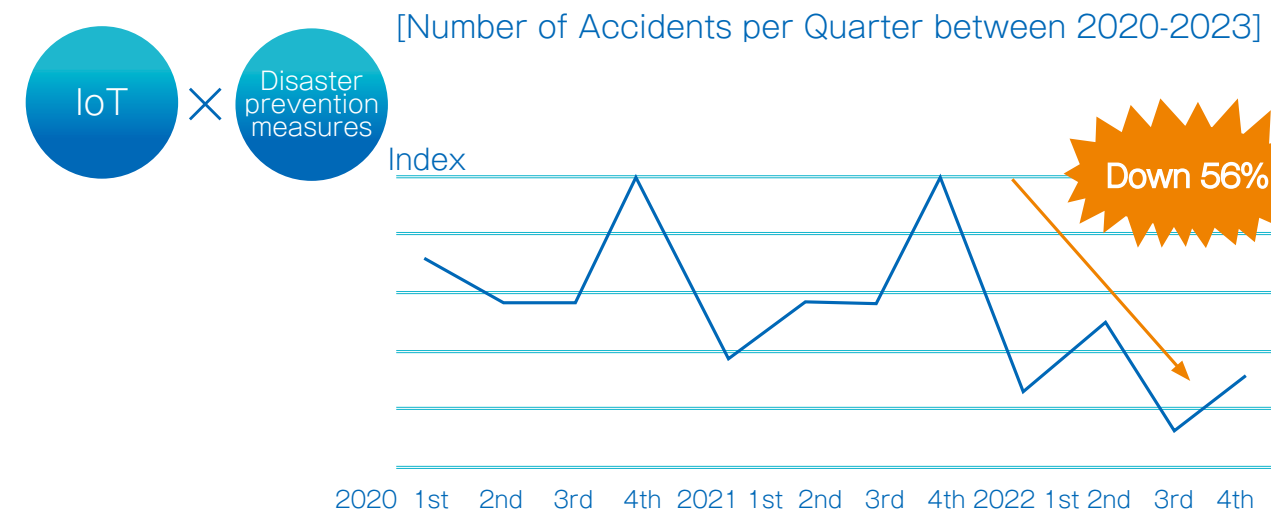
Company-wide standards related to disaster prevention were put in place and guidelines were established at Meiko Engineering System (MES)

Audits pertaining to disaster prevention

- Enlightenment efforts for disaster prevention awareness spread through conducting of internal audits on disaster prevention
- Promotion of monthly inspection patrols by top members of factories and plants



Vietnam Plant Disaster Prevention Center



13 Creation of a Comfortable Working Environment

In line with the idea that “the greatest asset of a company is its human resources,” we focus on the creation of a comfortable working environment that is safe, secure, hygienic for all our employees, respects their diversity, and supports them to develop.

Respect for diversity

We respect human rights and strive to recruit, evaluate, and treat our employees without discrimination on the basis of race, creed, religion, nationality, age, gender, disability, and other attributes, so that they are able to show their true abilities.

Allocation and exchanges of global human resources

We recruit desirable personnel, including new graduates and mid-career workers, regardless of nationality. As of March 2023, there are 39 non-Japanese employees recruited in Japan, including Chinese and Vietnamese nationals.

In addition, we train and utilize non-Japanese personnel, based on the intra-company transfer system and programs for improving skills. Nine employees from Chinese and Vietnamese plants are working in Japan based on the intra-company transfer system, and eight employees from the Vietnamese Plant are working at Fukushima Factory based on corporate programs for improving skills. Furthermore, sixteen Vietnamese workers managed by a supervising organization for improving skills are scheduled to work at the Yamagata Factory.

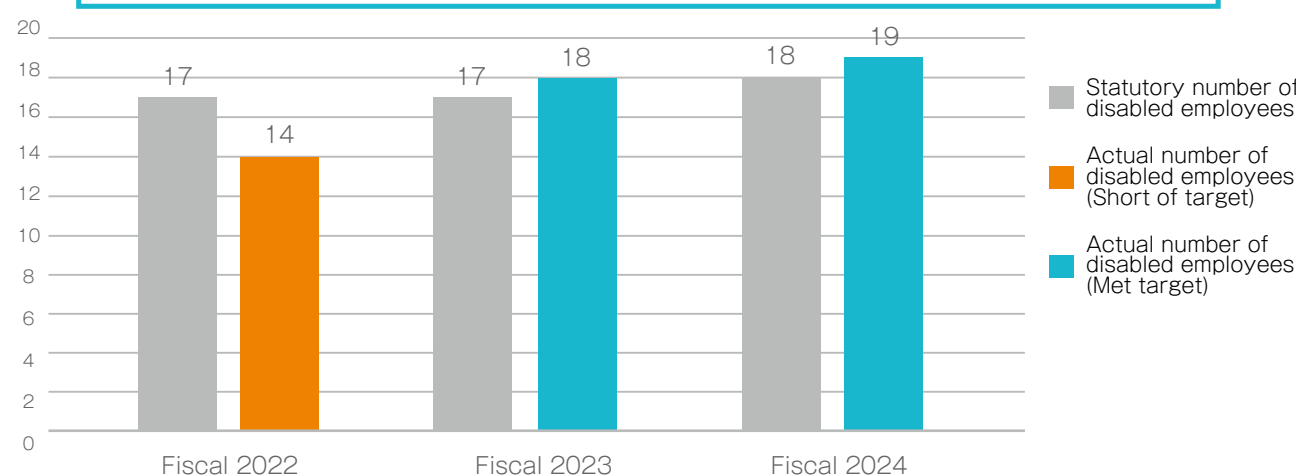
By using such systems, over 300 non-Japanese employees have undergone training in Japan, and some of them engage in the operation of overseas plants, including the general manager (plant manager) of Guangzhou Plant and executives of overseas plants. On the other hand, the number of Japanese expatriates working in local subsidiaries has been decreasing year by year due to an increase of non-Japanese managers. Currently, that number is 48.

Initiatives for employing disabled people

We continue to proactively promote initiatives for employing disabled people. At present, nineteen such individuals work at our company. To have disabled people work with us for a long time after joining our organization, we focus on putting a workplace environment conducive to doing their jobs in place. This includes conducting follow-up interviews with those employees and preliminary education to other employees in their department of affiliation.

In addition to creating opportunities through which disabled persons can make significant contributions, Meiko will keep up its efforts so that it can serve as a bridge between those individuals and society.

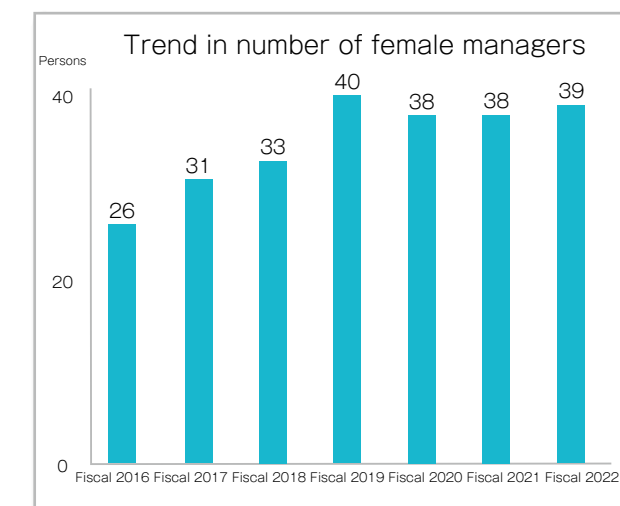
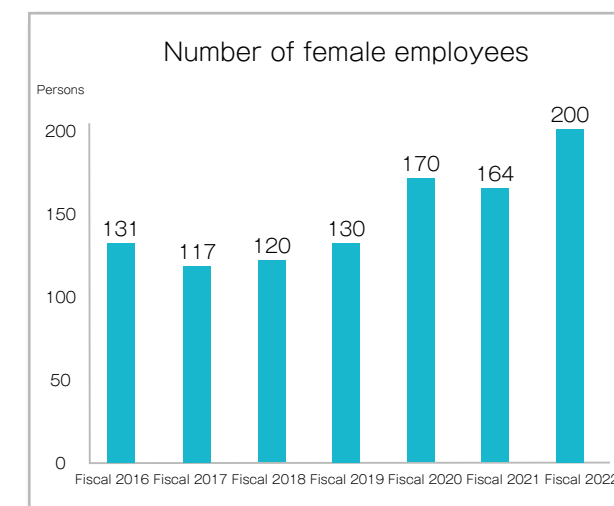
Trends in the statutory number and actual number of disabled employees



Promotion of women's participation and advancement

As a result of aggressively recruiting female human resources, our employment of female employees as a percentage of the total number of employees exceeded 20% for the first time in Fiscal 2020, rising as high as 24% in Fiscal 2022 due to us keeping up those recruitment efforts. The number of female employees at Meiko has also been trending upwards year after year, exceeding 200 in Fiscal 2022.

We will continue to actively recruit women and put energy into the promotion of female employees to managerial positions.



Meiko Daycare Center "Nobikko"

We opened an in-house nursery in April 2020 for the purpose of improving employee benefits and promoting opportunities for women to play an active role in the company. The facility is located adjacent to the Headquarters, allowing employees to work safely with their children by their side. Having adopted “carefully nurturing power that will grow in abundance within a family atmosphere” as its daycare philosophy, the facility aims to realize daycare that engages each individual child while flexibly accommodating work patterns.

Since opening, it has been used by sixteen employees, including those seeking temporary daycare. Going forward, we will continue to support a balance between work and childcare as we endeavor to develop human resources.

Human resource development and career paths

Human resource development

We provide job-class-specific training programs aimed at extracting the potential ability of individual employees and cultivating human resources who will achieve our Business Principles in a mid/long-term vision.

We assist employees from prospective ones to Assistant Managers with the enhancement of their skills and knowledge to match their individual job class. For managerial personnel, we provide self-enlightenment support with the purpose of autonomous career-building. Furthermore, in the job-class-specific training, directors give a lecture titled “Lecture for Meiko’s leaders and managers” to directly convey ideal human resources for our company to employees.

Job grade	Job title	Job-class-specific education and training
6~	Managerial position	Self-enlightenment support
5	Assistant Manager	Tests prior to appointment to managerial position
4	Supervisor	Training for newly-appointed managers
3	General	<ul style="list-style-type: none"> Mid-level employee training Follow-up training New employee training
2		
1	Prospective employees	Prospective employee training

In addition, as a support for our employees to engage in voluntary self-development, our company pays incentives for obtaining skill certifications and bears a part of employees’ expenses for language study and e-learning. Additionally, in order to train employees at overseas plants as part of efforts to develop human resources of the Meiko Group, we utilize the intra-company transfer system and programs for improving skills.

■ Career paths

For technical positions, we have employees gain experience onsite with greater proximity to the manufacturing frontlines with the intention of having them master knowledge, skills, and knowhow. At the stage where employees have properly outfitted themselves with knowledge and experience, a hearing is conducted with them on "what they want to do" to examine their career with the expectation they will tackle their work with autonomy and demonstrate leadership.

We have career paths available for "specialist" human resources who seek to master a specialization as well as those available for "generalists" who wish to experience various departments and have involvement in a wide range of work within technical areas. Through evaluation meetings within departments and HR meetings, we also have hearings with employees to gauge whether there has been any change in "what they want to do" as the situation calls for it. As the final step, specialist human resources grow into "professional" human resources and generalist human resources into "management human resources," and each aim to elevate themselves to a position equivalent to a management specialist.

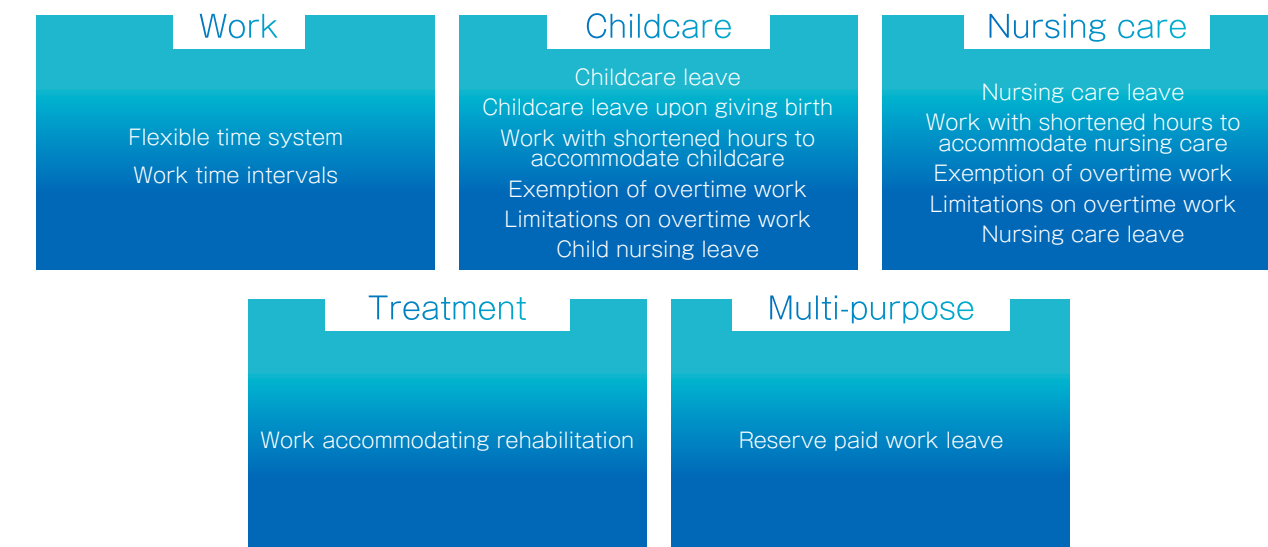
Moreover, based on the inclination and suitability of the employee, they may make a career change in the midst of their career.



■ Support with achieving balance between work and family

Placing importance on a balance between work and family, we engage in a myriad of initiatives for the purpose of boosting employee happiness and productivity. Firstly, by offering flexible shifts through a flexible time system and work with shortened hours, we enable employees to do their job according to their own schedule. In turn, this makes it possible for employees to alleviate their household burden in the form of childcare and nursing care and reduce their stress.

Furthermore, when employees take childcare or nursing care leave, we provide them with the support they need and help them make a smooth return to work. Additionally, through training and our Career Support Program, we promote skill enhancement and career development.



■ Initiatives for work safety and health

Based on the Industrial Safety and Health Guideline, we aim to develop a working environment in which all employees can work in a physically and mentally safe manner with peace of mind and exert their respective abilities to a sufficient degree. In addition to the work safety and health committee for each base, which is set forth in the Industrial Safety and Health Act, we organized the group industrial safety and health committee, which is superior to the safety and health committee, to manage the entire corporate group.

The group industrial safety and health committee engages in preventing the occurrence of work accidents across the group largely by sharing details of work accidents and the causes of their occurrence at each site as well as initiatives for preventive activities at each site.

~Industrial Safety and Health Guideline~

In line with the concept that "the greatest asset of a company is its human resources," at Meiko Group we focus on the creation of a working environment that is safe and secure for the mental and physical health of all our employees, and allows them to fully demonstrate their individual capabilities.

1. We will comply with the regulations and in-house rules related to industrial health and safety as we endeavor to eliminate dangers in all workplaces.
2. We will conduct risk assessments for our workplaces, set goals for work environment improvements and continually work toward reducing work accident risks.
3. We will ensure that each and every employee is aware of industrial safety and health initiatives as we endeavor to improve awareness of safety and health.
4. We will endeavor to actively support the maintenance and improvement of the mental and physical health of our employees.

■ Initiatives for health management and promotion

We declared health-oriented management to proactively enhance the health of employees through group-wide efforts. For the sake of maintaining and promoting employee health, we have been aggressively pushing for specific health guidance following the implementation of legally-mandated health checkups. In Fiscal 2022, the implementation rate for such guidance was 65%. (Published by the Ministry of Health, Labour and Welfare; target value of 45% or higher)

We have also been implementing health education through e-learning as well as counseling interviews with clinical psychologists at the request of employees or their workplace as part of our employee mental care efforts.

In addition, we have also been carrying out activities that employees can casually take part in, such as walking campaigns and health challenges for which participants can set their own goals, in our endeavors to enhance employee awareness of health promotion.

Health-oriented Management Declaration

"We provide the best-ever products and services for our customers through Meiko's manufacturing, thus contributing to the creation of happiness in employees and society."

Meiko declares the Health Initiative in order to realize its Management Philosophy by fostering a corporate culture that enables employees to work smiley and actively with health both in mental and physical.

14 Contributions to Local Communities

We encourage social contributions by our Headquarters and group companies to build close relationships with local communities.

We will continue to actively participate in social welfare activities, environmental activities, and other events organized by the local governments in the various areas. At the same time, we will fulfill our responsibility as a good corporate citizen by encouraging social contribution activities in each local community.

01 Introduction of EV buses



At our Guangzhou Plant, we changed employee shuttle buses to EV buses. This served to considerably curb exhaust gas and noise when running compared to the original buses.

02 Cooperation with frontlines of epidemic prevention



At our Wuhan Plant, we cooperated with the frontlines of epidemic prevention (by providing assistance with PCR testing ten times for a total of 195 individuals) in development zone manufacturing parks.

03 Conducting of factory and plant tours



The Meiko Group regularly conducts factory and plant tours.

In the manufacturing industry to come, we believe that offering factory and plant tours and other forms of experiential value is vital for the sake of sustainable industry.

● Local high school students at the Ishinomaki Factory ● Elementary and junior high school students at the Vietnam Plant

04 SDG workshops



We offered SDG experiences to children in collaboration with Montedio Yamagata and The Faculty of Science and Engineering at Yamagata University.

Through these experiences, children pursue SDGs familiar to them while enjoying themselves.



05 Onsite blood donation activities



As a "blood donation supporter," we lend our cooperation to regular blood donation activities twice a year. While we had temporarily suspended that cooperation due to the COVID-19 pandemic, we resumed it in December 2022.

06 Support for holding of private sports competitions for local communities



We endeavor to do our part to promote health by proactively promoting various sports and conducting activities that contribute to local communities and society.

07 Assistance with issue of poverty



Recognizing that addressing poverty is a major issue, we endeavor to do our part to resolve that issue with the aim of creating "No one left behind" lifestyles through activities to assist people in vulnerable positions.

08 Cleanup activities



We autonomously conduct environment beautification activities in areas such as those around and near our factories and plants.

We also proactively take part in the likes of cleaning activities organized by local communities.

Governance (Management Report)



(From left)
 Upper row: Kotomi Ejiri, Outside Auditor / Takahiro Matsuda, Senior Corporate Auditor
 Middle row: Nao Tsuchiya, Outside Director / Hiroshi Miyauchi, Audit & Supervisory Board Member / Shigeru Naya, Director / Yosuke Nishiyama, Outside Director / Toshifumi Kobayashi, Outside Director / Takashi Harada, Outside Director / Yoon Ho, Shin, Director
 Lower row: Atsushi Sakate, Director and Senior Managing Executive Officer / Junya Wada, Director and Senior Managing Executive Officer / Yuichiro Naya, President & CEO / Masakuni Shinozaki, Director and Senior Managing Executive Officer / Yoshihito Kikyo, Director and Managing Executive Officer

01 Corporate Governance

Basic approach

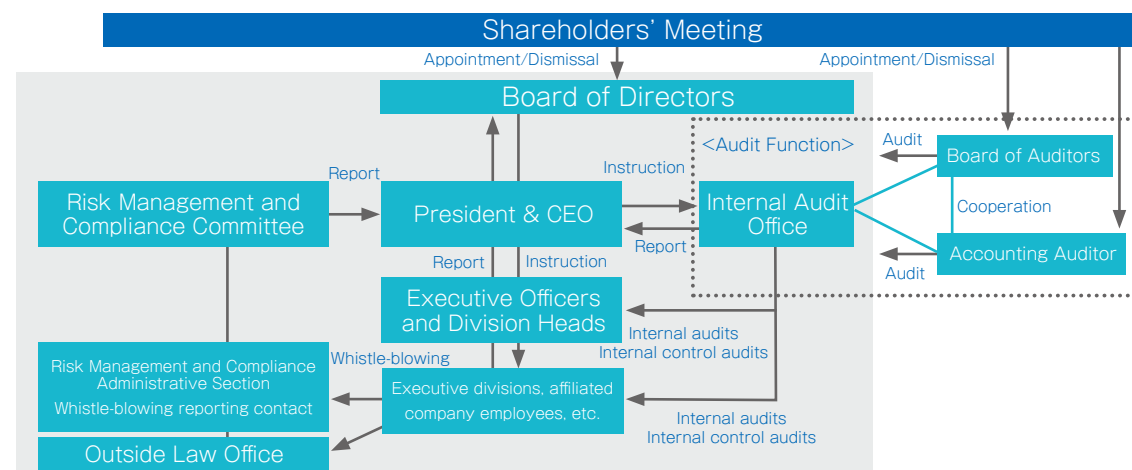
Our basic management policy is to work towards sustainable growth and the improvement of our medium/long term corporate value to respond to the trust placed in us by all our stakeholders as a global company that provides the very best in value and services.

In order to ensure the transparency, soundness, and efficiency of our management with a view to achieving that policy, we position the reinforcement of our corporate governance system as one of our key management issues. As a company with a Board of Auditors, Meiko reinforces the supervision of business execution by its Board of Directors and the Board of Auditors. Simultaneously, our Board of Directors endeavors to build an effective corporate governance system through means such as delegating authority to Directors and Executive Officers and conducting the efficient execution of business through swift decision-making related to business operation.

Corporate governance system

As a company with the Board of Auditors, Meiko has a Board of Directors, Board of Auditors, and accounting auditors in place. As for Directors and Auditors, we invite Outside Directors and Outside Auditors who are highly independent from and have no special stake in our management, and reinforce our audit and supervision functions for management. The Board of Directors is comprised of eleven Directors, four of whom are Outside Directors. The Board of Auditors consists of three Auditors, two of whom are Outside Auditors. We disclose the status of compliance with the Corporate Governance Code on our website.

Corporate Governance System at Meiko



Board of Directors

The Board of Directors consists of eleven Directors, including four Outside Directors. The Board of Directors is responsible for specific consideration, discussion, and decision-making on Group-wide management strategies and issues, as well as for supervising the execution of business by each Group company. In addition, the introduction of an executive officer system separates management decision-making from business execution and realizes flexible decision-making. Moreover, we have established an internal control system and a risk and compliance management system to create an environment that enables us to conduct aggressive management while recognizing and minimizing risk.

Board of Auditors

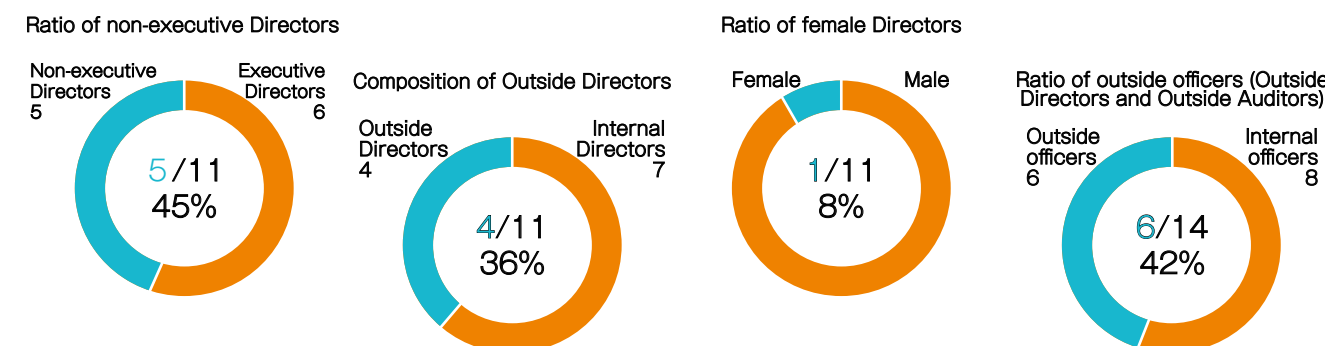
The Board of Auditors, consisting of three Auditors that include two Outside Auditors, audits the status of business execution and internal control systems. The Senior Corporate Auditor, who is well versed in internal affairs, and the Outside Auditors, who have experience in the electronic parts industry and a high level of expertise and insight in law, engage in in-depth discussions from an independent and objective perspective. The Board of Auditors verifies the appropriateness and legality of accounting and accounting-related internal controls by attending important meetings such as the meetings of Board of Directors and the Management Committee, collaborating with accounting auditors and the Internal Audit Office, and conducting audits of internal departments and affiliated companies.

Status of securing of independent Outside Directors

Meiko has four independent Outside Directors and two independent Outside Auditors. We maintain a ratio of independent Outside Directors in our Board of Directors of 1/3 in principle to ensure that proper contributions are made to governance at Meiko and advice on model corporate conduct is given.

In order to ensure fairness and transparency in its management, Meiko has set forth standards for determining the independence of its Outside Directors and Outside Auditors. As our Outside Directors and Outside Auditors satisfy our standards for determining independence and the independence standards set forth by the Tokyo Stock Exchange, we have notified the Tokyo Stock Exchange that they are independent officers.

Composition of Board of Directors



Status of Board of Directors and Board of Auditors

Item		Fiscal 2020	Fiscal 2021	Fiscal 2022
Officers	Composition			
	Number of officers	15	14	14
	Number who are female officers (Ratio)	1 (6.7%)	2 (14.3%)	2 (14.3%)
	Number who are independent officers	6	6	6
Board of Directors	Composition			
	Number of Directors	12	11	11
	Number who are female Directors (Ratio)	1 (8.3%)	1 (9.1%)	1 (9.1%)
	Number who are independent Outside Directors	4	4	4
	Number of meetings held	19	14	16
Board of Auditors	Composition			
	Number of auditors	3	3	3
	Number of who are independent Outside Auditors	2	2	2
	Number of meetings held	12	12	12

Fiscal 2022 Board of Directors Results

Number of days meetings held	15
Average number of agenda	3.4 agenda/mtg.
Average time of meeting per day	1 hr. (Longest mtg. was 2.2 hr.)

In our aim to strengthen corporate governance

The current business environment of the electronics parts industry reflects tumultuous change as characterized by the accommodation of ever-evolving technology and products, shifting customer needs, and various changes in our external environment. We are strengthening corporate governance to accommodate such changes in a timely and appropriate fashion, and are endeavoring to make swift management decisions and bolster audit supervision on an ongoing basis.

Fiscal year	Description of initiatives
2018	Election of female Director (Nao Tsuchiya)
2021	Introduction of stock-based remuneration plan
	Introduction of evaluations of effectiveness of Board of Directors Change to upper limit of number of Directors (from 10 to 15)
2022	Election of female Auditor (Kotomi Ejiri)

We will also proactively accommodate the requests for the further sophistication of governance in the Tokyo Stock Exchange Prime Market and continue to pursue further initiatives as we move forward.

Evaluations of effectiveness of Board of Directors

■ Regarding evaluations of effectiveness of Board of Directors

With the aim of assessing the extent to which our Board of Directors is fulfilling the roles expected of it, analyzing the results in order to extract issues and link them to improvements, and tie those efforts into the sophistication of our governance, similar to the last fiscal year, we conducted an analysis and evaluation of the effectiveness of our Board of Directors. Below is an overview of the analysis and evaluation results from Fiscal 2022.

1. Overview of evaluation process

A questionnaire survey to evaluate the effectiveness of the Board of Directors was administered to all Directors and Auditors, including Outside ones. The results were then reported and discussed at the meeting of the Board of Directors on May 29, 2023.

2. Results of evaluation

Timing of implementation

February-March 2023

Evaluators

Directors and Auditors (14 in total)

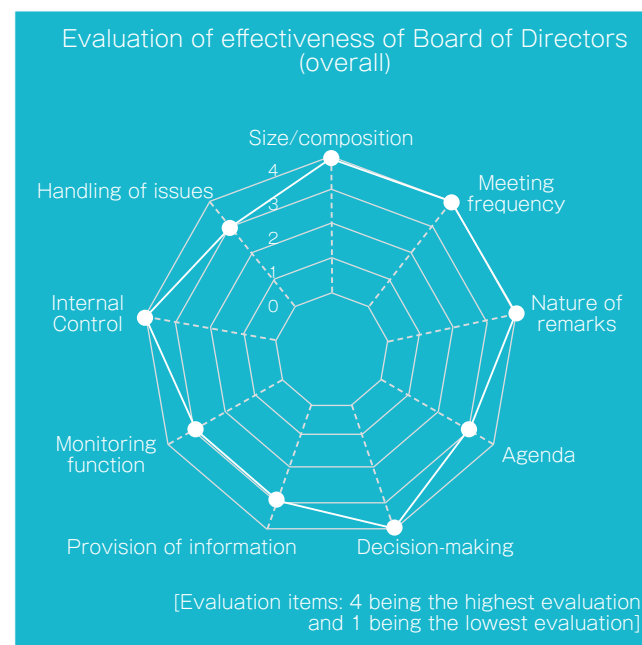
Implementation procedures

Administration of questionnaire to all evaluators

Evaluation and analysis of questionnaire results and extraction of issues by Board of Directors Administrative Section

Evaluation items

Four-step evaluation and free-form method for each question



- | | | |
|--------------------------------------|---------------------------------|--|
| 1. Composition of Board of Directors | 4. Agenda | 7. Management supervision function of Board of Directors |
| 2. Meeting frequency | 5. Role as decision-making body | 8. Internal controls |
| 3. Nature of remarks | 6. Provision of information | 9. Handling of previous issues |

3. Analysis of results and handling of issues

- ▶ All results came to an average evaluation of 3 or higher. The content of the evaluations could be considered generally favorable.
- ▶ This fiscal year, there were multiple investment projects that were significant from the perspective of management. While the Board of Directors endeavored to fully understand the projects, including conducting preliminary explanations of them, and succeeded in obtaining resolutions, one future challenge is the need to consider a mechanism that extends to the enhancement of preliminary explanations and a review process.
- ▶ To prevent scandals, ongoing initiatives are needed.

Based on the above analysis results, Meiko will proceed to tackle the following key points.

- 1) Create a mechanism for significant projects that extends to the enhancement of preliminary explanations and posterior reviews.
- 2) Consciously promote checks of overseas subsidiaries as part of ongoing initiatives to prevent scandals.

Policy on cross-shareholdings

Meiko holds shares whose holding has been judged by the company to contribute to the improvement of its corporate value over the medium/long term. The meaning of those holdings is verified by the Board of Directors once a year. Elements such as the business-based relationship with the investment destinations are verified as well. For shares with a deficient meaning of holding them, we push forward with selling the shares while taking the impact on the market, etc. into consideration, and endeavor to reduce our cross-shareholdings.

The verification of cross-shareholdings for Fiscal 2022 was conducted at the meeting of the Board of Directors held in April 2023.

■ Trends in status of cross-shareholdings (consolidated)

Fiscal year	2020	2021	2022
Amount booked on Consolidated Balance Sheet (million yen)	268	222	228
Amount of consolidated net assets (million yen)	40,610	58,686	84,475
Amount as a percentage of consolidated net assets (%)	0.7	0.4	0.3

Officer remuneration

■ Basic policy

For Director remuneration, a remuneration system linked with shareholder interests is used to ensure the system sufficiently functions as an incentive that facilitates the continuous improvement of corporate value. Our basic policy on officer remuneration is to adopt proper standards based on the responsibility of each Director upon determining their individual remuneration.

Remuneration of executive Directors is comprised of basic remuneration and bonuses. That for Outside Directors is, in principle, made up of basic remuneration in consideration of the duties of those Directors.

■ Amount of remuneration, etc. of Directors (Fiscal 2022)

Officer category	Total amount of remuneration, etc.	Number of eligible officers
Directors (excluding Outside Directors)	169 million yen	8
Auditors (excluding Outside Auditors)	12 million yen	2
Outside officers	30 million yen	7

Fields of experience and specialization of Directors and Auditors

Our officers, whether internal or outside, engage in management based their knowledge, experience, and advanced insight in their respective fields.

For Internal Directors, a “○” has been placed in fields where those Directors have knowledge and experience. For outside officers and Senior Corporate Auditors, following discussion with each officer, a “●” has been placed in fields in which each officer should utilize their expert viewpoints and advanced insight to the fullest extent and, in particular, fields in which they are expected to contribute to Meiko’s management.

Name	Position in the Company	業務執行	社外 / 独立	Expertise and Experience							
				Corporate Management	Legal Affairs Risk Management	Finance and Accounting	Manufacturing and Technology R&D	Industry Knowledge	Global Experience	Sales	
Yuichiro Naya	President & CEO	Executive		○	○	○	○	○	○	○	○
Masakuni Shinozaki	Director and Senior Managing Executive Officer	Executive			○			○	○	○	
Junya Wada	Director and Senior Managing Executive Officer	Executive			○		○	○	○		
Atsushi Sakate	Director and Senior Managing Executive Officer	Executive			○		○	○	○		
Yoshihito Kikyo	Director and Managing Executive Officer	Executive		○	○	○		○	○	○	
Shigeru Naya	Director and Executive Officer	Executive			○			○	○	○	
Yoon Ho, Shin	Director	Non-executive		○				○	○	○	
Nao Tsuchiya	Director	Non-executive	Outside/independent		●						
Yosuke Nishiyama	Director	Non-executive	Outside/independent	●		●	●	●			●
Takashi Harada	Director	Non-executive	Outside/independent		●	●		●	●		
Toshifumi Kobayashi	Director	Non-executive	Outside/independent	●		●	●	●			●
Takahiro Matsuda	Senior Corporate Auditor				●		●	●	●		
Kotomi Ejiri	Audit & Supervisory Board Member		Outside/independent								
Hiroshi Miyauchi	Audit & Supervisory Board Member		Outside/independent								

02 Internal Controls

Our system for corporate governance includes the election of Outside Directors as well as the placement of Auditors as a corporate monitoring function, accounting auditors, and the Internal Audit Office for ensuring fair management and a high level of transparency.

Internal controls, as part of corporate governance, are essential for ensuring increased management efficiency and the fairness of all company activities. The effectiveness of Meiko’s internal controls is evaluated, and the results of these evaluations are used to make further improvements. This is our mission to fulfill our corporate social responsibility, and we, as the Meiko Group, will promote these activities.

Basic Policy on Internal Control System

Our Board of Directors passes resolutions and seeks to refine and administer the following aspects of our system (Basic Policy on Internal Control System) for ensuring proper operations in accordance with the Companies Act and Ordinance for Enforcement of the Companies Act.

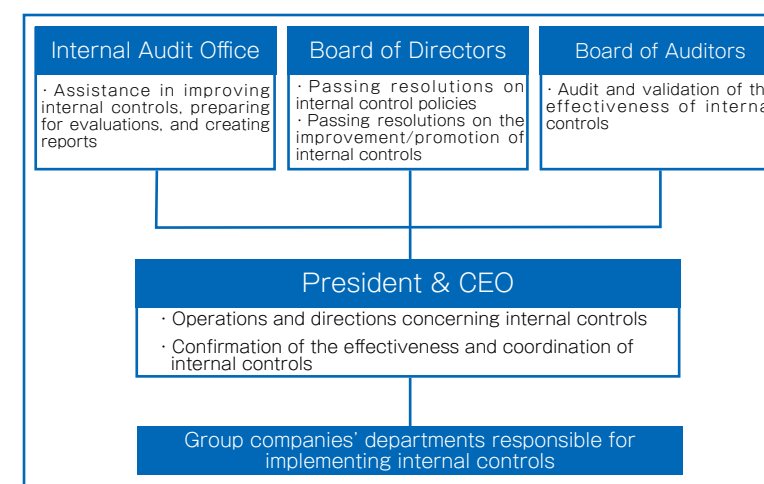
- “Basic Policy on Internal Control System”
 1. A system for ensuring compliance within the Meiko Group
 2. A system for the storage and management of information for the execution of duties by the Board of Directors
 3. A system regarding risk management within the Meiko Group
 4. A system for ensuring that the duties of Meiko Group Directors are executed efficiently
 5. A system for ensuring proper operations by the Meiko Group
 6. A system relating to employees who will assist the Auditors with their duties
 7. A system for reporting to Auditors
 8. A system for ensuring the effective execution of audits by Auditors

Monitoring through internal audits

The Internal Audit Office has been established as the internal audit division to monitor the effectiveness of internal controls by conducting internal audits of Meiko and the Group companies, and to ensure that information on the results is shared with Auditors.

Internal controls concerning financial reporting

Internal controls of the Meiko Group



Meiko has developed a policy, procedures, and methods for evaluating its internal controls, the framework of valuations, the scope of evaluations, and evaluation schedules, and has set a framework for evaluations led by management.

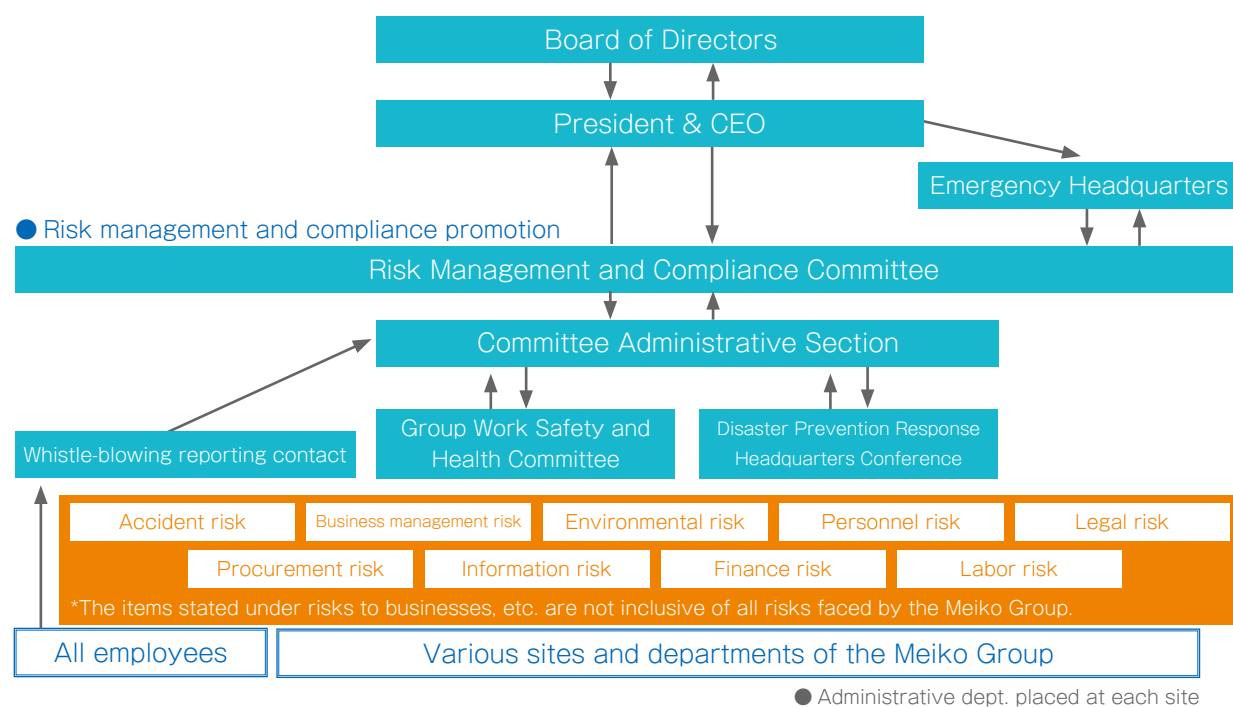
In line with those policies and plans, we evaluate the effectiveness of internal controls that impact our financial reporting on a consolidated basis, and state the results in our Internal Controls Report.

03 Risk Management and Compliance Management System

Basic Policy on control system for risk management and compliance management system

- Based on our “Risk Management and Compliance Management Regulations,” we have established a “Risk Management and Compliance Committee” whose members include Directors and Auditors. This Committee ascertains serious risks that Meiko and its subsidiaries (collectively, the Meiko Group) may face upon continuing their businesses and ensuring their stable development, and conducts activities such as formulating policies, measures, and annual plans that pertain to risk management.
- Should an unforeseen situation arise or should it recognize signs of serious risks manifesting themselves, the Committee establishes an Emergency Headquarters headed by the President to conduct comprehensive crisis management and endeavor to prevent damage from spreading.
- Based on the “Risk Management and Compliance Management Regulations,” the Committee formulates, implements, and monitors compliance measures and annual activities that concern the Meiko Group, analyzes and verifies compliance violations, and provides guidance and supervision on promoting the devising and implementation of measures to prevent recurrence based on the results of that analysis and verification.
- The Committee links up with the Group Work Safety Committee and Disaster Prevention Response Headquarters (a meeting body) to foster a climate conducive to working healthily and energetically within a safe and secure workplace environment and endeavor to promote management aimed at creating a mentally and physically healthy organization.

■ Corporate Governance at Meiko



BCP

Based on its “Basic BCP Policy,” Meiko identifies large-scale disaster risks that affect its business continuity, such as earthquakes, floods, and other natural disasters as well as fires, infectious diseases, and cyber-attacks; sets forth policies to prepare for instances when crisis occurs; and tackles initial response and countermeasures.

When a large-scale disaster strikes, in order to strive to restore the supply of products to customers at an early stage while placing the highest priority on human life, we have established mechanisms to verify the safety of our employees and address risks such as equipment failure.

Compliance promotion activities

■ Dissemination and penetration of compliance

Meiko positions compliance as a key issue in its management. Compliance is also an absolutely necessary element in order for us to fulfill our responsibility as a member of society and keep on operating our businesses into the future while meeting the trust and expectations placed on us by customers, shareholders, investors, business partners, local communities, and our employees.

In order to boost recognition of the “Corporate Conduct Charter of the Meiko Group” and the “Code of Conduct of the Meiko Group” as well as elements such as changes in laws, ordinances, social ethics, and values, and ensure their dissemination and penetration, we prepared a “Compliance Handbook” and put an environment in place for all employees to receive the associated education and training that we conduct.

■ Compliance education

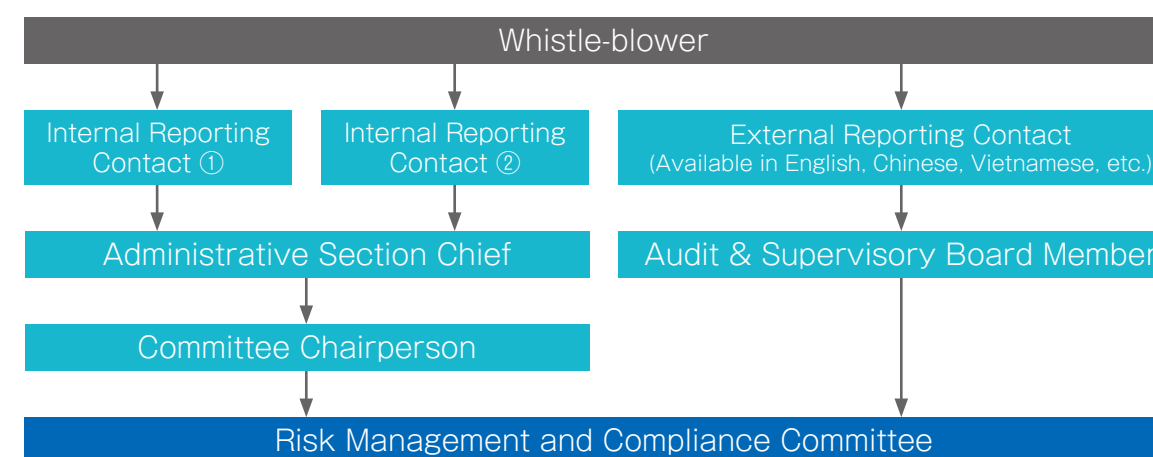
Through e-learning, we roll out our “Compliance Handbook,” conduct education on impropriety and legal amendments, and so forth. In addition to distributing our compliance email magazine featuring illustrations, etc. every month, we introduce compliance practices addressing familiar themes on our internal website on a monthly basis.

Introduction of the helpline

We set an internal desk and an external desk (law office) for receiving whistle-blowing. Upon receiving a notification or the like, we will investigate the case and facts, and if we confirm an act that is subject to whistle-blowing, we will immediately implement corrective measures and recurrence prevention measures.

We also formulated whistle-blowing regulations so that no whistle-blowers, individuals cooperating in investigations, or others will suffer detrimental treatment, and if there is anyone who has unfairly treated or harassed whistle-blowers or the like or anyone who is involved with whistle-blowing for work reasons and has obtained information on whistle-blowing discloses it without any reasonable grounds, disciplinary action will be taken in accordance with in-house rules.

■ Helpline Flow



Employee awareness surveys

Every other year, we administer an “employee awareness survey” through an external research agency to gauge the effects of our activities to promote that awareness.

Eliminating antisocial forces

It is stated in Meiko’s Corporate Charter that we refuse to have anything to do with any antisocial forces, including gangsters. We work in close cooperation with external dedicated institutions such as the police and the National Center for Removal of Criminal Organizations to resolutely eliminate antisocial forces.

04 Information Security

We recognize that the protection of customer information, business information, technological information, intellectual property and other confidential information that we hold and its appropriate application constitutes an extremely important measure in conducting our business activities.

Through the establishment and operation of an Information Security Management System (ISMS) based on the ISO/IEC 27001 international certification standard, we address ever-changing threats by reinforcing adequate risk management and information security measures.

Information Security Management Regulations

To ensure the prevention of information leaks and other forms of information security, we have set forth a framework for measures that we should take as a company in the form of the "Information Security Management Regulations," which we fully disseminate across Meiko.

Personal Information Protection Regulations

To comply with the Act on the Protection of Personal Information and handle personal information appropriately, we have adopted the "Personal Information Protection Regulations." Based on these regulations, we handle information with particular care.

Information security education

To facilitate the improvement of our employees' IT literacy and information security awareness, every year, we implement information security education through e-learning and tests on the degree of understanding.

Drill against targeted e-mail attacks

To help reinforce crisis awareness with respect to information security, we conduct drills that simulate the experience of receiving a targeted attack over email multiple times a year to spread awareness of how to appropriately respond to suspicious emails and call for attention to such threats.

Implementation of vulnerability diagnostics

Since 2021, we have been performing yearly diagnostic tests through an external agency to identify whether there are any vulnerabilities in our internal networks, OS, middleware, Web applications, etc. We swiftly address newly-discovered vulnerabilities through means such as replacing network equipment and updating our OS and firmware.

We are also examining the introduction of tools to gather and provide notification of vulnerability information in real time.

Information Security Policy

Based on our Business Principles, we implement measures to strengthen our information security system in order to protect our customer information and information assets from threats that include fraudulent access, disasters, criminal acts, and cyber-attacks. We also take steps to raise awareness about information security amongst management and employees.

Considering that the above-mentioned information security risks as a form of the risks we may face, we have set out the following policies on information security and declare that, in line with our Business Principles, all members of management and employees should devote concerted efforts to implementing these policies.

1. We pursue continuous improvement in our information security system.
2. We provide every protection for our information assets and continuously enhance our information management function.
3. We comply with laws, ordinances, and norms and fulfill social responsibilities.
4. We conduct continuous education and training for management and employees.
5. We swiftly respond to a problem as soon as it occurs and conduct risk management practices.

Activities related to information security

At Meiko, we receive important information from customers. We therefore recognize the importance of information security. Since our initial certification in 2006, we have been successively extending the coverage of certification as we endeavor to reinforce our information management system.

January 2006 : The Information System Division of our Headquarters obtained BS7799-2 certification.
 October 2009 : Four applicable departments at the Wuhan Plant in China obtained certification.
 December 2010 : Six applicable departments at the Guangzhou Plant in China obtained certification.
 December 2016 : Coverage in Japan extended.
 September 2017 : Three applicable departments at the Vietnam Plant obtained certification.
 November 2018 : Coverage in Japan extended.
 June 2020 : Coverage at the Vietnam Plant extended.
 May 2021 : The Thang Long Plant obtained certification.
 October 2022 : Coverage in Japan extended.

05 Dialogue with Shareholders.

We accept the valuable feedback gained through dialogue with our stakeholders such as customers, employees, shareholders, investors, business partners, and local communities with sincerity, reflect it in our management and business activities and, in doing so, create new value and do our part to realize a sustainable society.

Stakeholders	Dialogue policy	Means of dialogue
Customers	Meiko endeavors to ascertain customer needs through technology exchange sessions and other forms of communication. Through these activities, we address customer issues and requests and, in doing so, work towards building bonds of trust over the long term.	<ul style="list-style-type: none"> ◆ Routine sales activities ◆ Customer satisfaction surveys ◆ Exhibitions and seminars ◆ Technology exchange sessions
Employees	We seek to be the kind of company where each and individual employee can keep on growing with a sense of satisfaction in the course of their day-to-day work. We promote bidirectional communication with a view to fostering such a climate.	<ul style="list-style-type: none"> ◆ Annual policy briefings ◆ Employee training ◆ Internal portal site/newsletter ◆ Helpline/consultation contact ◆ Labor-management discussions
Shareholders and investors	We endeavor to disclose information to our shareholders and investors in a timely, impartial, and accurate manner. Additionally, in order to facilitate continuous growth and the improvement of our corporate value over the long term, we proactively endeavor to hold constructive dialogue with our shareholders and investors.	<ul style="list-style-type: none"> ◆ Financial results briefings ◆ Meetings with investors ◆ Shareholders' meetings ◆ Website (IR/investor information)
Business partners	We hold briefings on our procurement policy to share our management and business policies with our suppliers, ask them to respond to CSR evaluations and audits conducted using our "Responsible Corporate Conduct Guidelines Checklist," and work together with them to build a supply chain that fulfills CSR.	<ul style="list-style-type: none"> ◆ Business partner policy briefings ◆ Surveys and audits of business partners
Local communities	We endeavor to build bonds of trust with members of local communities through social contribution activities that include factory and plant tours and sports and volunteer activities.	<ul style="list-style-type: none"> ◆ Factory and plant tours ◆ Holding of monozukuri (manufacturing) classes ◆ Participation in and sponsorship of local community events ◆ Cleanup and other volunteer activities

Financial and Non-financial data

Financial and non-financial summary

[Finance]

■ Profit/loss situation

	Unit	Fiscal 2016	Fiscal 2017
Net sales	Million yen	95,911	108,542
Operating income	Million yen	5,788	7,457
Operating income margin	%	6.0	6.9
Ordinary income	Million yen	2,981	4,795
Ordinary income margin	%	3.1	4.4
Profit attributable to owners of parent	Million yen	1,767	4,373
Ratio of net income	%	1.8	4.0

■ Financial situation

Total assets	Million yen	103,578	110,316
Net assets	Million yen	28,540	33,042

■ Management indicators

Earnings per share (EPS)	Yen	54.14	160.34
Book-value per share (BPS)	Yen	882.84	1,071.37
Return on assets (ROA)	%	1.7	4.0
Return on equity (ROE)	%	6.2	14.3
Return on invested capital (ROIC)	%	6.1	9.1

■ Other

Amount of capital investment	Million yen	3,123	9,559
EBITDA	Million yen	11,296	13,273
Research and development expenses	Million yen	742	816
Dividends per share	Yen	10	20

[Non-financial]

Number of employees at the end of the term	Persons	10,677	11,640
CO2 emissions	Kt	467	524
Power consumption	MKWh	502	538
Water consumption	Km ³	10,706	10,774

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Net sales	118,910	115,479	119,257	151,275	167,276
Operating income	8,926	5,189	6,657	13,255	9,575
Operating income margin	7.5	4.5	5.6	8.8	5.7
Ordinary income	8,610	4,789	5,697	14,294	11,212
Ordinary income margin	7.2	4.1	4.8	9.5	6.7
Profit attributable to owners of parent	6,743	2,586	4,640	11,451	8,847
Ratio of net income	5.6	2.2	3.9	7.6	5.3
Total assets	120,655	129,237	142,040	168,328	202,394
Net assets	33,587	32,482	40,610	58,686	84,475
Earnings per share (EPS)	257.65	98.81	177.33	444.23	338.94
Book-value per share (BPS)	1,283.24	1,233.61	1,551.93	2,281.09	2,736.07
Return on assets (ROA)	5.8	2.1	3.4	7.4	4.8
Return on equity (ROE)	20.2	7.9	12.8	23.2	13.0
Return on invested capital (ROIC)	8.9	4.6	6.0	10.8	4.5
Amount of capital investment	15,765	11,836	10,715	14,388	17,423
EBITDA	15,207	11,776	14,145	21,289	19,728
Research and development expenses	1,041	1,211	1,427	3,074	4,466
Dividends per share	35	30	20	45	55
Number of employees at the end of the term	11,899	12,232	13,721	13,637	11,889
CO2 emissions	425	461	466	509	457
Power consumption	580	628	611	680	626
Water consumption	10,589	10,072	10,529	11,065	9,535

Consolidated Balance Sheet

(Unit: million yen)

	Consolidated fiscal year under review Fiscal 2021	Consolidated fiscal year under review Fiscal 2022
Assets		
Current assets		
Cash and deposits	10,699	17,583
Notes receivable - trade	1,102	1,481
Accounts receivable - trade	33,655	34,507
Electronically recorded claims	10,238	9,928
Work in process	8,073	7,043
Raw materials and supplies	11,457	15,658
Accounts receivable - other	1,117	1,100
Other	1,197	1,852
Allowance for doubtful accounts	△164	△171
Total current assets	78,367	91,905
Non-current assets		
Property, plant and equipment		
Buildings and structures	53,491	58,512
Accumulated depreciation	△27,847	△32,056
Buildings and structures, net	25,643	26,455
Machinery, equipment and vehicles	114,369	125,217
Accumulated depreciation	△73,276	△80,465
Machinery, equipment and vehicles, net	41,092	44,752
Land	2,445	2,553
Lease assets	2,844	2,713
Accumulated depreciation	△1,208	△1,443
Lease assets, net	1,636	1,269
Construction in progress	9,925	18,314
Other	6,833	9,718
Accumulated depreciation	△5,014	△7,526
Other, net	1,819	2,191
Total property, plant and equipment	82,562	95,537
Intangible assets	954	6,999
Investments and other assets		
Investment securities	2,554	3,038
Long-term loan receivable	552	1,188
Deferred tax asset	1,841	1,873
Other	1,518	1,883
Allowance for doubtful accounts	△22	△31
Total investments and other assets	6,444	7,951
Total non-current assets	89,961	110,489
Total assets	168,328	202,394

(Unit: million yen)

	Consolidated fiscal year under review Fiscal 2021	Consolidated fiscal year under review Fiscal 2022
Liabilities		
Current liabilities		
Notes and accounts payable -trade	24,319	22,794
Short-term borrowings	28,166	29,663
Current portion of long-term borrowings	5,961	7,200
Lease obligations	213	196
Income taxes payable	984	1,020
Provision for bonuses	1,064	1,200
Provision for bonuses for directors	58	54
Other	12,258	11,543
Total current liabilities	73,027	73,672
Non-current liabilities		
Long-term borrowings	32,266	38,466
Lease obligations	392	268
Provision for retirement benefits for directors	215	215
Provision for share awards	114	172
Provision for share awards for directors	24	36
Retirement benefit liability	2,717	4,125
Other	883	961
Total non-current liabilities	36,615	44,246
Total liabilities	109,642	117,919
Net assets		
Shareholders' equity		
Share capital	12,888	12,888
Capital surplus	6,700	13,700
Retained earnings	28,061	35,568
Treasury shares	△2,186	△2,176
Total shareholders' equity	45,464	59,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	13
Deferred gains or losses on hedges	△41	54
Foreign currency translation adjustment	13,173	17,425
Remeasurements of defined benefit plans	△112	△154
Total accumulated other comprehensive income	13,024	17,339
Non-controlling interests	197	7,154
Total net assets	58,686	84,475
Total liabilities and net assets	168,328	202,394

Consolidated Statement of Income

(Unit: million yen)

	Consolidated fiscal	Consolidated fiscal
	year under review	year under review
	Fiscal 2021	Fiscal 2022
Net sales	151,275	167,276
Cost of sales	123,880	141,260
Gross profit	27,394	26,015
Selling, general and administrative expenses	14,139	16,440
Operating income	13,255	9,575
Non-operating income		
Interest income	48	190
Dividend income	15	94
Compensation income	62	380
Foreign exchange gains	1,497	2,002
Other	465	600
Total non-operating income	2,090	3,268
Non-operating expenses		
Interest expenses	642	1,002
Stock issuance cost	-	341
Other	407	286
Total non-operating expenses	1,050	1,631
Ordinary income	14,294	11,212
Extraordinary income		
Gain on sale of non-current assets	2	1
Gain on sale of investment securities	9	-
Gain on liquidation of subsidiaries and affiliates	-	41
Total extraordinary income	12	42
Extraordinary losses		
Loss on sale and retirement of non-current assets	524	218
Loss on disaster	116	60
Loss on sales of investment securities	0	4
Business restructuring expenses	226	300
Loss related to COVID-19	646	-
Other	181	-
Total extraordinary losses	1,694	583
Profit before income taxes	12,612	10,672
Income taxes - current	1,347	1,866
Income taxes - deferred	△ 171	20
Income taxes	1,175	1,887
Net income	11,436	8,784
Loss attributable to non-controlling interests	△ 14	△ 62
Profit attributable to owners of parent	11,451	8,847

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Consolidated fiscal	Consolidated fiscal
	year under review	year under review
	Fiscal 2021	Fiscal 2022
Net income	11,436	8,784
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 34	8
Deferred gains or losses on hedges	△ 292	96
Foreign currency translation adjustment	9,065	4,271
Remeasurements of defined benefit plans	143	△ 42
Total other comprehensive income	8,882	4,334
Comprehensive income	20,318	13,119
(Breakdown)		
Comprehensive income attributable to owners of parent	20,314	13,162
Comprehensive income attributable to non-controlling interests	4	△ 43

Consolidated Statement of Changes in Shareholders' Equity

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,888	6,464	17,648	△745	36,256
Changes of items during period					
Issuance of new stock	-	-			-
Transfer from share capital to surplus	-	-			-
Dividends from surplus			△1,038		△1,038
Profit attributable to owners of parent			11,451		11,451
Acquisition of treasury shares				△1,596	△1,596
Disposal of treasury shares		236		155	391
Net changes of items other than shareholders' equity during period					
Total changes during period	-	236	10,413	△1,441	9,207
Balance at end of period	12,888	6,700	28,061	△2,186	45,464

Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,888	6,700	28,061	△2,186	45,464
Changes of items during period					
Issuance of new stock	3,500	3,500			7,000
Transfer from share capital to surplus	△3,500	3,500			-
Dividends from surplus			△1,340		△1,340
Profit attributable to owners of parent			8,847		8,847
Acquisition of treasury shares				△0	△0
Disposal of treasury shares				10	10
Net changes of items other than shareholders' equity during period					
Total changes during period	—	7,000	7,506	10	14,516
Balance at end of period	12,888	13,700	35,568	△2,176	59,981

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	39	250	4,127	△255	4,161	192	40,610
Changes of items during period							
Issuance of new stock							-
Transfer from share capital to surplus							-
Dividends from surplus							△1,038
Profit attributable to owners of parent							11,451
Acquisition of treasury shares							△1,596
Disposal of treasury shares							391
Net changes of items other than shareholders' equity during period	△34	△292	9,046	143	8,862	4	8,867
Total changes during period	△34	△292	9,046	143	8,862	4	18,075
Balance at end of period	4	△41	13,173	△112	13,024	197	58,686

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4	△41	13,173	△122	13,024	197	58,686
Changes of items during period							
Issuance of new stock							7,000
Transfer from share capital to surplus							-
Dividends from surplus							△1,340
Profit attributable to owners of parent							8,847
Acquisition of treasury shares							△0
Disposal of treasury shares							10
Net changes of items other than shareholders' equity during period	8	96	4,251	△42	4,315	6,956	11,271
Total changes during period	8	96	4,251	△42	4,315	6,956	25,788
Balance at end of period	13	54	17,425	△154	17,339	7,154	84,475

Consolidated Statement of Cash Flows

(Unit: million yen)

	Previous consolidated fiscal year Fiscal 2021	Consolidated fiscal year under review Fiscal 2022
Cash flows from operating activities		
Profit before income taxes	12,612	10,672
Depreciation	7,994	9,795
Amortization of goodwill	40	358
Increase (decrease) in allowance for doubtful accounts	△100	△7
Increase (decrease) in provision for bonuses	321	△109
Increase (decrease) in provision for bonuses for directors	15	△7
Increase (decrease) in provision for share awards	114	58
Increase (decrease) in provision for share awards for directors	24	11
Increase (decrease) in retirement benefit liability	44	△95
Interest and dividend income	△64	△284
Interest expenses	642	1,002
Insurance claim income	△79	△63
Stock issuance cost	-	341
Foreign exchange losses (gains)	△653	△1,142
Loss (gain) on sale and retirement of property, plant and equipment	521	217
Loss (gain) on sale of investment securities	△9	4
Loss (gain) on liquidation of subsidiaries and affiliates	-	△41
Loss on disaster	116	60
Business restructuring expenses	226	300
Loss related to COVID-19	646	-
Decrease (increase) in trade receivables	△3,617	1,053
Decrease (increase) in inventories	△5,384	2,213
Increase (decrease) in trade payables	1,567	△5,182
Decrease (increase) in other assets	△264	123
Increase (decrease) in other liabilities	932	△765
Other	13	83
Subtotal	15,659	18,596
Interest and dividends received	63	257
Interest paid	△634	△1,082
Proceeds from insurance income	79	257
Payments for business restructuring expenses	△37	△300
Payments for loss related to COVID-19	△528	-
Income taxes refund (paid)	△627	△1,820
Cash flows from operating activities	13,975	15,714

(Unit: million yen)

	Previous consolidated fiscal year Fiscal 2021	Consolidated fiscal year under review Fiscal 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	△11,834	△18,856
Proceeds from sale of property, plant and equipment	4	3
Purchase of intangible assets	△138	△249
Purchase of investment securities	△104	△277
Proceeds from sale of investment securities	98	5
Proceeds from liquidation of subsidiaries and affiliates	-	450
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	△9,312
Net increase (decrease) in short-term loans receivable	-	74
Payments of long-term loans receivable	-	△1,109
Proceeds from collection of long-term loans receivable	29	191
Other	159	37
Cash flows from investing activities	△11,785	△29,042
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,195	552
Proceeds from long-term borrowings	-	13,910
Repayments of long-term borrowings	△8,304	△6,564
Proceeds from issuance of common stock	-	6,685
Proceeds from stock issuance to non-controlling shareholders	-	6,972
Repayments of lease obligations	△359	△254
Purchase of treasury shares	△1,222	△0
Proceeds from disposal of treasury shares	0	2
Dividends paid	△1,038	△1,340
Cash flows from financing activities	△4,730	19,961
Effect of exchange rate change on cash and cash equivalents	869	250
Net increase (decrease) in cash and cash equivalents	△1,671	6,884
Cash and cash equivalents at beginning of period	12,121	10,450
Cash and cash equivalents at end of period	10,450	17,334

Environment data

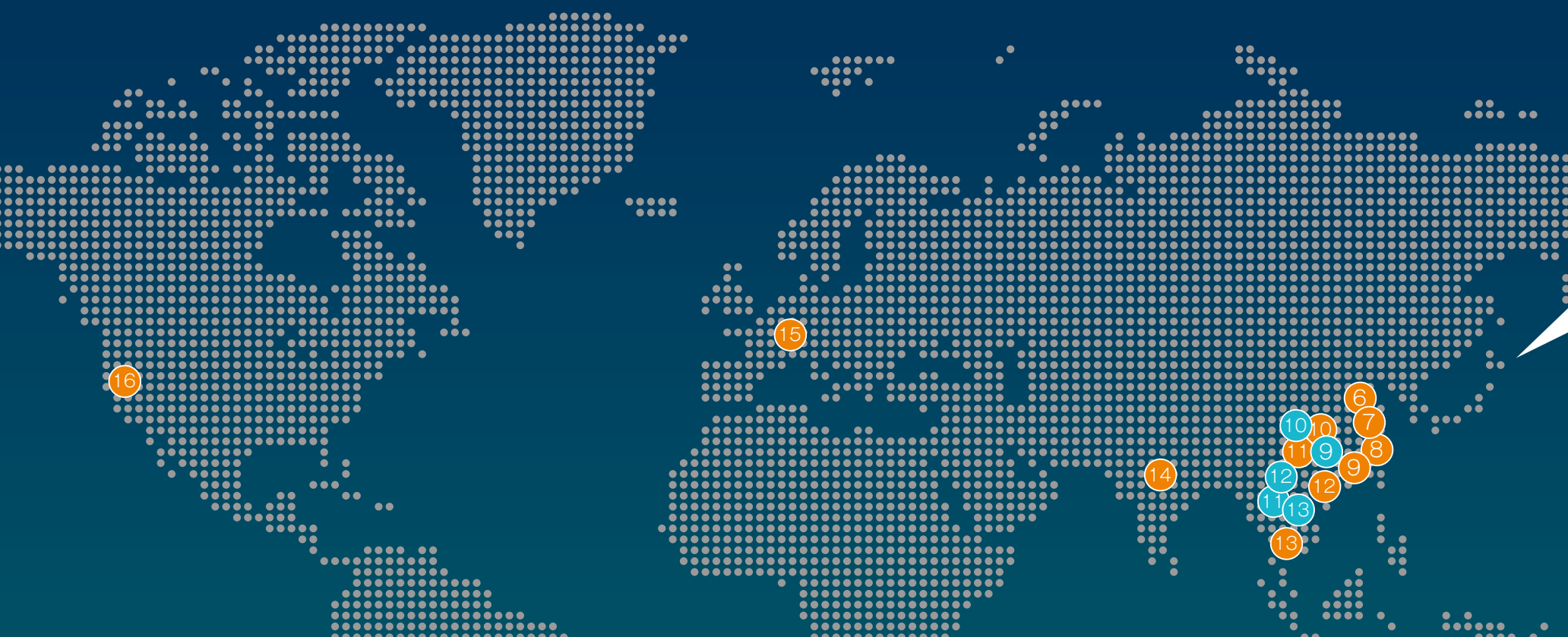
Category		Unit	2015	2016
Atmospheric discharge	Scope1	Kt	27	36
	Scope2	Kt	440	488
	Scope3	Kt	-	-
	1	Purchased goods and services	-	-
	2	Capital goods	-	-
	3	Fuel- and energy-related activities	-	-
	4	Transportation and distribution (upstream)	-	-
	5	Waste generated in operations	-	-
	6	Business travel	-	-
	7	Employee commuting	-	-
	9	Transportation and distribution (downstream)	-	-
10	Processing of sold products	-	-	
	NOX emissions	t	110	121
	Dust emissions	t	6.6	7.3
	PRTR matter emissions	t	3.8	4.2
Energy	Power consumption	MKWh	502	538
	Fuel oil consumption	K ℓ	4,120	4,836
	Natural gas consumption	Km³	10,209	9,937
	Gasoline consumption	K ℓ	86	96
	Solar power generation	MKWh	3.2	3.7
Water resources	Water consumption	Km³	9,884	10,706

2017	2018	2019	2020	2021	2022	Applicable scope
37	36	35	38	41	39	Consolidated
511	389	426	428	468	418	
-	-	-	-	687	641	
-	-	-	-	611	532	
-	-	-	-	29	71	
-	-	-	-	24	22	
-	-	-	-	0	0.02	
-	-	-	-	1.3	1.3	
-	-	-	-	0	0.002	
-	-	-	-	6.4	6.2	
-	-	-	-	15.5	7.2	
-	-	-	-	0	0	
125	31.1	25.4	27.8	21.4	20	
8.6	2.73	2.94	2.54	1.65	0.9	Consolidated
4.3	4.2	3.1	4.2	5.3	4.3	Consolidated
569	580	628	611	680	626	Consolidated
4,283	4,320	5,015	5,634	6,493	7,219	Consolidated
10,581	10,388	9,139	9,924	10,916	8,379	Consolidated
92	93	72	71	170	184	Consolidated
3.8	3.7	3.8	3.7	3.6	3.6	Consolidated
10,774	10,589	10,072	10,529	11,065	9,536	Consolidated

Meiko's Global Network

We have established global manufacturing and sales systems for meeting diversified demand.

Cooperation by production bases has made it possible to manufacture and sell high-quality products in a highly efficient way. We have developed a network for swiftly delivering high-quality products to customers.



- Manufacturing and development bases
- Sales bases

Domestic manufacturing and development bases

- 1 Advanced PCB Center
- 2 MEIKO Research and Development Center
- 3 Fukushima Factory
- 4 Tendo Factory
- 5 Kahoku Factory
- 6 Ishinomaki Factory
- 7 Meiko Embedded Products, Ltd.
- 8 Meiko Embedded Technology, Ltd.

Overseas manufacturing and development bases

- 9 Guangzhou Plant
- 10 Wuhan Plant
- 11 Vietnam Plant
- 12 Thang Long Plant (Vietnam)
- 13 MEIKO TOWADA VIETNAM., LTD.

Domestic sales bases

- 1 Mito Sales Office
- 2 Omiya Sales Office
- 3 Tokyo Sales Office
- 4 Nagoya Sales Office
- 5 Osaka Sales Office

Domestic sales bases

- 6 Tianjin Sales Office
- 7 Shanghai Sales Office
- 8 Guangzhou Sales Department
- 9 Meiko Elec. Hong Kong. Co., Ltd.
- 10 Overseas Sales Headquarters
- 11 Greater China Sales Department
- 12 Meiko Electronics Vietnam Sales office
- 13 Meiko Electronics (Thailand) Co., Ltd.
- 14 Meiko Electronics India Pvt Ltd.
- 15 Meiko Electronics Europe GmbH
- 16 Meiko Electronics America, Inc.



Challenge the evolution of electronics
and achieve development
thus contribute to the society

