

MEIKO REPORT

50th Interim

(From April 1, 2024 to September 30, 2024)

Securities code: 6787

MEIKO ELECTRONICS CO., LTD.

Financial highlights

Net sales

98,157 million yen

Operating income

9,287 million yen

親会社株主に帰属する中間純利益

Net income attributable to owners of parent

6,333 million yen

Consolidated balance sheet

(in million yen)

	Previous period (As of March 31, 2024)	At the end of the second quarter for the fiscal year under review (As of September 30, 2024)
Assets		
Current assets	102,839	114,481
Noncurrent assets	127,120	126,021
Property, plant and equipment	112,065	109,843
Intangible assets	6,418	6,007
Investments and other assets	8,636	10,170
Total assets	229,960	240,503
Liabilities		
Current liabilities	81,714	114,501
Noncurrent liabilities	42,786	21,831
Total liabilities	124,501	136,332
Net assets		
Shareholders' equity	69,566	74,287
Capital	12,888	12,888
Capital surplus	14,242	13,820
Retained earnings	45,146	50,256
Treasury stocks	△2,710	△2,678
Cumulative other comprehensive income	28,617	22,602
Valuation difference on available-for-sale securities	94	11
Deferred gains or losses on hedges	45	139
Foreign currency translation adjustment	28,467	22,438
Remeasurements of defined benefit plans	10	13
Total net assets	105,458	104,170
Total liabilities and net assets	229,960	240,503

Consolidated statement of income

(in million yen)

	First half of the 49th term (year to date) (April 1, 2023 to September 30, 2023)	First half of the 50th term (year to date) (April 1, 2024 to September 30, 2024)
Net sales	86,216	98,157
Cost of sales	72,327	79,223
Gross profit	13,889	18,934
Selling, general and administrative expenses	9,691	9,646
Operating income	4,197	9,287
Non-operating income	3,207	699
Non-operating expenses	645	1,981
Ordinary income	6,760	8,005
Extraordinary income	41	72
Extraordinary losses	56	69
Interim net income before income taxes	6,745	8,008
Income taxes	1,497	1,588
Interim net income	5,247	6,419
Interim net income attributable to non-controlling interests	24	86
Interim net income attributable to owners of parent	5,223	6,333

Consolidated statement of cash flows

(in million yen)

	First half of the 49th term (year to date) (April 1, 2023 to September 30, 2023)	First half of the 50th term (year to date) (April 1, 2024 to September 30, 2024)
Net cash generated from operating activities	10,531	7,442
Net cash expended in investment activities	△12,711	△9,175
Net cash generated from financing activities	5,679	9,494
The effect of changes in the exchange rate on cash and cash equivalents	1,343	△1,196
Increase (decrease) in cash and cash equivalents	4,843	6,565
Cash and cash equivalents at the beginning of the period	17,334	21,363
Cash and cash equivalents at the end of the period	22,177	27,929

Key points of the financial results

● Consolidated balance sheet

- Total assets at the end of the second quarter under review increased 10,543 million yen from the end of previous fiscal year to 240,503 million yen.
- This is mainly attributable to increases of 6,565 million yen in cash and deposits, 2,843 million yen in notes and accounts receivable-trade, and 2,480 million yen in inventories included in current assets, as well as a decrease of 2,222 million yen in property, plant and equipment and an increase of 1,534 million yen in investments and other assets included in non-current assets.
- Liabilities at the end of the second quarter under review increased 11,831 million yen from the end of previous fiscal year to 136,332 million yen.

- This is mainly attributable to a 10,569 million yen increase in short-term borrowings and a 21,275 million yen increase in current portion of long-term borrowings included in current liabilities, as well as a 21,099 million yen decrease in long-term borrowings included in non-current liabilities.
- Net assets at the end of the second quarter under review decreased 1,288 million yen from the end of previous fiscal year to 104,170 million yen.
- This is mainly attributable to a 421 million yen decrease in capital surplus, a 5,109 million yen increase in retained earnings and a 6,029 million yen decrease in foreign currency translation adjustment.



To our shareholders

I would like to express my sincere gratitude to all shareholders and investors for the outstanding support. The following is a report summarizing the operating results for the first half of the term ending March 2025.

Yuichiro Naya, President & CEO

1st Half Results of FY2024-Consolidated (in 100 million yen)

	FY23 1st half results	FY24 1st half results	Year on year	
			Increase/decrease	Increase/decrease rate
Net sales	862	982	120	13.8%
Operating income	42 4.9%	93 9.5%	51	121.3%
Ordinary income	68 7.8%	80 8.2%	12	18.4%
Net income	52 6.0%	63 6.5%	11	21.3%
Average FX rate (JPY/USD)	142.61	152.46		
Dividend per share	27yen	40yen		

Regarding the operating results in the first half of FY2024

In the first half of the fiscal year under review, while the economy remained firm worldwide, especially in consumer spending, the outlook of the electronic parts industry remains uncertain due to the continued economic stagnation in China suffering sluggish domestic demand, geopolitical tensions and changes in monetary policies.

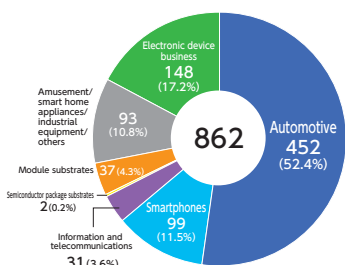
Under these circumstances, our sales of automotive PCBs remained flat, due to sluggish demand for EVs and weak sales of Japanese automobiles in the Chinese market. Sales of smartphone PCBs remained strong, mainly for high-end products. Sales of information and telecommunications PCBs expanded significantly, mainly for telecommunications equipment. Sales of semiconductor package and module PCBs expanded mainly for communication modules, while the sales of the EMS business performed well in commissioned development projects. In terms of profit, both net sales and operating income reached record highs in the first half of the current fiscal year as sales of high value-added HDI PCBs increased significantly, and productivity improvements, cost reduction, and the impact of foreign exchange rates resulted in year-on-year growth.

As a result, we posted net sales of 98,157 million yen (+13.8% year on year), up 11,940 million yen compared with the same period in the previous fiscal year. Concerning profits and losses, operating income was 9,287 million yen (+121.3% year on year), ordinary income was 8,005 million yen (+18.4% year on year) and interim net income attributable to owners of parent was 6,333 million yen (+21.3% year on year).

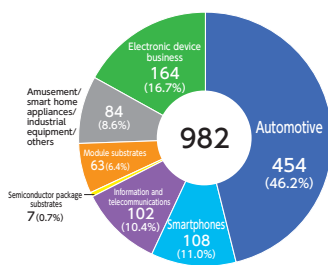
1st Half Results of FY2024 Breakdown by Products Application

(in 100 million yen)

FY2023



FY2024



Regarding the full-year forecast for FY2024

For the full-year forecast for FY2024, we are projecting net sales of 197 billion yen and operating income of 19 billion yen, assuming an exchange rate of 145 yen for the second half of the fiscal year. Regarding net sales, we forecast 87.5 billion yen, down 7.2 billion yen from the previous fiscal year, for automotive PCBs, as the business environment is forecast to remain the same in the second half as in the first half of the fiscal year. For smartphone PCBs, we forecast net sales of 22 billion yen, showing a slight decrease from the previous fiscal year. Regarding the information and telecommunications PCBs, we forecast net sales of 22 billion yen, showing a substantial increase from the previous fiscal year, due to the expected expansion mainly in sales for satellite communication applications, which started this fiscal year. Net sales of the module PCBs are expected to increase mainly for the telecommunication modules and are forecast to increase 3.5 billion yen from the previous fiscal year to 12 billion yen. As for PCBs of amusement, smart home appliances, industrial equipment and others, we forecast net sales of 18 billion yen, up about 4 billion yen, mainly due to an expected increase in the sales of amusement. In the electronic device business, we forecast net sales of 34.5 billion yen, up about 4 billion yen from the previous fiscal year due to an expected increase in commissioned projects. The significant growth in sales and profits is attributable to our substantial investments in HDI PCBs. Based on the above, we are aiming for record highs in net sales, operating income, ordinary income, and net income attributable to owners of parent. In light of the profit growth, we have set the dividend forecast per share at 80 yen.

2nd Half and Full-Year Outlook of FY2024 (in 100 million yen)

	Results in FY2023	2nd half outlook for FY2024	Full-year outlook for FY2024	Year on year	
				Increase/decrease	Increase/decrease rate
Net sales	1,795	988	1,970	175	9.8%
Operating income	117 6.5%	97 9.8%	190 9.6%	73	62.9%
Ordinary income	143 8.0%	95 9.6%	175 8.9%	32	22.7%
Net income	113 6.3%	87 8.8%	150 7.6%	37	32.6%
Average FX rate (JPY/USD)	145.3	145	148.73		
Dividend per share	68yen	40yen	80yen		

Net sales by product (in 100 million yen)

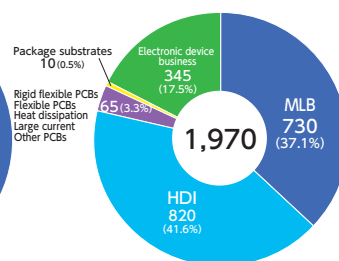
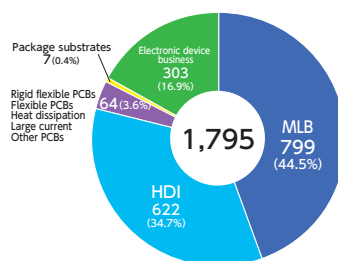
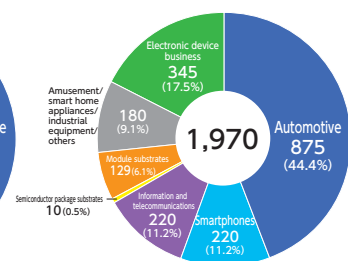
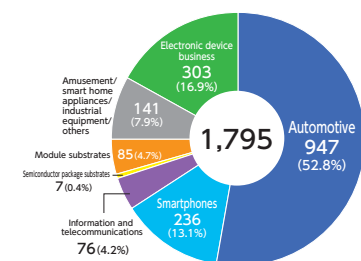
Net sales by product specification (in 100 million yen)

Full-year results in FY2023

Full-year outlook for FY2024

Full-year results in FY2023

Full-year outlook in FY2024



Outlook of the new businesses

To cultivate new business pillars, we have been focusing on electronic device business, flexible PCB business, and package PCB business. I would like to present our current business outlook.

● Package PCB business

The package PCB business includes our Ishinomaki Factory No. 2, built in Ishinomaki City, Miyagi Prefecture, to produce FC-BGA substrates, and Vietnam Plant No. 3, built in Hanoi, Vietnam, to produce memory package PCBs. Compared to the original plan, there has been a one to two-year delay due to a significant slump in demand for semiconductors. However, inquiries for memory package PCBs have been increasing since the beginning of this fiscal year, and mass production is expected to start in the second half of the year. As a result of these efforts, we anticipate earning a profit one year earlier than forecast, achieving profitability in FY2025. The Factory and Plant are expected to gradually increase their operational rates from FY2024 onward. We aim to achieve operating income margin of 15% in FY2026.

● Flexible PCB business

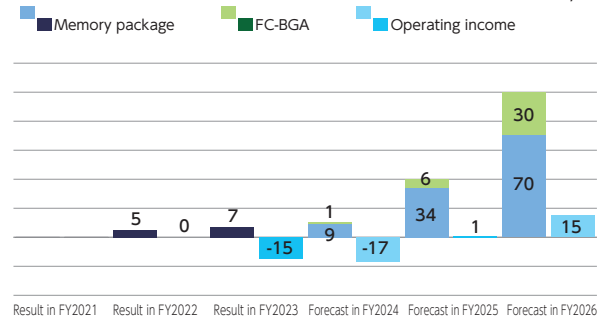
In the flexible PCB business, we expanded the scale of operations in 2018 by increasing the floor space of our Vietnam Plant No. 1. We have been expanding production of mainly flexible PCBs. Going forward, we will also increase the sale of rigid flexible PCBs to increase earnings further. Given the increasing adoption of our products in AI servers, foldable smartphones, and camera modules, we aim to achieve operating income margin of over 10% in FY2026.

● Electronic device business

Our electronic device business originated in the sale of mechatronics and imaging equipment. To expand this business, we established Meiko Automation Co., Ltd. in Vietnam in 2019. There, we develop material handling equipment and AGVs for PCB factories, and we have been promoting the automation of our PCB factories as well as external sales. Additionally, to expand our assembly business, we acquired Meiko Towada Vietnam Co., Ltd. in the same year, enabling us to handle large-scale production orders. We have successfully acquired new customers through collaboration between our electronic device business and PCB business. However, recognizing the need to strengthen our domestic production capabilities, we acquired NEC Embedded Products, Ltd. in October 2022. This acquisition significantly expanded our capability for undertaking commissioned development projects. We aim to expand our business scale by undertaking commissioned development and manufacturing in the future.

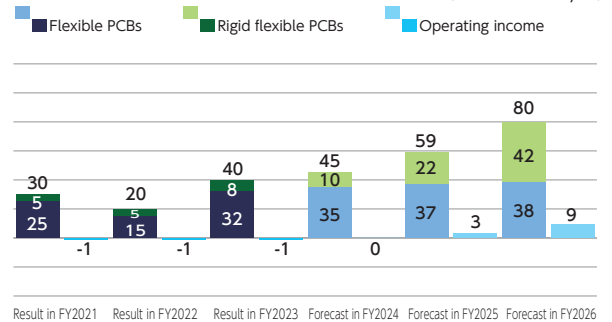
New business initiatives Package PCB

(in 100 million yen)



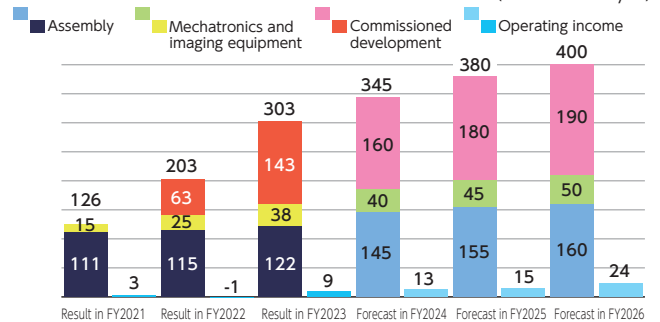
New business initiatives Flexible PCB

(in 100 million yen)



New business initiatives Electronic device business

(in 100 million yen)



New business initiatives Electronic device business

Development sites	Location	Product development	Number of employees	Number of development engineers
Meiko HQ	Ayase, Kanagawa Pref.	Mechatronics FA equipment Imaging equipment	51	23
Meiko Electronic Development	Yonezawa, Yamagata Pref.	Camera modules Wireless modules LCD control module	207	75
Meiko Automation	Hanoi, Vietnam	Autonomous AGV Automation equipment	120	95

Manufacturing sites	Location	Production	SMT lines	Assembly area	Mounting count	Number of employees
Meiko Electronic Manufacturing	Nanyo, Yamagata Pref.	Assembly in a clean room	6	2,000 m ²	100 million/month	140
Meiko Vietnam Plant No. 1	Hanoi, Vietnam	Automotive camera modules 150,000 units/month	14	2,500 m ²	1.3 billion/month	250
Meiko Hai Duong Plant	Hai Duong, Vietnam	Module for home appliances Telecommunication modules 1,500,000 units/month	11	2,900 m ²	600 million/month	483

Shareholder return

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

Dividends

FY2022	FY2023	FY2024 (forecast)
55yen	68yen	80yen
Interim: 27 yen Year-end: 28 yen	Interim: 27 yen Year-end: 41 yen	Interim: 40 yen Year-end (forecast): 40 yen

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



Atsushi Sakate
Vice President & CEO

In the first half of FY2024, the outlook remains uncertain due to continued economic stagnation caused by weak domestic demand in China, geopolitical tensions, and changes in monetary policies. Still, our corporate group achieved record-high sales and profit in this cumulative period, thanks to improved productivity, cost reduction, and the impact of foreign exchange rates as well as a significant increase in sales of high value-added HDI PCBs, which resulted in a better performance than that in the previous fiscal year.

As we will commemorate the 50th anniversary of the start of our business, I will assume the position of Vice President & CEO this fiscal year, and I intend to devote myself wholeheartedly to achieving significant growth on the solid foundation that our company has built up to this day. My mission is to create a medium/long-term vision centered on the PCB businesses and to operate business to realize the vision. Specifically, I will actively work to strengthen global expansion further, enter new business fields, and promote sustainable management.

In the electronics industry that is drastically evolving due to technological advancements and market needs, we will maintain a keen eye for opportunities to enhance Meiko further. We will continue to leverage our strengths in speed-based management. We would appreciate your continued guidance and encouragement.

Corporate data (As of September 30, 2024)

Corporate Profile

Name	MEIKO ELECTRONICS CO., LTD.
Established	November 25, 1975
Capital	12,888 million yen
No. of Employees	12,463 (consolidated) (Japan: 1,330) (Overseas: 11,133)
Outline of Business	Design and manufacturing and sales of PCBs and auxiliary electronics business

Executives

President & CEO	Yuichiro Naya
Vice President & CEO	Atsushi Sakate
Director and Senior Managing Executive Officer	Junya Wada
Director and Managing Executive Officer	Yoshihito Kikyo
Director and Managing Executive Officer	Shigeru Naya
Director	Nao Tsuchiya
Director	Yosuke Nishiyama
Director	Takashi Harada
Director	Toshifumi Kobayashi
Audit & Supervisory Board Member (Standing)	Takahiro Matsuda
Audit & Supervisory Board Member	Kotomi Ejiri
Audit & Supervisory Board Member	Shinichi Hashimoto

Affiliated Companies

Yamagata Meiko Electronics Co., Ltd.	Auxiliary electronics business
Miyagi Meiko Electronics Co., Ltd.	Auxiliary electronics business
Meiko Tech Co., Ltd.	Auxiliary electronics business
Meiko Techno Co., Ltd.	Auxiliary electronics business
Meiko Electronic Development Co., Ltd.	Auxiliary electronics business
Meiko Electronic Manufacturing Co., Ltd.	Auxiliary electronics business
Meiko Elec. Hong Kong Co., Ltd.	Auxiliary electronics business
Meiko Electronics (Guangzhou Nansha) Co., Ltd.	Auxiliary electronics business
Meiko Electronics (Wuhan) Co., Ltd.	Auxiliary electronics business
Guangzhou Sipide Trading Co., Ltd.	Auxiliary electronics business
Meiko Electronics Vietnam Co., Ltd.	Auxiliary electronics business
Meiko Electronics Thang Long Co., Ltd.	Auxiliary electronics business
Meiko Electronics Hai Duong Vietnam Co., Ltd.	Auxiliary electronics business
Meiko Electronics America, Inc.	Auxiliary electronics business

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

Stock Information

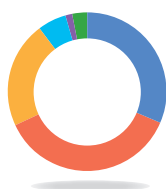
Number of Shares Authorized	Common stock: 70,000,000shares First bond-type stock: 100shares
Number of Shares Issued	Common stock: 26,000,803shares (excluding treasury stock of 802,517 shares) First bond-type stock: 70shares
Number of Shareholders	Common stock: 3,382 First bond-type stock: 1

Principal Shareholders

Name of shareholder	Number of shares held (thousands of shares)	% of shares held
Yuichiro Naya	4,704	18.09
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,991	15.35
Custody Bank of Japan, Ltd. (Trust Account)	3,195	12.29
CLEARSTREAM BANKING S.A.	951	3.66
BNP PARIBAS LUXEMBOURG/2S/JASDEC /FIM/ LUXEMBOURG FUNDS/UCITS ASSETS	625	2.40
Meiko Kosan Co., Ltd.	608	2.34
Yuhō, Ltd.	521	2.00
Sumitomo Mitsui Banking Corporation	377	1.45
BOFAS INC SEGREGATION ACCOUNT	337	1.30
STATE STREET BANK AND TRUST COMPANY 505223	323	1.25

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

Shareholding Structure (Common Stock)



Individuals and others	31.53%
Financial institutions	36.59%
Foreign institutions and others	21.68%
Other institutions	5.91%
Financial instruments business operators	1.30%
Treasury stock	2.99%

Shareholders' Information

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

Enquiries concerning shareholdings

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

Notes on Forecasts

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