

INTEGRATED REPORT 2024

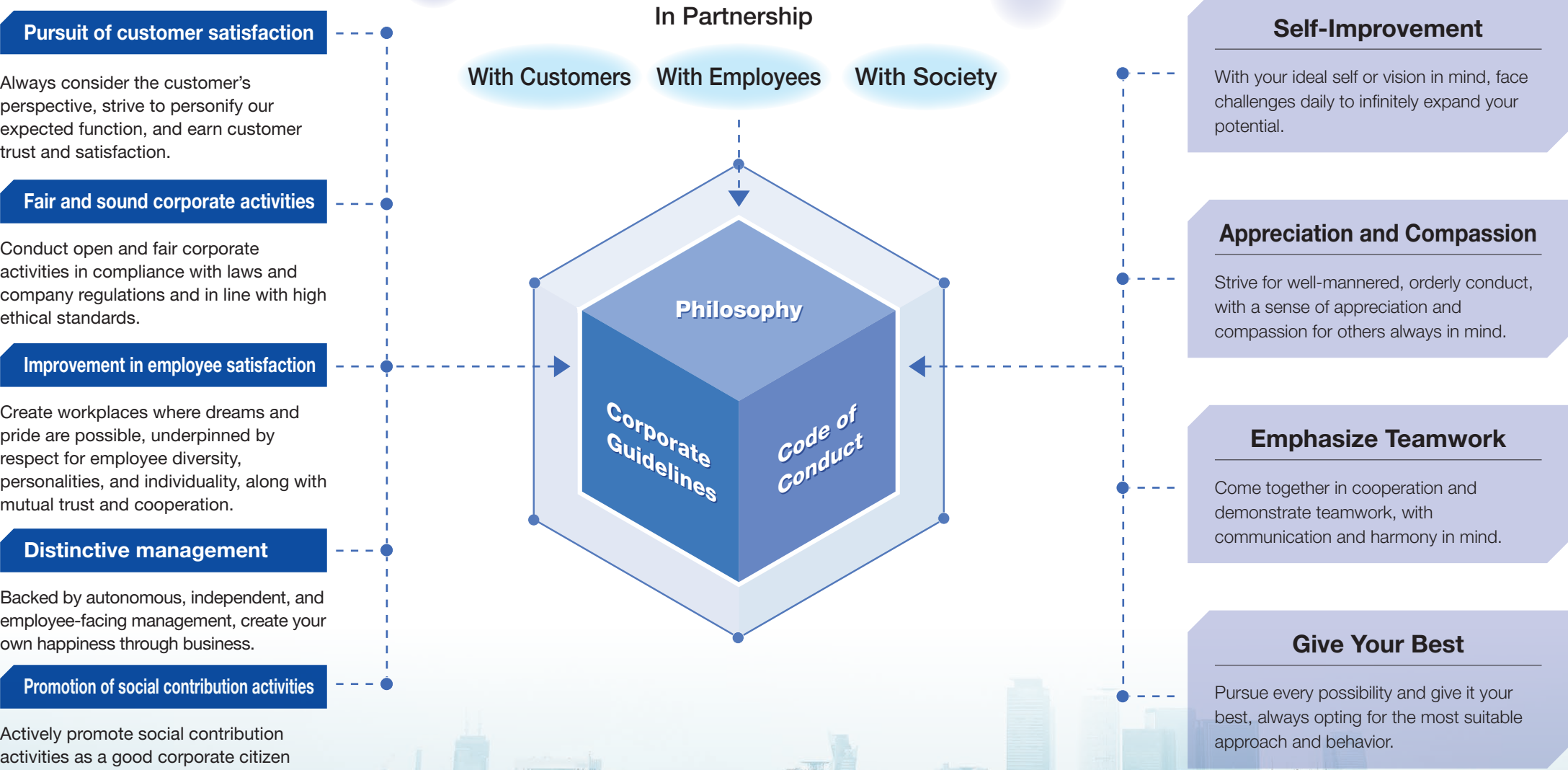
Supporting Industry Company:

Making Japanese Manufacturing Stronger

Since our founding in 1920, we have operated as a “Supporting Industry Company,” supporting the manufacturing sector to make Japanese manufacturing stronger.

Over the years, our work together with customers to seriously address and resolve a wide range of issues faced by the frontlines of manufacturing has culminated in the technologies and expertise that define Meiji Electric Industries today. By leveraging relationships of outstanding trust earned through dealings with some of the best-known names in manufacturing in Japan’s Chubu region, today, we support manufacturing across a broad spectrum of industries nationwide.

Trust—It All Starts With People



Philosophy & Corporate Guidelines	1
Making Japanese and Global Manufacturing Stronger Through Meiji Electric Industries’ “Frontline Execution Capabilities”	3
The Value Meiji Electric Industries Brings to Society	5
Business Model & Major Businesses	7
Evolution of Value Creation	9

Business Strategy

Message From the President	11
Meiji Electric Industries Value Creation Story	15
Growth Strategy	17
Major Policies in the 11th Medium-Term Management Plan	19
Special Feature 1: Employee Dialogue	21
Global Strategy	23

ESG

Sustainability Management	
Sustainability at Meiji Electric Industries	25
Environmental Initiatives	27
Disclosure of Information Based on TCFD Recommendations	29
Special Feature 2: Reducing Environmental Toll Through Business to Achieve a Hydrogen Society	31
Human Capital, Human Rights, and Civil Society Initiatives	33
Corporate Governance	
List of Directors	37
Basic Approach	39
Compliance	41
Risk Management	42

Data Section

Financial & Non-Financial Highlights	43
Corporate Profile	45
To Our Stakeholders	46

Editorial Policy

This integrated report presents Group management strategies, performance, governance, and environmental and social initiatives to communicate comprehensive data on sustainable growth and value creation at the Group to all of our stakeholders in a clear, easy-to-understand manner. The editing process referenced the “Integrated Reporting Framework” advocated by the IFRS Foundation and the “Guidance for Collaborative Value Creation” advocated by the Ministry of Economy, Trade and Industry.

Included Organizations

In principle, Meiji Electric Industries Group consolidated companies

Reporting Period

FY2023 (April 1, 2023 to March 31, 2024): Some activities outside this period are also included.

Cautionary Note on Forward-Looking Statements

Forward-looking statements in this document are based on the data currently available to the Company and certain assumptions deemed reasonable. They do not constitute a promise by the Company regarding their achievement. Actual performance may differ significantly due to a variety of factors.



Making Japanese and

Global Manufacturing Stronger Through Meiji Electric Industries’

“Frontline Execution Capabilities”

With over 3,000 clients, over 3,000 suppliers, and a track record and history of 104 years, Meiji Electric Industries is no “mere trading company.”

We work closely with manufacturing sites and listen attentively to frontline feedback to solve issues “honestly, steadily, and thoroughly.”

We handle everything from product planning to production in trade, engineering, and international business, working together with clients to solve the issues on the frontlines of manufacturing.

We will lead customer and supplier growth by creating and providing new value in response to changing times and continue to grow through unique value creation in an effort to be a company that makes all stakeholders say, “We love Meiji Electric Industries!”

The Value Meiji Electric Industries Brings to Society

We have cultivated relationships of trust and a track record of dealings with countless outstanding Japanese companies over many years. Our corporate culture of detecting and responding to changes faster than anyone else is one we have fostered over the past 100 years. There are things only we are capable of doing to make Japanese manufacturing stronger.



Eye-Opening Proposals Using
Devices That Transcend Industry Based on Expertise and
Technology

Our sales engineers delve deep into their areas of specialty, enabling them to propose new and exciting ways to use devices.

**Understands and Helps You Attain
“What You Truly Want to
Achieve” Through Context,
Even For Niche Areas or Complex Issues**

We listen to both customers and suppliers to offer solutions tailored to the problem.



Conducts **Meticulous Interviews and Responds Globally** For Everything From Products to Usage Environments

For instance, when proposing equipment for international mass production of automotive parts, we understand how product specifications vary slightly by country and fine-tune equipment accordingly. We are also able to provide follow-up support overseas.



**Possesses the Breadth of Business and
Engineers to Support Everything
From Standalone
Components to Line Delivery**

We can design and manufacture entire production lines and have a track record of dealings with diverse partner manufacturers. We also have engineers who can consult on mechanics, electricity, and software.

Meiji Electric Industries’ **Safe,
High-Precision Inspection
Equipment** Lets You Develop and
Produce Products With Peace of Mind

With safety circuits designed to operate only under correct procedures and programs to prevent prolonged exposure to high voltages or currents, we provide equipment that can be used safely to take on new challenges in manufacturing.



**Combines and Customizes
Hardware and Software
to Meet Both Functional and Cost
Requirements**

“Pre-packaged systems may have good performance, but they are too expensive and come with features I do not need.” To address such concerns among customers, we propose and produce systems with specifications requested by the customer in collaboration with software developers both in-house and at partner companies.

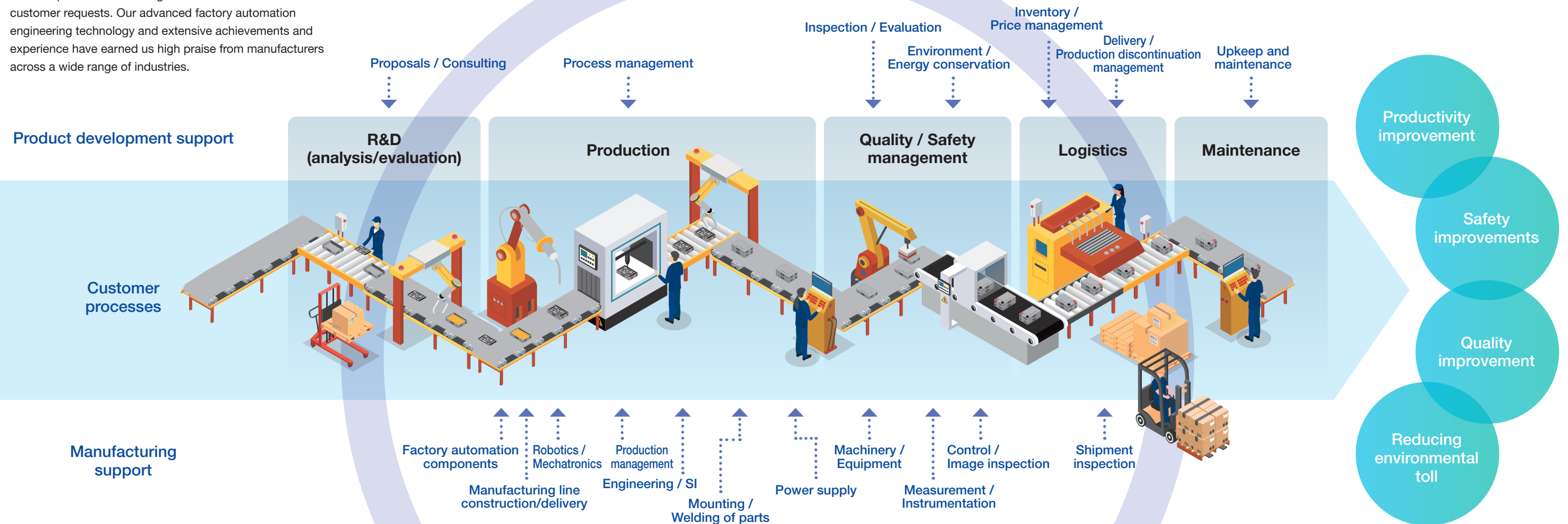


A Partner That Not Only Procures What You
Want But Helps Think of **Better
Manufacturing Methods**

Our strength lies in the fact that we are not a mere trading company and can create custom systems from scratch. We are a reliable partner for customers working on unprecedented projects who do not know where to start.

The sales, systems, and engineering teams in the Sales Divisions, Solutions Business Division, and Engineering Division collaborate to deliver optimal, high-value-added total solutions. We can meet diverse manufacturing site needs, not only through factory automation component sales but also by developing, manufacturing, and delivering custom products and complete manufacturing lines tailored to individual customer requests. Our advanced factory automation engineering technology and extensive achievements and experience have earned us high praise from manufacturers across a wide range of industries.

Solving Issues on the Frontlines of Manufacturing for Everything From Product Planning to Production in Trade, Engineering, and International Business



Providing Optimal Total Solutions

Trading Business

- Identify issues/needs at manufacturing frontlines
- Provide products/services that match issues/needs
- Provide swift/accurate logistics services
- Collect/provide data

A network of more than 3,000 suppliers

Frontline Execution Capabilities

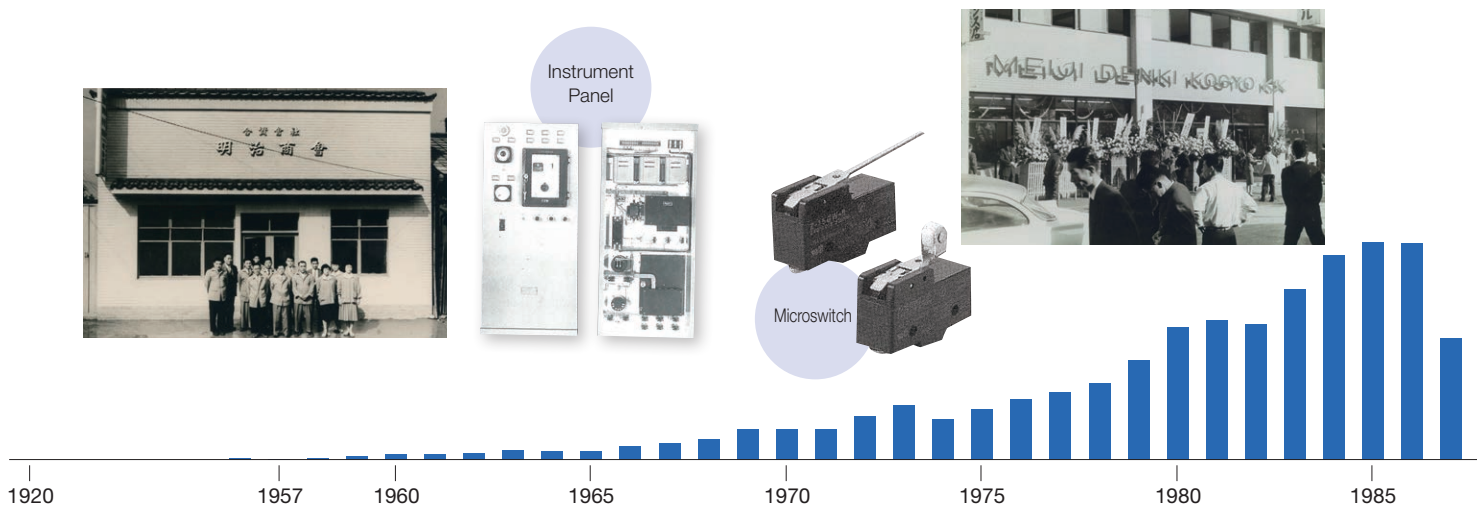
Engineering Business

- Develop/design/manufacture inspection equipment, control panels, machinery, and in-house products
- Build optimal systems (production equipment) by product-specific SEs

Nearly 10,000 on-site issues resolved annually

Evolution of Value Creation

For over a century, we have bolstered the manufacturing industry by growing with the times, expanding from electrical components sales and motor repairs to trade, manufacturing, and international business. We generate new solutions required by the times by racking our brains to solve increasingly complex and diverse manufacturing site issues and by improving our technical capabilities.



1920-1957:
Setting sail in trying times

1958-1990:
Meiji Electric Industries established,
then goes global

1991-2004:
1st-4th Medium-Term Management Plans;
Management plans formulated,
strengthening corporate structure

2005-2013:
5th-7th Medium-Term Management Plans;
The Company goes public,
philosophy refined

2014-2024:
8th-10th Medium-Term Management Plans;
Shoring up management
foundation for the next era

Historical
Background &
Social Issues

Starting with the post-war recession in 1920, followed by the Great Kanto Earthquake in 1923 and the financial crisis in 1927, the Japanese economy experienced prolonged stagnation. Electricity was still rare, and businesses dealing with electricity stood at the cutting edge.

At that time, Japan was transitioning from a post-war period of rapid economic growth to a low-growth period following the oil crisis. Companies were working to adopt IT, deal with globalization, and create technological innovation while facing US-Japan trade friction.

After the 1992 economic bubble burst, Japan's economy entered a prolonged slump, compounded by the Great Hanshin-Awaji Earthquake, creating an uncertain outlook. The yen's historic appreciation in 1995 accelerated international expansion among corporations, raising concerns about deindustrialization in Japan.

Japan experienced moderate economic growth starting in 2002, but was hit by crises like the 2008 Lehman Shock and the 2011 Great East Japan Earthquake. Since then, companies have been forced to build more flexible and effective risk management systems.

Amid advancing technological innovation and climate-change responses came the COVID-19 pandemic in 2020. Many companies were forced to revise their BCPs to all-hazard types, while telework and other forms of digitalization accelerated rapidly.

Meiji Electric
Industries'
Endeavors

In 1920, Seiji Mizuno founded Meiji Shokai LP, a limited partnership company. With his keen foresight, Mizuno launched a business focused on motors. Business grew well despite being started during a recession, with trade activities beginning in the early to mid-20th century. After the war, we signed an agency agreement with Yokogawa Electric Works, Ltd. (currently, Yokogawa Electric Corporation). Riding the wave of rapid economic growth, we began selling functional parts for automation. We also began manufacturing instrument panels, marking the advent of our in-house manufacturing.

Meiji Electric Industries Co., Ltd. was established in 1958. In 1959, sales of automation parts such as microswitches and magnetic relays were expanded through a special agency contract with Tateishi Electric Corporation (currently, OMRON Corporation). Meiji Engineering Co., Ltd. was established in 1979, and Meiji System Measurement Co., Ltd. was established in 1983, building a structure to meet customers' technical needs. In 1987, Meiji Corporation was established in the US, our first foray overseas.

A sector-specific sales system (sales engineers) was introduced in 1993. In 1994, Meiji Engineering Co., Ltd. and Meiji System Measurement Co., Ltd. were merged to consolidate organizational strengths and drive new growth. A new logistics center was built in 1996 to manifest "Products through strategy, logistics through systems." In 1998, we established Meiji UK Ltd., our second location overseas.

In 2005, the Company was listed on the JASDAQ Securities Exchange. This boosted our fundraising ability and credibility, fortifying our internal management system. We moved to the Tokyo Stock Exchange's Second Section in 2013 and the First Section the following year. We also revamped our philosophy and established two subsidiaries overseas (China and Thailand) and two in Japan. This boosted our engineering and international business capabilities, which had been a long-standing challenge.

In 2018, a new Engineering Division building was constructed. We celebrated our 100th anniversary in 2020 and, as part of a commemorative project, constructed a new building for the Toyota Branch in 2022. We achieved record-high sales and profits in fiscal year ended March 31, 2019, just before the COVID-19 pandemic. Two years later, despite COVID-19 reducing sales to 80% of their peak, we diligently executed the 10th Medium-Term Management Plan and achieved a V-shaped recovery.

June 1958:
Dissolved Meiji Shokai LP and established Meiji Electric Industries Co., Ltd.

July 1979:
Established Meiji Engineering Co., Ltd. (currently, the Engineering Division)

October 1983:
Established Meiji System Measurement Co., Ltd.

March 1987:
Established Meiji Corporation (Illinois, USA)



July 1920:
Established Meiji Shokai LP in Nagoya, Aichi Prefecture, for motor repair and electrical equipment sales

Expanding Our
Network

March 2006:
Established Meiji Shinwa (Tianjin) Engineering Co., Ltd. (Tianjin, China)

October 1994:
Acquired and merged with Meiji Engineering Co., Ltd. and Meiji System Measurement Co., Ltd.

August 1996:
Opened the Logistics Center (Nagoya, Aichi Prefecture)

July 1998:
Established Meiji UK Ltd. (Birmingham, UK)



August 2007:
Made Meiden Engineering Co., Ltd. a subsidiary

July 2008:
Established Meiji Electric Industries (Thailand) Co., Ltd. (Bangkok, Thailand)

February 2012:
Established Meiji (Thailand) Co., Ltd. (Bangkok, Thailand)

March 2012:
Established Meiji Electric Industries (Shanghai) Co., Ltd. (Shanghai, China)

April 2012:
Established M-D Machinery Inc. (Nagoya, Aichi Prefecture)



From a company that serves to a sought-after technical trading company—striving to be the top conglomerate in the area

Hiroki Sugiwaki,
President and Representative Director

The strengths of Meiji Electric Industries are its three main functions and its ability to make proposals

- 1. Primary agent for leading Japanese manufacturers**
- 2. Engineering to meet the specifications required**
- 3. International hub**

Our ability to leverage these three functions to make proposals is our strength

Tell us why you have released your first integrated report.

I am pleased to announce the release of our first integrated report. The purpose of this report is to help stakeholders and the public at large understand the goals and business strengths of Meiji Electric Industries.

As a B-to-B company, our work is not readily visible to consumers. I have been told that even employees struggle to explain to family or friends what it is that we do. We have nearly 3,000 suppliers in Japan. We go beyond being a mere trading company that meets the procurement needs of myriad industries, such as automotive and industrial/machining tools, to be able to customize these products to customer specifications and even manufacture products ourselves. What makes us particularly valuable as a company is our on-site execution ability; we are closely involved in the frontline of manufacturing to solve customer problems honestly, steadily, and comprehensively. The “Employee Dialogue (▶ P. 21)” features a case study of this frontline execution capability demonstrated at a major automobile manufacturer. Please take the time to read it.

We began using the term “technical trading company” to

describe ourselves in the early 1990s. At that time, over half of our sales in the Chubu region, where our headquarters is located, were to major automobile manufacturers. However, the president two generations ago foresaw that simply reselling products would no longer suffice and decided to build our technical capabilities to start manufacturing on behalf of manufacturers.

As a result, Meiji Electric Industries now has three main functions. First, we came to serve as a primary agent that deals directly with world-class Japanese automobile manufacturers to deliver products. Second, we possess engineering capabilities that allow us to go beyond being a mere trading company to meet customer specifications ourselves. Third, we function as an international hub, with US subsidiaries founded as early as 1987 and local subsidiaries near Japanese automobile and parts manufacturers.

Examining the industry, while there may be companies with some of these individual functions, no other company I know of has all three. Our strength lies in being a kind of one-stop shop, proposing solutions that take advantage of these three functions

based on our expertise in understanding customer issues. Our ability to propose high-value-added total solutions is featured in “The Value Meiji Electric Industries Brings to Society.” (▶ P. 5)

The Group has launched the 11th Medium-Term Management Plan, with the fiscal year ending March 2027 as its final fiscal year (▶ P. 18). Our goal is to deploy the knowledge we have cultivated in the Chubu region nationwide and serve as the most valuable partner in each area. We have set financial targets of ¥90 billion in net sales, 5% operating profit margin or higher, and 10% ROE or higher. The entire company will work together to promote these efforts.

In 2022, soon after I became president, the TSE restructured its markets, and we chose the Prime Market. To fulfill our responsibilities as a company listed on the Prime Market, we are building a promotion system and bolstering our sustainability management. These initiatives are reported in “Sustainability Management (▶ P. 25).” Our efforts to reduce the environmental toll through projects utilizing hydrogen are also highlighted in “Featured Case Studies (▶ P. 31).”

I hope this integrated report will be an effective tool to help create a better understanding of our value and bring us more attention and support than ever before.

Discuss the Company culture and current efforts to solve customer issues.

Ongoing Efforts to Achieve Good Revenues Without Being Bound to the Past

The Company’s development and growth into a publicly traded company are thanks to the achievements of the presidents before me. Because following these presidents’ policies and messages led to growth, veteran employees who experienced the era of steady economic growth have helped cultivate a corporate culture of tremendous diligence. This culture is likely also influenced by the spirit of seeing tasks through to the end. If a customer asks us to help them solve an issue, we take it on,

even if it seems impossible. We also have a culture of striving hard to solve customer problems, even if it is not profitable.

My message to employees now is that while company culture is important, we must enable customers to properly recognize that we provide superior technology and added value compared to other companies, and that we must not undervalue ourselves. Having customers assess our value properly and tie this to profits will also lead to growth in our operating profit and ROE. Going forward, we must promote our value better and help customers to understand the efforts we undertake.

Understanding Changes in Customer Business Environments

The circumstances surrounding customers themselves are also undergoing rapid change. The automotive industry, in particular, is experiencing a once-in-a-century period of transformation. Software development is becoming increasingly important, as seen in the focus on SDVs (Software-Defined Vehicles). Automobile and parts manufacturers are focusing human resources allocation on software development, resulting in a sharp decrease in workers with expertise in the management of production technology and manufacturing equipment. Up until now, our clients’ engineers have incorporated the machinery and parts we delivered into their own manufacturing processes. However, we are now frequently being asked to handle entire pieces of equipment or processes, and even to propose complete lines that cover all processes.

The lead time from when customers finalize specifications to market launch has also shortened, and customers sometimes request we complete something in one month that would

typically take three months. To offer solutions that solve these issues, we must work closely with customers starting from the development stage. This requires an even greater level of knowledge on our part, and we strive to learn more every day.



We have also commenced full-scale efforts in intra-factory logistics. As labor shortages due to a declining working population have become an issue, production line automation at manufacturing sites has accelerated, and we are providing equipment to meet this need. To meet customer needs for even greater labor savings and efficiency, we are running proof-of-

concept experiments and conducting research and development to help build intra-factory logistics solutions using our technology. These solutions include the automatic supply of parts to lines and the transportation of finished products to logistics warehouses or delivery truck ports.

Commitment to Safety & Quality

In our technological development, our top priorities are safety and quality. Delivering equipment to customers includes installation and test runs, which means we must improve our engineering capabilities and product quality while ensuring safety. We are particularly focused on improving safety and engineering capabilities for automobile and parts manufacturers in the Chubu region.

To reiterate, labor shortages due to declining birth rates and an aging population are a major challenge for the manufacturing industry, and measures to achieve carbon neutrality must also be taken to address energy and environmental issues. Customers in the Chubu region are already working on a variety of initiatives, many of which we are deeply involved in. These solutions put us in a position to help solve social issues and contribute to society, a fact we want to communicate not only outside the Company but within the Company as well.

Future Business Strategy & the New Medium-Term Management Plan

Where We Want To Be & Recognition for Business Promoted Under the 10th Medium-Term Management Plan

We have dealings with myriad suppliers and customers primarily

in the automotive industry, each of whom has some kind of issue they are struggling with. We consider not only the customer's problem itself, but trace it back to its cause so we can offer solutions that get to the root of the problem, leading to results that exceed customer expectations. While increasing immediate sales and profits is vital, solving these root issues

allows us and our customers to grow. Without this approach, we would be unable to provide true value amid changing times. We are often told that we have uncommon technical capabilities for a trading company and that we try to go above and beyond by providing high added value to customers. However, such efforts are the norm in the Chubu region, where automobile makers have set high business standards. Stimulating the automotive business was a material issue in

Striving to Be a Valuable Partner With the Top Presence in the Area

In our 11th Medium-Term Management Plan, we continued to strengthen our backcasting approach and created a new slogan: "Be the most valuable partner in the area." We believe we can deliver high value to customers and have highly rated corporate value by deploying the expertise cultivated in the Chubu region to such regions as Kanto, Kansai, and Kyushu, where the conventional trading company business practice of merely delivering products still dominates. Our goal is to be the conglomerate that holds the top position in each region. A major pillar of our 11th Medium-Term Management Plan is to clearly envision what we want to be and bridge the gaps between our current reality and that vision. Thinking small at the outset only results in small achievements. We believe it is important to set ambitious goals that might seem unattainable and take these on as challenges. As I stated earlier, our culture still requires employees to follow

the previous 10th Medium-Term Management Plan, which ended last fiscal year, and we achieved results by expanding to the Tohoku region with our Chubu region technology. We used backcasting to envision what we wanted to achieve and then started planning our activities to move in that direction. While we achieved a certain level of results, this vision was not understood or instilled in all employees over the three years of the plan.

directives from superiors but everyone is encouraged to endeavor to generate new ideas and act independently. That is why I have advocated to employees that rather than saying something is impossible, we should think together about how to make it happen. I would like to incorporate a human resource system that evaluates people based on how far they have come in achieving their vision and how positively they take on challenges, even if they were unable to attain their goals, rather than judging simply on success or failure, as we have done thus far. I will also start a system in which employees who propose a worthwhile project can pursue it in parallel with their routine work with approval from a supervisor. Previously, when formulating plans, we waited for figures from business planning and allocated budgets based on how much we achieved in sales and profits. Going forward, we have decided to shift the mindset of executive officers and those serving under them. We will have them first envision where they want to be, then work backward to determine how to achieve this vision and create their own numerical targets.

Current Stock Market Evaluation

Our market is by no means a flashy one. In the past, resource-poor Japan developed all kinds of products, becoming dominant in the world through its technology. Companies such as ours have provided behind-the-scenes support for this development. We take pride in our role of making new technology practical and delivering it where it is needed and where it can be used for the first time. While a business model focused solely on buying and selling products to maximize profit may be more efficient, this alone would not be able to achieve sustainable business in Japanese manufacturing. Over our long history, we have learned the importance of steadfastly persisting in the unglamorous work of solving customer problems. Our value lies in covering and supporting areas of society that need help, a philosophy that has earned us profound customer trust. In our long-term plan VISION 2030, we advocate basic policies of "creating and providing new value in response to

changes in customers" and "thinking and acting self-drivenly to identify and resolve customer issues," all built upon trust. By implementing this comprehensively, we will contribute to manufacturing in Japan and worldwide and use that to help solve social issues. We aim to be a company that makes stakeholders say, "We love Meiji Electric Industries!" We will evolve into a company that meets expectations by achieving visible results in our medium-term management plan while building corporate value through efforts to help society understand how our work contributes to society. We ask for the continued support of you, our stakeholders, as we move forward.



Materiality

▶ See P. 26 for details

Reduce environmental toll through business activities

Protect/respect human rights

Develop human resources

Corporate governance

Improve safety, quality, and productivity

Social Issues / Customer Issues

Social Issues

- Population decline
- Aging society with low birthrate
- Energy and environmental issues

Advanced Customer & Supplier Needs

- Safety/quality control
- Boosting productivity
- Reducing environmental toll
- Optimizing global supply chains
- Developing advanced services using IoT and AI

Strengths Cultivated

3 Functions

1. Primary agent for leading Japanese manufacturers
2. Engineering to meet the specifications required
3. International hub

Strengthening manufacturing in Japan and contributing to manufacturing around the world

Unique Business Model ▶ See P. 7–8 for details

Be the most valuable partner in the area

Supporting Customer & Supplier Growth Strategies

Customer & Supplier Struggles

Leading Customer & Supplier Growth Strategies

Trading Business (66%)

Analyze customer requests better than suppliers, express product benefits in concrete terms

Engineering Business (34%)

Provide unique products and technologies to meet customer requests

Frontline Execution Capabilities

New Fields & Businesses

- Automotive CASE, new areas
- Environmental business
- Creating our own brand

Output

Basic Policy of the Medium-Term Plan April 2024 - March 2027

▶ See P. 19–20 for details

- (1) Improve business quality
- (2) Invest in growth and boost profitability
- (3) Promote sustainability
- (4) Capital cost management

Main Targets FYE March 2027

Net sales: **¥90 billion**
(FYE March 2024: ¥74.5 billion)

Operating profit margin of **5% or higher**
(FYE March 2024: 3.9%)

ROE of **10% or higher**
(FYE March 2024: 7.8%)

Supplier Benefits

Focus on product development by entrusting sales/inventory management to Meiji Electric Industries

Deploy Expertise Cultivated in Chubu Across Japan An Essential Presence That Goes Beyond Being a Mere Trading Company

- Engineering function that supports factory automation
- Deep understanding of manufacturing site issues and needs

- Total support for manufacturing processes

Sales Division

Technical Division

Customer Benefits

Receive optimal products and services by placing their trust in Meiji Electric Industries

Outcome

VISION 2030

Mission for Smile:
“Bringing a Smile to Everyone”

A company that makes all stakeholders say “We love Meiji Electric Industries!”

Contributing to Social Issues

Making Japanese Manufacturing Stronger

Contributing to Global Manufacturing

Creating and Providing New Value in Response to Changes in Customers

Thinking and Acting Self-Drivenly to Continue Identifying and Resolving Problems

Trust

Input

Management capital



Financial capital
Human capital



Manufacturing capital
Social capital



Intellectual capital
Natural capital

Efforts to Strengthen Capital Management

- Achieve top safety and quality in the area
- Improve ability to offer solutions and promote ourselves to be the top in the area

- Share human capital and sales data
- Contribute to social issues through business
- Optimal capital allocation

Corporate Governance ▶ See P. 37–42 for details

9th Medium-Term Management Plan

Bolster Management Foundation for the Next Generation

All Growing

Key Measures

- 1 Strengthen engineering capabilities
- 2 Expand component sales territory
- 3 Grow global business
- 4 Develop products for the next generation
- 5 Bolster business foundation

Reflections

Record-high sales and profits were achieved through active investment centered on the automotive industry and steady sales to the electrical, electronic, semiconductor, ceramic, and machine tool sectors. However, the unprecedented COVID-19 pandemic caused economic difficulties and supply chain disruptions for many companies.

Challenges

Insufficient company-wide coordination makes horizontal deployment and building ourselves up as a company difficult. An organizational response to engineering projects has yet to be established.

10th Medium-Term Management Plan

“Create New Value” & “Think and Act Self-Drivenly”

Mission for Smile: “Bringing a Smile to Everyone”

Key Measures

- 1 Build systems to bolster the automotive business
- 2 Contribute to carbon neutrality in manufacturing
- 3 Increase competitiveness in the engineering business
- 4 Grow business overseas
- 5 Build management foundation for creating new value

Reflections

Despite the ongoing impact of COVID-19 and increasingly severe component shortages due to factory shutdowns, efforts to establish systems to bolster the automotive business made steady progress particularly in eastern Japan, while in carbon neutrality efforts, we have expanded our product range and established new businesses such as developing hydrogen fuel cell generators. Ultimately, revenue and profit growth was achieved over the three-year period.

Challenges

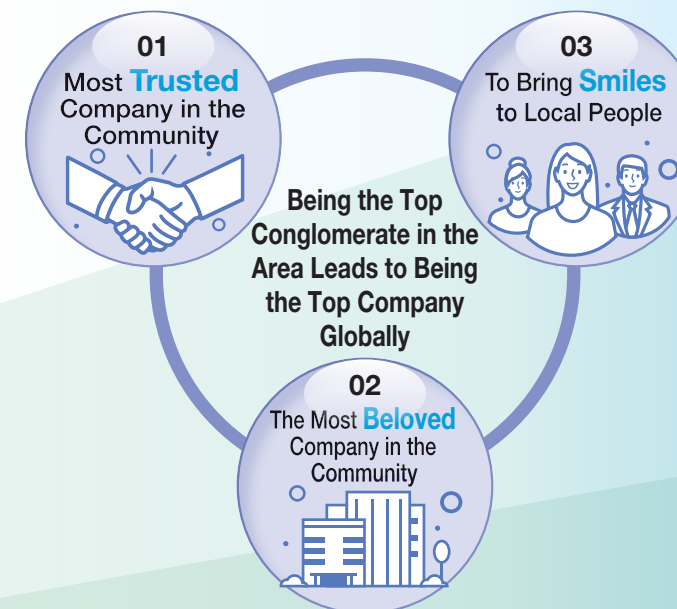
Our achievements with world-class global manufacturers have yet to spread to other areas or companies. Compared to competitors, we face issues of profitability and must create systems to generate revenue.

11th Medium-Term Management Plan

Be the Most Valuable Partner in the Area

Basic Policy

- 1 Improve business quality
- 2 Invest in growth and boost profitability
- 3 Promote sustainability
- 4 Capital cost management



FYE March 2027 Numerical Targets

Net Sales
¥90,000 million

Operating Profit
¥4,860 million

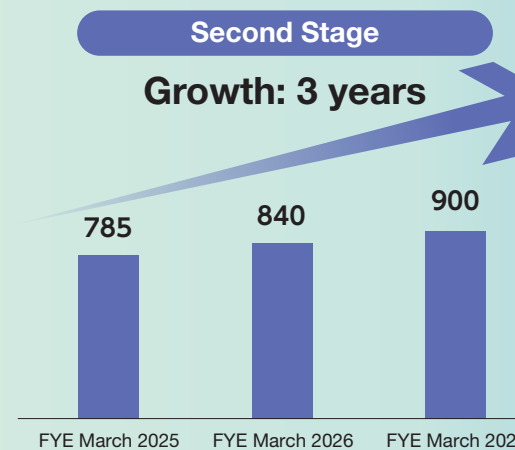
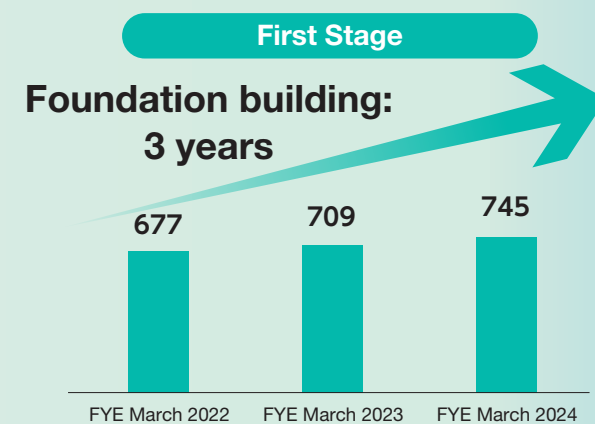
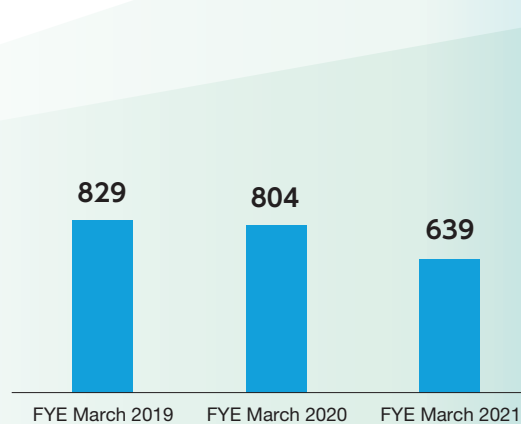
Ordinary Profit
¥5,070 million

Profit Attributable to Owners of Parent
¥3,630 million

Operating Profit Margin
5.4%

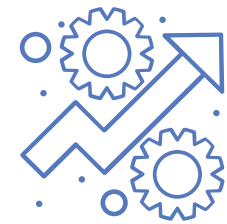
ROE
10.0%

Consolidated net sales (unit: ¥100 million)



Growth Strategy

Major Policies in the 11th Medium-Term Management Plan



Improve Business Quality

Improve Business Quality (Safety, Quality) in all Regions

Promote improvements in safety and quality across the Company

=

Achieve top safety and quality in the area

(Improve safety and quality in the engineering and materials businesses)



Promote Sustainability

Contribute to Social Issues Through Business

Create stronger proposals for automation and labor-saving to cope with the declining working population.

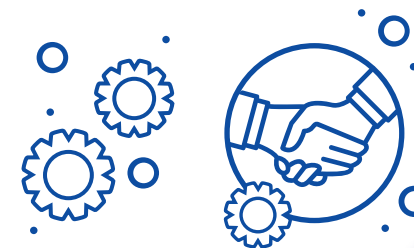
Promote the decarbonization of business (help reduce environmental toll in manufacturing) and promote carbon neutrality of the Company.

Promote Sustainability Management

Revise HR systems and review educational programs to shore up human capital. Establish a system to promote sustainability.

Our Vision

To be a company that goes above and beyond expectations in the pursuit of customer satisfaction to achieve recognition for our high level of trust and high value!



Invest in Growth and Boost Profitability

Human Resource Investments for Growth Areas

Invest resources in businesses with high potential and profitability in each area.

Improve Productivity

Promote internal DX to improve value-added labor productivity.

Bolster Core Business and Roll Out to All Areas

Boost profitability by promoting engineering and materials businesses with high safety and quality, then rolling this out across the Company.

Improve ability to offer solutions and promote ourselves to be the top in the area through skills with a high level of expertise.

Expand Business Overseas

Boost organizational ability to support globalizing manufacturing.



Capital Cost Management

(Work to achieve management conscious of cost of capital and stock value)

Boost Profitability

Implement the 11th Medium-Term Management Plan with goals of achieving ROE of 10% or higher and operating profit margin of 5% or higher.

Increase Shareholder Returns

Set minimum dividends to maximize shareholder value and sustainably improve corporate value.

(During the 11th Medium-Term Management Plan period (fiscal year ending March 2025–fiscal year ending March 2027), the minimum annual dividend per share is assumed to be ¥60)

Enhance IR Efforts

Strengthen dialogue with investors, English disclosure, and non-financial data disclosure.

Receiving orders for mass production line equipment for EVs from major automobile manufacturers through total solution proposals using our frontline execution capabilities

Junichi Mizutani,
Senior Expert of the
Sales Section of the
East Area Sales
Department, Fourth
Sales Division

Eiji Matsui,
Manager of the
Sales Section of the
East Area Sales
Department,
Fourth Sales Division

Gaining Experience as a Production Equipment and Measurement Instrument Specialist

Matsui: I joined the Company in April 2006. I was assigned to the sales department at the Toyota Branch, where I was involved in system sales for control parts and engine unit production lines and sales of parts used in production equipment at a major automobile manufacturer's factory.

Mizutani: What was your impression when you were first put in charge?

Matsui: I started in an area that the senior employees had not fully developed, and I did not know left from right. During this time, the clients gave me advice on proposals, helping me discover how interesting this work was despite the difficulties. Everyone was kind-hearted and took pride in automobile manufacturing, and I often received feedback from clients to improve the proposals I had worked so hard to create, which taught me a tremendous amount.

Mizutani: I started in 2007, so I am one year your junior. I was initially assigned to the Measuring Components Sales

Department of the Solutions Business Division, where I conducted technical PR for customers at the Toyota Branch, focusing on sales of voltage, current, temperature, and pressure measurement instruments. I later transferred and became a sales representative for the R&D departments of automotive manufacturers, the topic of this discussion, and then moved to the East Area Sales Department.

Matsui: I joined the Company wanting to work not necessarily in the automotive industry but in sales. During university, I had the opportunity to learn about B-to-B sales from a senior employee, which was something I had yet to imagine but seemed rewarding and interesting.

Mizutani: Is that so? I also graduated from the same university and wanted to work for a trading company. The university had a job fair, and while listening to the speakers, I encountered Meiji Electric Industries and decided to apply.

The Process Behind New Proposals for Major Automobile Manufacturers and the Key to Getting Large Orders



Matsui: Several years ago, the Company was receiving small orders from a major automobile manufacturer for line maintenance and production of certain measurement instruments. During this time, that company launched a new strategic plan for EV development. We had inspection equipment developed in-house, as well as in-company brands, and promoted these as sales catalysts. However, the reality was that various circumstances prevented us from achieving more. We received an inquiry for single-battery inspection equipment during this time. Our proposal was accepted, and we delivered the inspection equipment to the automobile manufacturer's European factory. It was a rare opportunity. Despite the time difference, frequent communication with the manager of the production engineering section in Japan helped bridge the

distance, creating an opportunity to go beyond inspection equipment to promote the company and the personalized experience. This helped us build a trusting relationship that allowed us to receive orders for all systems pertaining to battery production equipment, such as production control and production instruction systems, including inspection equipment.

Mizutani: I was in charge of research and development equipment for the same automobile manufacturer. When this manufacturer began investing in EVs, we delivered highly rated test equipment for the orders we received, building trust that allowed us to get information fast when key personnel transferred to other business sites and gather information to strengthen research and development of batteries. With my previous expertise in measurement instrument sales, I proactively made proposals and developed sales opportunities, beating other companies in competitions to obtain orders.

Matsui: I heard that a major factor behind our winning was our internal support system, which allows employees to provide immediate technical explanations to respond when questions arise. Other reasons might have been how we highlighted the fact that we are not just a parts seller but a company with an engineering function and that the quality of our response to technical inquiries differs from other companies.

Mizutani: Right. If it were just about procuring products,



customers would not necessarily need to purchase from us. What customers like most is how much added value we can provide. Our VISION 2030 goal of having stakeholders say, "We love Meiji Electric Industries!" is based on this value, and the frontline execution capabilities we have developed. I believe the most important thing is having customers feel they want to buy from Meiji Electric Industries through their everyday interactions with us.

Meiji Electric Industries' Strengths and Future Growth

Matsui: Just as it says in our Corporate Guidelines, which state the goal of "autonomous, independent, and employee-facing management," there is close-knit communication between leadership, such as the president and directors, and employees, making it easy to share information from the frontlines. The Company culture entrusts its representatives with a certain level of responsibility. You have to do your own marketing for the business you want to pursue or areas you want to target. But I believe our strength lies in our ability to execute tasks ourselves, which helps create a sense of fulfillment and responsibility.

Mizutani: The Chubu region, where our headquarters are located, invests heavily in human resources and has a comprehensive organizational structure. It also has a myriad of veteran employees who have gained experience and built networks through dealings with demanding customers. This ability to absorb a plethora of in-house feedback rather than rely on our own values and perspectives when dealing with customers outside the Chubu region also allows us to take an approach that increases the added value of proposals. Through these proposals, we provide customers with insights beyond their immediate needs, leading to new business opportunities and thus building the foundation to serve as the top conglomerate in each area. I believe that the Company has increased its potential to create new solutions by having human resources interact across regions and consequently encounter new customers. This will likely accumulate as in-house experience that will serve as the foundation to foster Meiji Electric Industries for the next generation.

Matsui: The 11th Medium-Term Management Plan emphasizes the importance of human capital. Our internal technical systems, in particular, must be bolstered further. That is why the Company must continue to focus on long-term human resource development. It is also important that each employee be conscious of creating a corporate culture in which, as a prerequisite to achieving sales figures and operating profit targets, employees are naturally determined to take action because they want to make the Company better than it is today.

Mizutani: I felt that the 11th Medium-Term Management Plan stressed the importance of not just looking at the year ahead but envisioning a clear long-term vision, thinking and acting based on backcasting, and steadily building up achievements each day to attain our targets. To have all stakeholders say they love our company, it is vital to clarify our value and have this value recognized, and constantly ask ourselves whether we can continue providing added value to customers and suppliers in our business activities. I personally aim to continue playing a central role in battery development equipment in R&D and conduct sales in a way that makes customers feel we are the company they need.

As a company that supports manufacturing, Meiji Electric Industries is proactively expanding its international locations to support the global expansion of Japanese companies. Currently, we have locations in the United States, United Kingdom, China, and Thailand, providing seamless support for manufacturing operations of customers doing business globally.

MEIJI CORPORATION

Established: March 1987
Location: Illinois, USA (Head Office);
Michigan, Kentucky, and Tennessee (Branch Offices)

Business Activities

- Sales of imported MRO products from Japanese manufacturers and inventory sales of high-cycle MRO parts primarily to Japanese manufacturers in North America
- Research and sales to North American equipment manufacturers
- Proposals and sales of equipment for improving production efficiency and quality at local factories (AGV, AGC systems, fool-proofing equipment, etc.)
- Agency for control, measurement, power supply, and industrial manufacturers



Market Conditions and Future Measures

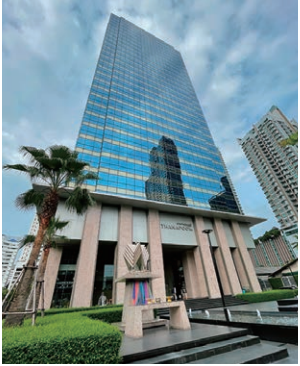
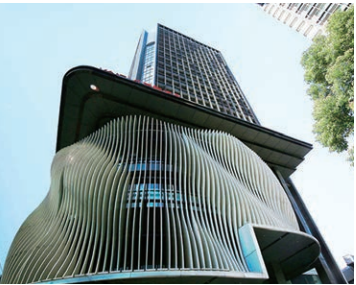
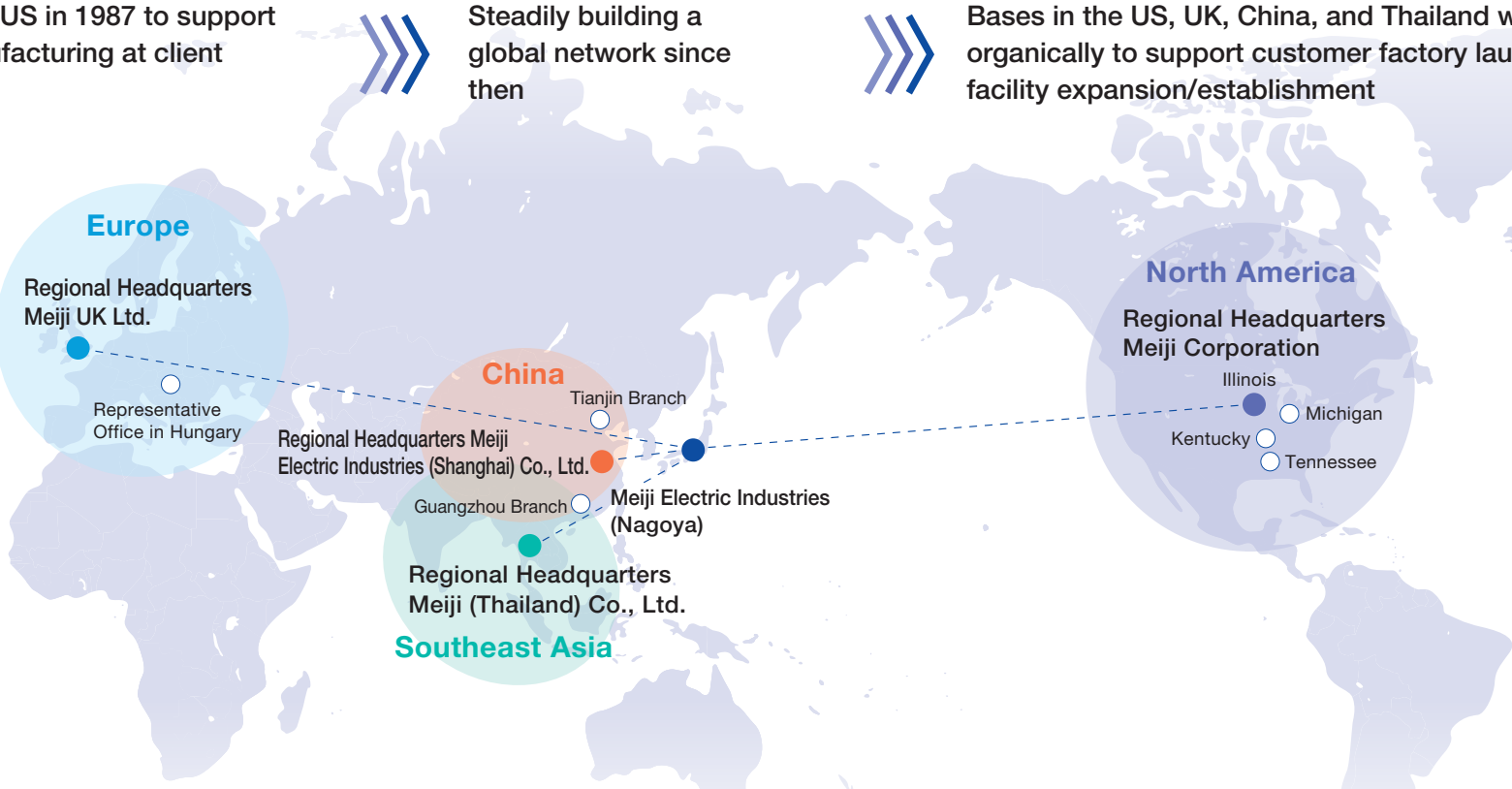
The shift to EVs and FCVs is gaining momentum in the US automotive industry, with nationwide clean energy policies and carbon neutrality initiatives expanding, particularly among Japanese companies. As a company, we believe we must work to build a better organization to boost performance and improve profits. We aim to grow existing businesses and new fields, increase customer trust and satisfaction by thinking from the customer's perspective, increase our value, pursue new value, and explore future investments and new business models.

Entered the US in 1987 to support global manufacturing at client companies

Steadily building a global network since then

Bases in the US, UK, China, and Thailand work together organically to support customer factory launches and facility expansion/establishment

- UK Subsidiary**
 - Birmingham (Head Office)
- Representative Office**
 - Budapest (Hungary)
- China Subsidiary**
 - Shanghai (Head Office)
- China Branch**
 - Tianjin
 - Guangzhou
- Thai Subsidiary**
 - Bangkok



MEIJI UK LTD.

Established: July 1998
Location: Birmingham, UK (Head Office)
Budapest, Hungary (Representative Office)

Business Activities

- Sales of control/measurement/mechanical parts and equipment for European manufacturers
- Handling/selling/repairing not only Japanese products but products from European manufacturers as well
- Support for VAT (value-added tax) using warehouse functions in the Netherlands for European customers
- System proposal/support in collaboration with local vendors for transparency at factories, etc.

Market Conditions and Future Measures

Following Brexit on January 31, 2020, many Japanese companies relocated production centers from the UK to other locations in the EU to maintain access to the European market. Meiji Electric Industries was no exception and was affected by the greater complexity of logistics and customs procedures between the UK and EU, increased costs, and more. As a countermeasure, we established a warehouse in the Netherlands to enable swift transportation to the EU. Going forward, we plan to build deeper partnerships with our representative office in Hungary and target existing and new customers for regular MRO business, carbon-neutral products, and investment projects focusing on Eastern and Northern Europe from both the UK and the EU.

Meiji (Thailand) Co., Ltd.

Established: February 2012
Location: Bangkok, Thailand (Head Office)

Business Activities

- Sales and import/export of electrical equipment, measuring instruments, electrical facilities, and automation/labor-saving equipment parts and facilities, proposals for carbon-neutral products
- Development, design, and production management of electronics, inspection equipment, mechatronics, factory automation, information (IoT, DX), and logistics systems
- Consulting and maintenance for measurement, control, and information processing equipment

Market Conditions and Future Measures

Since the Thai government designated the automotive industry as a key industry in 2003, Thailand has become a major automotive production hub within ASEAN. While domestic production reached 2.45 million vehicles in 2012, rising labor costs and population decline have decreased the appeal of labor-intensive industries. Major automobile manufacturers have increased investment in India and other ASEAN countries while decreasing large-scale investment in Thailand. However, the Thai government is promoting industrial advancement through its Thailand 4.0 policy, which aims to foster the robotics and digital industries. For the Company to continue growing in a significant way, we need to create and provide new value in response to changes in customers, and think and act self-drivenly to identify and resolve customer issues, as stated in VISION 2030. This requires having a clear vision and continuing to take on challenges.

* Our office is located in the building shown in the photograph.

Basic Sustainability Policy

We aim to achieve sustainable growth and increase corporate value by building stronger relationships of trust with customers, employees, and society through our business activities while working to build a sustainable society.

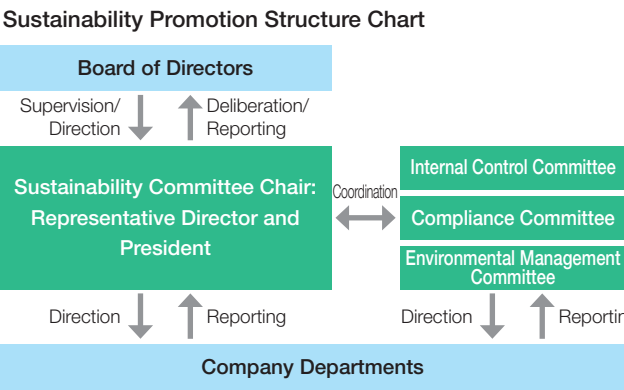
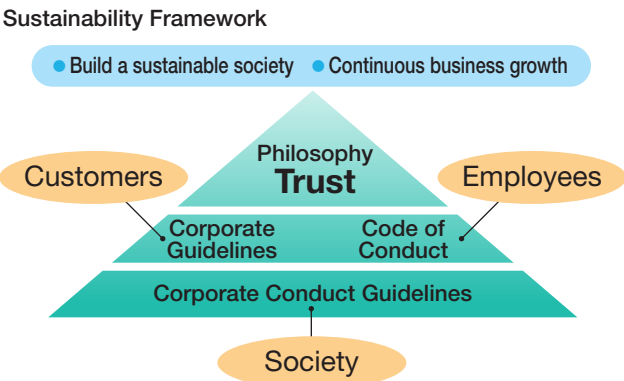
We believe putting our philosophy of “Trust—It All Starts with People—In Partnership With Customers, With Employees, With Society” into practice will lead to sustainable growth and increased medium to long-term corporate value, and our Basic Sustainability Policy represents how we will implement this philosophy.

Sustainability System

The Board of Directors supervises and provides direction as needed regarding sustainability initiatives, plans, targets, and progress of measures examined and deliberated on by the Sustainability Committee (meets at least once annually).

The Sustainability Committee, chaired by the President and Representative Director and comprised of directors and executive officers, examines specific targets, policies, and measures for sustainability issues and establishes processes to report important matters to the Board of Directors.

Efforts to achieve goals are also promoted through coordination between departments and managing the PDCA cycle for each initiative.



Corporate Conduct Guidelines

Given the importance of compliance, we have established Corporate Conduct Guidelines that must be followed at Meiji Electric Industries.

I. Guidelines for Professional Conduct	II. Guidelines for Private Conduct
- Fair and free competition - Proactive data disclosure - Safety and environmental conservation - Respect for human rights - Respect for intellectual property - Compliance with international rules - Healthy relationships with government and opposition to antisocial forces - Proper tax payment, accounting, and sound investment activities	- Conduct befitting a member of society - Prohibition of private acts that abuse authority - Prohibition on private acts involving the Company

Identifying Material Issues

We have identified material issues that must be addressed as a priority for the Group to continue growing in harmony with society.

The following process was implemented to identify these risks.



Materiality Map

We placed listed items in a matrix with Society and Business as axes.

Items placed in the upper right were identified as the Group's material issues that must be addressed with priority.



List of Material Issues

Goals, risks, and responses/opportunities have been established for material issues identified under the Basic Sustainability Policy.

Through our business, we are working to solve local social issues and help achieve the SDGs.

Material Issues at Meiji Electric Industries

No.	Materiality	Goal	Measures	Risks	Response/Opportunities
1	Reduce environmental toll through business activities	Contribute to a net zero society by creating and providing value in response to changes in society and customers	- Promote sales of carbon-neutral products - Strengthen environmental business starting with hydrogen - Environmental protection through ISO14001 - Switch company vehicles to HEVs - Go paperless	- Business damage from frequent natural disasters due to climate change - Potential decrease in fossil fuel demand due to greenhouse gas (GHG) emission regulations	- Reduce GHG emissions to help reduce the impact of climate change - Achieve sustainable energy supply by expanding hydrogen and other renewable energy businesses
2	Protect/respect human rights	Create a workplace without discrimination based on gender, age, or other attributes, where diverse human resources can thrive and every employee can find fulfillment in work.	- Instill internal reporting system - Harassment training - Non-discriminatory employment - Improve workplace safety and health	- Risk of losing trust from business partners and investors due to human rights violations - Risk of legal action and fines from human rights violations	Build a sustainable business environment and increase corporate value through human rights initiatives
3	Develop human resources	Develop and recruit human resources able to solve social issues through business by creating new value and thinking and acting self-drivenly in the era of VUCA	- Strengthen sales and technical capabilities through training and OJT - Consider new human resource development systems - Promote work-life balance (introduce hourly pay system, increase parental leave)	Risk of decreased productivity and poor performance due to employee dissatisfaction	- Focus on diversity and inclusion to generate ideas and feedback from different perspectives and breed innovation - Improve employee satisfaction and productivity by promoting work-life balance - Human resource growth through systems and an environment that allows employees to maximize their potential
4	Corporate governance	Establish a foundation for safe, reliable business operations through appropriate, effective measures to prevent loss from the materialization of risks that would significantly impact business	- Internal controls - Promote BCP (business continuity planning) - Boost information security - Comply with the Subcontracting Act - Screen Audit and Supervisory Committee Members and run properly - Utilize external experts	Risk to business continuity due to lack of appropriate governance	Build a strong governance system to increase transparency in decision-making and build a stable growth foundation
5	Improve safety, quality, and productivity	Pursue customer satisfaction through improved safety, quality, and productivity to boost competitiveness while promoting employees' work style reform through operational streamlining	- Promote DX - Introduce new core systems - Establish Business Strategy Planning & QSM Promotion Department (QSM: Quality, Safety, Morale)	- Risk of losing customer trust when product quality issues arise - Risk of legal issues and reputation damage when product safety issues arise - Labor shortage due to declining working population due to a low birthrate and aging	- Opportunity to increase reliability by providing products superior to those of competitors through thorough quality and safety control - Make up for labor shortages through automation and labor-saving

We are advancing efforts to address issues such as responding to climate change risks, achieving carbon neutrality, and promoting a circular economy to achieve a sustainable society.

Management sets forth an environmental policy that aligns with the Company's strategic direction and the broader societal context. Across the entire Group, we are working to reduce environmental impact and make effective use of limited resources through our business activities, and collaborate with stakeholders.

Environmental Declaration

MEIJI ELECTRIC INDUSTRIES CO., LTD. is working to protect the environment in line with its philosophy of “Trust—It All Starts with People—In Partnership With Customers, With Employees, With Society.”

Environmental Policy

Policy 1	Compliance with environmental legal regulations and requirements	In addition to complying with environmental legal regulations, regional ordinances, and other requirements, we set voluntary standards to reduce environmental impact and prevent pollution.
Policy 2	Promotion of environmental protection activities	In our “business activities,” we consider the impact on the environment and strive to protect it by providing useful environmental information to all stakeholders.
Policy 3	Continuous improvement	To promote environmental protection activities, we set environmental objectives and regularly evaluate and review them through management reviews and internal environmental audits, aiming to continuously improve the environmental management system.
Policy 4	Communication of environmental policy	This policy will be thoroughly communicated to all employees and everyone working for our Company through channels such as environmental education, internal PR activities, and the Company's intranet.
Policy 5	Public disclosure of environmental policy	Our environmental policy and initiatives are disclosed to the general public through our website, PR activities, and other appropriate opportunities.

Environmental Activity Promotion System

Under the leadership of management, an Environmental Management Committee has been established to promote environmental activities. The Environmental Management Committee is responsible for planning and deliberating on environmental targets and reviewing progress toward these goals.

Additionally, when important matters arise that affect the entire Company in maintaining and controlling the environmental management system, such as concerns or questions from internal and external sources, or matters regarding the establishment and revision of the Environmental Management Manual and regulations, the committee deliberates on these issues.



Initiatives for Environmental Conservation

Based on our environmental policy, we are engaged in the following activities to reduce our environmental impact.

Promotion of energy conservation

As part of our efforts to combat global warming, we are working to reduce electricity consumption and CO₂ emissions through the introduction of energy-efficient equipment. (LED lighting, air conditioning equipment)

Promotion of resource conservation

We are working to reduce office paper use by promoting a paperless environment.

Reduction of waste

We are committed to reducing and sorting waste, and approximately 80% of sorted waste is recycled.

Promotion of recycled product usage

When purchasing office supplies, we prioritize environmentally friendly products.

Information on environmental conservation

We provide customers with information and improvement proposals that contribute to carbon neutrality.

Promotion of environmental conservation

We are working to prevent air pollution from automobile exhaust by promoting the shift to HEVs for company vehicles.

Promotion of sales of energy-saving products

We actively propose products that contribute to carbon neutrality to customers and strive to reduce environmental impact.

Environmental education and communication

We promote environmental education and awareness-raising activities for employees and actively participate in social contribution activities, such as local clean-up efforts and the collection of used stamps.

Examples of efforts to reduce environmental impact in manufacturing

Carbon-neutral product brochure

The manufacturing industry plays a significant role in Japan's economy. Its factories consume large amounts of energy, and the industry's share of CO₂ emissions is particularly high. In response, we have created a unique brochure that visualizes the specific CO₂ reduction benefits of energy-saving products from each of our suppliers. We use this to propose solutions to help our customers achieve carbon neutrality.

The brochure is regularly updated and features products that visualize CO₂ usage as well as those that specifically reduce current CO₂ emissions. Our strength lies in providing on-site implementation support and guiding customers through the introduction and effective implementation of these products in the field.

The brochure can be downloaded from our website, so please feel free to take a look. (https://www.meijidenki.co.jp/ja/registration_cn.html) (in Japanese only)

By collaborating with top-tier customers and suppliers to achieve automation, labor saving, and carbon neutrality, we aim to drive our Company's sustainable growth alongside societal development.



Promotion of internal DX (Digital Transformation)

In February 2024, we hosted a “DX Solution Exhibition” at our Head Office, aiming to experience the latest DX technologies and gain new insights for business improvement. The day's seminar focused on paperless operations, including PC-FAX (sending and receiving faxes directly from computers), approval workflows, PDF editing, and methods for sharing information within and between departments. Many employees from other locations also participated online. As a result of these initiatives, paper usage at our Head Office in FY2023 decreased by 17.8% compared to the previous fiscal year. Moving forward, we will continue improving operational efficiency through DX across the Company, which will help drive productivity.



Sustainability Management

Disclosure of Information Based on TCFD Recommendations

We regard addressing climate change as one of our material issues and disclose information in accordance with the TCFD's four recommended areas of disclosure: "Governance," "Strategy," "Risk Management," and "Metrics and Targets."

By identifying the risks and opportunities related to climate change, we have outlined our most material issues and are taking measures to address them. Through these measures, we aim to achieve sustainable business growth and enhance corporate value.

1 Governance

Our Company has established an appropriate governance structure to address sustainability challenges, including climate change. We are promoting activities to achieve these goals per the "Sustainability Promotion Structure Chart (▶ P. 25)."

2 Strategy

Among the various sustainability challenges, addressing the impact of risks and opportunities related to climate change on our business activities and profitability is crucial for our Company to grow sustainably and improve corporate value in the medium and long term.

Based on the recommendations of the "Task Force on Climate-related Financial Disclosures (TCFD)," we conducted scenario analyses for both the 1.5°C and 4°C scenarios.

- Referenced Scenarios
- 1.5°C Scenario: IEA World Energy Outlook 2023 (NZE2050), IPCC (SSP1-1.9)
IEA World Energy Outlook 2018 (SDS)
- 4°C Scenario: IEA World Energy Outlook 2023 (Pre-Paris/STEPS),
IPCC (SSP5-8.5)
- Degree of impact
- High: Impact on our operating profit (single fiscal year) of 50 million yen or more (approximately 1.7% of the operating profit for the period ended March 2024).
- Medium: Impact on our operating profit (single fiscal year) between 10 million yen and less than 50 million yen.
- Low: Impact on our operating profit (single fiscal year) of less than 10 million yen (approximately 0.3% of the operating profit for the period ended March 2024).
- Timeframe
- Short- to medium-term: Until 2030;
- Long-term: Until 2050

Table 1: List of Risks and Opportunities

Risk/Opportunity		Subcategory	Overview	Timeframe	Degree of impact		Measures
					1.5°C	4°C	
Physical risks	Acute	Intensification of extreme weather events, such as cyclones and floods	Increased recovery costs due to damage to company assets and loss of revenue due to operational shutdowns	Short- to medium-term	Low	Medium	• Conduct assessments of company offices and factories, locate facilities in areas with lower disaster risk, and implement disaster prevention measures for the buildings themselves.
			Revenue loss due to disruptions of raw materials, components, or product supplies caused by affected suppliers	Short- to medium-term	Low	Medium	• Strengthen systems for rapid information collection in collaboration with suppliers to avoid supply chain disruptions. • Conduct supply chain assessments, and for materials that could be highly impacted by potential supply disruptions, enhance risk management measures such as diversifying procurement sources.
	Chronic	Rising average temperatures	Increased energy costs due to greater electricity consumption for air conditioning	Short- to medium-term	Low	Low	• Introduce energy-saving and renewable energy equipment in company offices and factories. • Enforce Cool Biz initiatives and strict air conditioning management. • Implement measures such as building greening.
			Deterioration of working conditions, including increased health risks, particularly in summer; reduced labor productivity	Short- to medium-term	-	Low	• Promote work style reforms, such as introducing summer time. • Advance automation and workforce reduction in factories.
Transitional risks	Policies, laws, and regulations	Advancement of GHG emission pricing (carbon pricing)	Increased operational costs due to carbon taxes, and reduced export volumes due to border carbon taxes	Long-term	High	Low	• Execute reduction plans aimed at achieving Scope 1 and 2 targets.
	Markets	Soaring raw material costs	Increase in costs to procure fossil fuel-based energy and raw materials, as well as electricity (including costs to transition to renewable energy)	Short- to medium-term	Low	Low	• Promote the shift to HEVs (hybrid electric vehicles) for company vehicles to reduce gasoline consumption. • Promote renewable energy by utilizing pure hydrogen fuel cell generators.
	Reputation	Increased stakeholder anxiety or negative feedback	Decline in corporate valuation by financial institutions and investors, or loss of customers due to delays in climate change response	Short- to medium-term	Low	-	• Steadily promote decarbonization efforts and conduct appropriate information disclosure as needed. • Strengthen the sales of environmentally friendly products, such as hydrogen-related products. • Disclose various non-financial information and actively participate in associations like the Japan Hydrogen Association.
Opportunities	Products and services	Development and/or expansion of low-emission products and services	Increased opportunities to sell products that improve productivity and energy efficiency	Short- to medium-term	High	Low	• Promote CN products more actively to customers and expand sales. • Expand the sales lineup of CN products. • Disseminate CN information through exhibitions and by organizing seminars.
		Development of new products or services through R&D and innovation	Increased opportunities to sell environmentally friendly products such as pure hydrogen fuel cell generators	Long-term	High	Low	• Expand sales for internally developed pure hydrogen fuel cell generators. • Continue research on new solutions and products driven by the Engineering Division.
	Markets	Access to new markets	Expansion of the hydrogen energy business, including hydrogen stations	Short- to medium-term	High	High	• Promote focused hydrogen-related businesses such as the construction of hydrogen stations, hydrogen filling systems for fuel cell forklifts, and pure hydrogen fuel cell generators. • Expand business opportunities through collaboration with member companies of the Japan Hydrogen Association.
			Growth in demand for next-generation mobility (e.g., semiconductors)	Long-term	High	Medium	• Expand sales and product lineup of related merchandise (such as inspection equipment and conveyance machinery) to meet the growing demand for next-generation mobility.
			Increased sales opportunities for products that improve heat release efficiency to address rising temperatures	Long-term	Low	Low	• Propose and expand the product lineup that contributes to improving heat release efficiency.

Findings from a scenario analysis indicate that, under the 1.5°C scenario, the introduction of carbon taxes is likely to significantly increase operating costs. To mitigate our Company's risks, we are advancing initiatives to reduce GHG emissions, such as adopting renewable energy and shifting our fleet to HEVs. On the other hand, we see the active handling of related merchandise in response to the growing demand for next-generation mobility as a significant opportunity for expanding business and increasing corporate value.

Additionally, under the 4°C scenario, the physical risks associated with increasingly severe natural disasters are significant, which could lead to supply chain disruptions. In response, we are strengthening our risk management by increasing collaboration with suppliers and diversifying procurement sources.

Based on the scenario analysis results, we will continue to perform scenario analyses from the next year onwards while also improving the accuracy of these analyses.

3 Risk Management

The TCFD Promotion Office played a central role in identifying and evaluating climate-related risks at our Company using the following methods:

Review process for scenario analysis



We extract and evaluate the most important risks and opportunities based on their likelihood, financial impact, and our surrounding environment. Verified climate-related risks are reported to the Board of Directors as needed, ensuring appropriate management and supervision. Going forward, each risk will be assigned to the relevant department, which will implement corresponding response measures.

In addition, we are considering integrating climate-related risk management into the Company's overall risk management process in collaboration with the Internal Control Committee, which oversees our Company's broader risk management.

4 Metrics and Targets

To reduce GHG emissions, the Company has calculated GHG emissions from its business activities (Scope 1, 2, and 3) as shown in Table 2. Although the current scope is limited to the Company alone, the goal is to expand the target to consolidated levels in the future. Additionally, Scope 3 has been calculated up to Category 8, and efforts to calculate Category 9 and beyond will continue.

As shown in Table 3, the Company has set a target to reduce GHG emissions by 50% by FY2030, compared to FY2018, aiming for net-zero GHG emissions from its business activities. To achieve the set targets, the Company plans to transition all sales vehicles to hybrid electric vehicles (HEVs) by 2030 and implement measures to improve air conditioning efficiency, such as introducing agitators for outdoor air conditioning units and heat exchange improvement panels.

Table 2: CO₂ Emission Performance

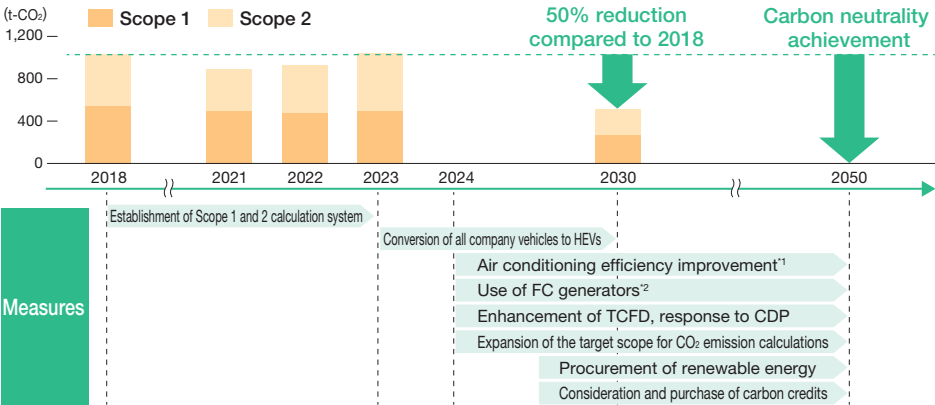
Item*1 (Unit: t-CO ₂)	FY2018 Performance (Base Year)	FY2021	FY2022	FY2023
Scope 1 (compared to base year)	537.2	490.4 (8.7% reduction)	477.6 (11.1% reduction)	493.6 (8.2% reduction)
Scope 2 (compared to base year)	481.1	387.3 (19.5% reduction)	442.7 (8.0% reduction)	536.3 (11.5% increase)
Scope 3*2 (compared to base year)	225,941.8	-	210,923.3 (6.6% reduction)	-

*1: Non-consolidated. *2: Category 1 to 8.

Table 3: CO₂ Reduction Targets

Item (Unit: t-CO ₂)	FY2018 Performance (Base Year)	FY2030	FY2050
Scope 1	537.2	50% reduction (compared to FY2018)	Carbon Neutral
Scope 2	481.1		
Scope 3	225,941.8	-	

Table 4: Emission Reduction Overview and Transition Plan (Roadmap)



*1: Air conditioner efficiency improvements refer to installing agitators for outdoor air conditioning units and introducing heat exchange improvement panels.

*2: FC generator is an abbreviation for a pure hydrogen stationary fuel cell generator, a clean power generation system utilizing hydrogen.

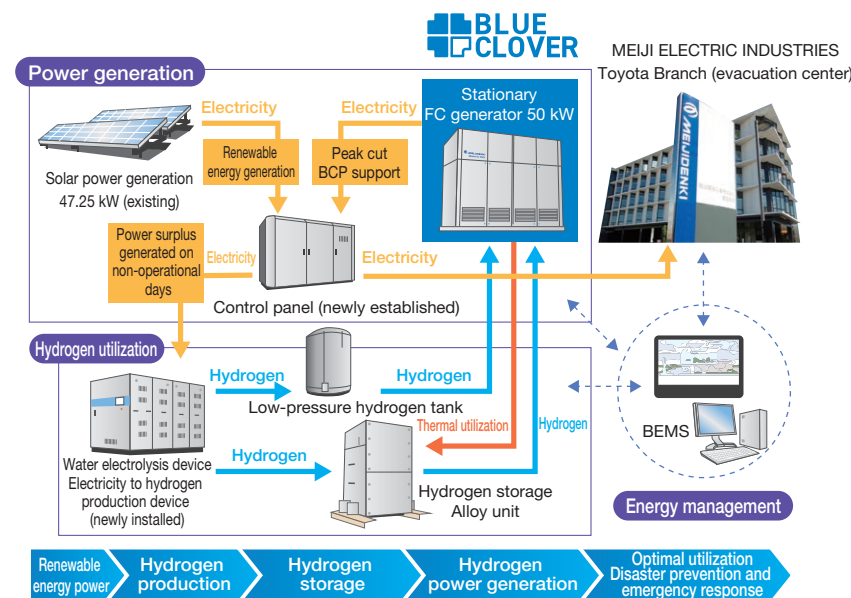
For more details, please refer to the following website:
https://www.meijidenki.co.jp/ja/index/main/07/teaser/items2/0/file/chatsudenki_blueclover.pdf (in Japanese only)

Featured Case Studies

Renewable Energy-derived Hydrogen Utilization at MEIJI ELECTRIC INDUSTRIES' Toyota Branch

As a key initiative to strengthen environmental business, including carbon neutrality, the Company is promoting a model project for demonstration and social implementation of a renewable energy-derived hydrogen production via water electrolysis (hydrogen production and utilization).

At MEIJI ELECTRIC INDUSTRIES' Toyota Branch, surplus solar power generated on non-operational days at its site is used to produce and store hydrogen through water electrolysis-based hydrogen production equipment. The hydrogen is then utilized to power the **"BLUE CLOVER"** pure hydrogen stationary fuel cell generator manufactured by MEIJI ELECTRIC INDUSTRIES. This generator provides electricity to reduce peak power usage and serves as an emergency power supply (BCP). This energy management system was introduced as part of a project supported by the Ministry of the Environment for "independent, decentralized energy systems utilizing renewable energy-derived hydrogen." The facility was completed in February 2024 and began operation in April 2024.



Project Verification Points

1. Hydrogen production equipment and pure hydrogen stationary fuel cell generators are installed to conduct various operations such as peak-cut, demand response, and BCP operations. The performance of the equipment, including its efficiency and durability, will be evaluated.
2. Investigations will be conducted into how to reduce costs for equipment configuration, construction techniques, and maintenance methods. This will contribute to accumulating knowledge for the future spread of hydrogen utilization models and lead to establishing the equipment development, installation, and maintenance methods for realizing the Hydrogen and Fuel Cell Strategy Roadmap.

Renewable energy-derived hydrogen produced and used in this facility has been certified under the Chubu Region Low-Carbon Hydrogen Certification System*.

The business plan submitted by our Company, titled "Renewable Energy-Derived Hydrogen Utilization Project," was certified under the Chubu Region Low-Carbon Hydrogen Certification System in April 2024. A certification ceremony was held the following May.

* Aichi Prefectural Government official website (Net Aichi) <https://www.pref.aichi.jp/soshiki/ondanka/low-carbon-hydrogen.html> (in Japanese only)

Planned Low-Carbon Hydrogen
Production Volume

2,556 Nm³/year (weight equivalent 0.23 t-H₂/year)

Participation in the "Automotive Engineering Exposition 2023 NAGOYA" with panel display about the hydrogen business

We exhibited at the "Automotive Engineering Exposition 2023 NAGOYA" held at Aichi Sky Expo in July 2023, showcasing our hydrogen business through panel displays. Our participation aimed to contribute to addressing customer challenges related to carbon neutrality and technology development for Connected, Autonomous, Shared, and Electric (CASE) vehicles in the automotive industry. Under the themes of "Mobility Solutions" and "Carbon Neutrality," we presented information about our initiatives. We welcomed many attendees, including representatives from automotive manufacturers, parts suppliers, individual investors, and local government officials interested in hydrogen generators, all of whom showed a keen interest in our offerings.



Featured Case Studies

Designing and Developing Zero-Carbon Village Demonstration System in Shunran-no-Sato, Noto Peninsula

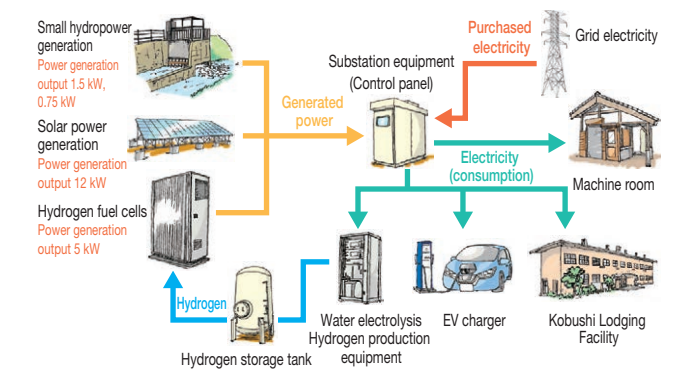
In this project, at the former Miyaji Elementary School site, which was refurbished into "Miyaji Exchange Lodging House Kobushi," a regional community exchange facility in Shunran-no-Sato, Noto Town, hydrogen will be produced and stored using renewable energy, then utilized to generate electricity through fuel cells. Our Company made a successful bid for the system design and construction and completed the project. The system was developed respecting the scenic rural landscape of Shunran-no-Sato, aiming to demonstrate the potential of a local zero-carbon energy system for energy self-sufficiency.

Energy System Mechanism

Renewable energy sources, such as solar and hydropower, are utilized at the lodging facility (Kobushi). Surplus electricity is converted into hydrogen and stored in a tank, which is then used to generate power through hydrogen fuel cells during nighttime or when electricity is in short supply.

This system is also promising as an emergency power source, making it a self-sufficient, distributed energy source for the region.

This process of generating, storing, and using energy (electricity) locally is referred to as a "locally produced and consumed energy system." It is expected to contribute to the realization of "zero carbon" and see broader adoption in the future.



Challenge ① Disaster Response

On January 1, 2024, a magnitude seven earthquake occurred in the Noto region of Ishikawa Prefecture. We extend our heartfelt sympathy to all those affected by this disaster and pray for the swift recovery of the impacted areas.

Following the earthquake, the demonstration facility utilized stored hydrogen to enable the fuel cells to operate autonomously, continuing to generate electricity for several hours until the hydrogen was depleted. For this demonstration, it is presumed that the autonomously generated power was consumed by system monitoring and control, as well as auxiliary equipment. However, moving forward, by expanding the overall system and scale, we anticipate that the utilization of hydrogen will play a significant role in providing both facilities and the local community with power at the time of disaster through local production and consumption.

Challenge ② Future Development

Hydrogen does not emit CO₂ during use and is available for efficiently extracting electricity and heat, making it potentially a critical energy source for addressing global warming. Realizing a hydrogen society that utilizes hydrogen as a familiar energy source is crucial in achieving a decarbonized society, and hydrogen's role in this effort is substantial. Various initiatives for hydrogen utilization are underway.

Our Company has also engaged in multiple hydrogen utilization *demonstrations* to date. We aim to prove the usefulness and innovativeness of new technologies from these demonstrations, linking them to the *implementation* of a hydrogen society geared towards decarbonization. "From demonstration to implementation"

Sustainability Management

Human Capital, Human Rights, and Civil Society Initiatives

In pursuing sustainable growth, we believe it is important for each employee to possess the ability to “create new value” and to “think and act self-drivenly.” To achieve this, we are working on “ensuring diversity,” recognizing that the presence of various perspectives and values, reflecting knowledge, experience, and abilities in the industry, as well as various experiences, skills, and attributes, will be a strength.

Human Capital Policy (Ensuring Diversity)

The policies for human resource development and internal environment improvement aimed at ensuring diversity are as follows:

Our Group believes that for each employee to enhance their abilities and maximize their potential, it is important for the Company to support their growth while providing systems and frameworks that allow employees to shape their careers for themselves. In particular, we are striving to develop the talents of women, foreigners, and mid-career hires and improve the environment so that they do not face disadvantages in workplace and in terms of industry knowledge, experience, or abilities.

Policy 1

Resolution to Eliminate the Gender Gap

- Support for education and training for career development.
- Promotion of planned development of the next generation of female managers and their appointment to preparatory management positions.
- Support for balancing work with childbirth and childcare.
- Cultivation of an organizational culture that enables women to thrive.

Policy 2

Appointment of Employees with Diverse Backgrounds

- Support for education and training both inside and outside the Company.
- Planned hiring of foreigners based on business strategy.
- Human resource exchange with overseas subsidiaries.

Policy 3

Proactive Mid-Career Hiring

- Support for education and training both inside and outside the Company.
- Planned hiring of mid-career personnel based on business strategy.

Message from the Officer Responsible for HR

Our Group promotes “human capital management,” valuing the diversity and human rights of our workforce, as we continue to grow. Having personally experienced working in the U.S. and Thailand, I have come to realize the importance of understanding and accepting diverse races, religions, and genders, as well as the fact that diversity is essential for organizational growth.

In our 11th Medium-Term Management Plan, we aim to achieve an ROE of over 10% and an operating profit margin of over 5%. To meet these financial goals, I believe it is crucial to actively recruit diverse talent and create an environment that maximizes their abilities. Since the last fiscal year, we have strengthened our efforts to hire foreign employees, and this year, we are also implementing foreign internships. Through these activities, we expect to welcome talent with diverse backgrounds from around the world, who will bring new perspectives and innovations to our organization.

Moreover, we are committed to creating a workplace environment where all employees can work safely and confidently. This includes respecting human rights, preventing harassment, and ensuring workplace safety. We believe it is important to recognize and address unconscious biases that may exist in the workplace, one by one. By doing so, we can maximize each employee’s potential and enhance our Company’s overall competitiveness.

Human capital management is not just a management strategy; it is a critical factor that directly contributes to our Group’s sustainable growth and enhancement of corporate value. We will continue to pursue the growth and happiness of our employees and aim to be a company that can contribute to society as a whole.



Katsuhisa Naruse
Executive Officer, General
Manager of Planning and
Administration Division

Metrics and Targets

Policy 1

Resolution to Eliminate the Gender Gap

Ratio of female managers in FY2030:
10%

We position the establishment of an environment and system where women can thrive as a material issue.

Policy 2

Appointment of Employees with Diverse Backgrounds

Given that our Group’s business is primarily domestic and that many of our overseas business partners are Japanese companies, we do not have specific targets for the appointment of foreign managers. However, with the globalization of our Group’s customers, the necessity for personnel who can adapt to foreign customs and ways of thinking is increasing year by year to grow our business. Therefore, we will appoint capable individuals to management positions, both in Japan and internationally.

<Reference> Ratio of foreign managers in FY2023: 12.8%

Policy 3

Proactive Mid-Career Hiring

In mid-career hiring, we believe recruiting individuals who can enhance and complement existing personnel’s knowledge, experience, and abilities in addressing the Group’s business and management challenges is essential. Therefore, we do not set specific target values for the appointment of management positions.

<Reference> Ratio of mid-career hires in management in FY2023: 29.1%

Initiatives and Achievements

We have redefined clerical positions (previously known as non-career positions) to “area-specific career-track positions,” making it possible for employees in these roles to be promoted to management positions. Additionally, we are actively recruiting diverse talent with knowledge, experience, and skills primarily in the engineering business.

Employee Training through Participation in Client Skill Competitions

We are promoting employee education through participation in client skill competitions.



In FY2023, employees from our Engineering Division participated in the “Programming Robot Car” and “Electric Soldering Iron” competitions. The “Programming Robot Car” competition involves developing control programs for general-purpose microcontrollers. Participants program small robot cars equipped with wheels to navigate a specified route, and their rankings are determined by their completion time. The car’s configuration cannot be changed, making it a challenging competition based entirely on programming. Unfortunately, due to the high-pressure one-shot nature of the competition, we were unable to finish the race, but it was a valuable experience that will lead to future challenges. Additionally, we achieved third place in the “Electric Soldering Iron” competition.

Through such initiatives, our Group aims to, in collaboration with our clients, enhance employees’ technical skills and motivation while contributing to the overall growth of the Company. Participation in skill competitions plays an important role in this endeavor.



Approach to Career Development

Following the philosophy of “no customer satisfaction without employee satisfaction” we are creating workplaces where dreams and pride are possible, underpinned by respect for employees’ diversity, personalities, and individuality, along with mutual trust and cooperation. Through this, we hope to empower employees to transform the Company into a more fulfilling and attractive workplace.

1 Autonomous Career Development	- Employees are encouraged to create their own career visions while the Company provides opportunities and support for individual growth and challenges. - We offer flexible career options tailored to each employee's personal values and life plans.
2 Diversity and Inclusion Promotion	- We respect diversity in gender, age, race, nationality, disabilities, sexual orientation, and gender identity. Our goal is to provide fair opportunities for each individual to fully realize their potential. - Recognizing that diversity enhances organizational vitality and performance, we foster a culture where all members can participate equally, engage in open and dynamic discussions, and collaborate freely. - To address gender gaps, we actively implement measures across various areas, including policies, operations, and awareness-building efforts. - We value diverse perspectives and work styles, providing an environment where employees can thrive over the long term.
3 Fair and Meaningful Compensation	- Compensation is based on one's duties and achievements rather than subjective factors. - We appropriately evaluate employees' attitudes towards challenges and their processes. - In addition to individual achievements, contributions to enhancing organizational capabilities are also factored into evaluations. - Our evaluation and compensation systems are designed to be fair and transparent.

Training and Education System

We implement manufacturer training and educational programs to facilitate the acquisition of skills and new technical expertise, aiming to enhance our own sales skills and sales engineering techniques to realize problem-solving business proposals focused on major manufacturers. In addition, we support employee self-development and conduct management training to nurture the next generation of leaders.

- Level-Based Training (General and Area-Limited General Positions):** Training tailored for new employees, mid-level employees, and management to equip them with essential knowledge and perspectives.
- Product and Manufacturer Training:** Technical guidance and education provided by manufacturers of the key equipment and suppliers we handle.
- Sales, Systems Engineering, and Engineering Training (Job-Specific):** Training that corresponds to employees' specific roles, such as sales or technical positions, or the tasks they handle.

Level	Level-based training (General positions)			Level-based training (Area-specific general positions)	Product/Manufacturer training	Sales training	SE training	Engineering training	Compliance training	Self-development
	Operational skills	Interpersonal skills	Overall judgment ability	Operational skills	Knowledge/Skills	Skills	Skills	Skills	Knowledge	Knowledge/Skills
1st year	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
2nd to 5th year			↓	↓		↓	↓			
Mid-level	↓	↓	↓	↓	↓				↓	
Management			↓	↓	↓			↓	↓	↓

Work-Life Balance

We promote the usage of childcare leave for all employees. When an employee or their spouse becomes pregnant, we provide individual guidance to foster a workplace culture that makes it easier to take childcare leave. Employees’ return-to-work and retention rates after childcare leave are maintained at 100%. In the case of caregiving needs, employees can also utilize caregiving leave systems.

To promote the use of annual paid leave, employees are required to submit a plan at the beginning of the year for five days of leave. Additionally, we have implemented flexible leave systems where up to 40 hours of annual paid leave can be taken on an hourly basis, and half-day paid leave can be taken up to six times a year. We regularly send reports to department managers on the progress of their subordinates’ leave usage to encourage the active use of paid leave and further improve the number of days taken.

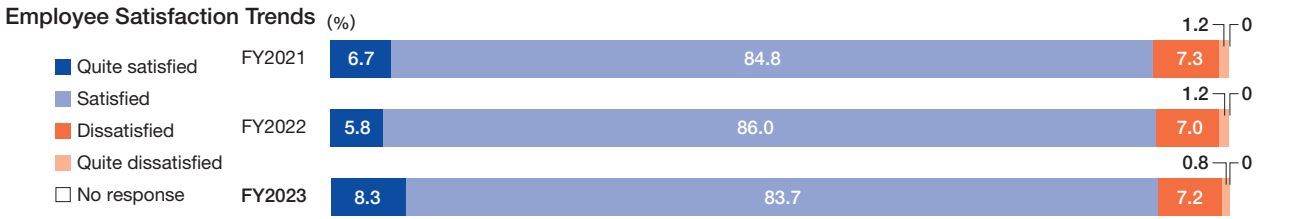
- Systems:**
- Commuting adjustments during pregnancy
 - Childcare leave system
 - Childcare short-time work system (until the child reaches school age)
 - Child nursing leave system
 - Caregiving leave system
 - Caregiving short-time leave system
 - Caregiving short-time work system

Self-Declaration System

We conduct an annual “Self-Declaration System” for all employees, allowing them to directly communicate their thoughts on a wide range of topics, including their current job situation, future career plans, workplace environment, and overall management issues, directly to senior management.

By sharing this information with their supervisors and officers, we aim to ensure appropriate personnel assignments and workplace improvements. Our goal is to create an organizational culture where employees can thrive, improve their work environment and mental and physical health, and fully demonstrate their abilities while taking on new challenges.

Employee satisfaction rates, particularly regarding the “very satisfied” and “satisfied” categories in the self-declaration forms, have consistently remained at high levels.



Approach to Human Rights

As a company, we are committed to respecting human rights and ensuring that our employees’ actions during their duties uphold these principles. Our Corporate Conduct Guidelines clearly outline our fundamental principles regarding human rights and are readily accessible for continuous reference. Through this commitment, our Group respects all stakeholders’ human rights and contributes to realizing a sustainable society.

Basic Principles	Systems	Main Initiatives
1 Prohibition of Discrimination No discrimination or harassment based on nationality, race, ethnicity, birthplace, creed, religion, gender, social status, or physical disability is permitted. 2 Prohibition of Harassment Unwelcome behavior, jokes, or actions against others in the workplace are strictly prohibited. 3 Respect for Privacy and Personal Information Individual privacy must be respected, and confidential information must be handled with the utmost care to prevent leaks or unnecessary inquiries.	The “Sustainability Committee,” chaired by the President and Representative Director, plays a crucial role in developing our fundamental principles of human rights, conducting regular evaluations of human rights initiatives, and strengthening the organization’s overall structure.	1 Internal Reporting System A system has been established to accept complaints related to human rights violations and respond fairly and promptly. (▶ P. 41) 2 Hearings by Audit and Supervisory Committee Members Full-time audit and supervisory committee members regularly conduct interviews with employees to identify any human rights violations in the workplace. 3 Harassment Education External expert-led training sessions are provided for management to educate them on harassment prevention.

Initiatives for Civil Society

Our Group believes that its corporate activities are made possible with the support of the local community. Therefore, as part of our annual social contribution activities, we conduct “cleaning activities” and “blood donation activities” in the surrounding areas.

Activities	Community cleaning: On the final working day of the year, all employees participate in cleaning activities. Blood donation activities: Previously held at each office, we now provide employees with information about blood donation rooms and buses due to the COVID-19 pandemic. Collection of plastic bottle caps and used stamps: We collect plastic bottle caps and used stamps from the Company and donate them to NPOs. These items are used for medical support, environmental education for children, and other social contributions. This initiative also helps reduce waste.
Donations and Sponsorships	As a member of society, we actively engage in fundraising efforts during disasters and support cultural activities such as art and sports. FY2023 support recipients: Ishikawa Prefecture, Nagoya Junior Invention Club, Nagoya Philharmonic Orchestra, MISONOZA, Toyota Verblitz, NAGOYA GRAMPUS EIGHT, and more.

List of Directors (as of June 26, 2024)



Director Skill Matrix

Name	Gender	Attribution	Position	Corporate management	Businesses / Sector	Planning / Administration	Finance / Accounting	Legal affairs / Compliance
Hiroki Sugiwaki	Male		President and Representative Director	◎	◎	○		
Tsutomu Funahashi	Male		Representative Senior Managing Director	○	○	◎	◎	
Shunji Sago	Male		Director	○	◎			
Yoshihide Atsumi	Male		Director (Audit and Supervisory Committee Member)	○	○	◎	◎	○
Eri Mizuo	Female	Outside Director / Independent	Director (Audit and Supervisory Committee Member)	◎	○			○
Kiyotaka Asai	Male	Outside Director / Independent	Director (Audit and Supervisory Committee Member)				◎	○
Yumi Takeuchi	Female	Outside Director / Independent	Director (Audit and Supervisory Committee Member)			○		◎

Notes: 1. Directors (Audit and Supervisory Committee Members) Eri Mizuo, Kiyotaka Asai, and Yumi Takeuchi are Outside Directors.
2. The "◎" mark denotes positions/roles that are particularly emphasized. However, this does not necessarily indicate the entirety of each person's knowledge, experience, and skills.

1

Hiroki Sugiwaki

President and Representative Director

Attendance at Board of Directors Meetings: 16/17 times

Apr. 1987

Joined the Company

Apr. 2012

President and Director of MEIJI CORPORATION

July 2014

Executive Officer of the Company

Apr. 2017

Executive Officer and General Manager of First Sales Division

Apr. 2019

Executive Officer and General Manager of Planning and Administration Division

Apr. 2020

Executive Officer

June 2020

Director of the Company

June 2021

President and Representative Director, the Company (current position)

2

Tsutomu Funahashi

Representative Senior Managing Director

Attendance at Board of Directors Meetings: 17/17 times

Mar. 1983

Joined the Company

June 2008

Executive Officer

Apr. 2010

President and Director of MEIJI CORPORATION

Apr. 2011

Executive Officer and General Manager of International Business Division of the Company

Apr. 2012

Executive Officer and General Manager of Planning and Administration Division

June 2012

Director and General Manager of Planning and Administration Division

June 2017

Representative Senior Managing Director and General Manager of Planning and Administration Division

Apr. 2019

Representative Senior Managing Director

Apr. 2020

Representative Senior Managing Director and General Manager of Planning and Administration Division

Apr. 2024

Representative Senior Managing Director (current position)

3

Shunji Sago

Director

Attendance at Board of Directors Meetings: 17/17 times

Mar. 1983

Joined the Company

June 2008

Executive Officer

Apr. 2011

Executive Officer and General Manager of First Sales Division

June 2012

Director and General Manager of First Sales Division

Apr. 2014

Director and General Manager of Solutions Business Division

June 2016

Managing Executive Officer and General Manager of Solutions Business Division

Apr. 2017

President and Director of MEIJI CORPORATION

Apr. 2019

Managing Executive Officer and General Manager of First Sales Division of the Company

June 2021

Director and General Manager of First Sales Division

Apr. 2023

Director (current position)

4

Yoshihide Atsumi

Director (Audit and Supervisory Committee Member)

Appointed on June 26, 2024

Apr. 1990

Joined the Company

Apr. 2011

General Manager of Administration Department

June 2024

Director (Audit and Supervisory Committee Member) (current position)

5

Eri Mizuo

Outside Director (Audit and Supervisory Committee Member)

Attendance at Board of Directors Meetings: 11/13 times

Apr. 1994

Assistant Professor of Nagoya Women's Culture College (currently, Nagoya Future Culture College)

Apr. 2003

Assistant Professor of Faculty of Human Studies of Meijo University

Apr. 2009

Professor of Faculty of Human Studies (current position)

Jan. 2014

Member of Aichi Prefectural Environmental Committee (current position)

Dec. 2019

Governor of Board of Governors of Japan Broadcasting Corporation (NHK) (current position)

Feb. 2021

Auditor of Audit Committee of Japan Broadcasting Corporation (NHK) (current position)

June 2023

Director of the Company

June 2024

Director (Audit and Supervisory Committee Member) (current position)

(Significant concurrent positions outside the Company)

Member of Aichi Prefectural Environmental Committee, Governor of Board of Governors of Japan Broadcasting Corporation (NHK), Auditor of Audit Committee of Japan Broadcasting Corporation (NHK)

Note: Director Eri Mizuo was newly elected at the 67th Annual General Meeting of Shareholders held on June 27, 2023, so the number of Board of Directors meetings she has attended differs from that of the other directors.

6

Kiyotaka Asai

Outside Director (Audit and Supervisory Committee Member)

Appointed on June 26, 2024

Apr. 1980

Joined Nagoya Regional Taxation Bureau

July 2011

Deputy District Director of Sapporo-Minami Tax Office

July 2017

District Director of Ise Tax Office

July 2021

Assistant Regional Commissioner of Second Taxation Department of Nagoya Regional Taxation Bureau

Aug. 2022

Opened Kiyotaka Asai Tax Accountant Office (current position)

June 2024

Director (Audit and Supervisory Committee Member) of the Company (current position)

(Significant concurrent positions outside the Company)

Tax accountant of Kiyotaka Asai Tax Accountant Office

7

Yumi Takeuchi

Outside Director (Audit and Supervisory Committee Member)

Appointed on June 26, 2024

Oct. 2000

Registered with Nagoya Bar Association (currently Aichi Bar Association)

Oct. 2005

Joined Hattori Yutaka Law Office

Oct. 2005

Opened KITO & TAKEUCHI LPC.

July 2008

Partner of KITO & TAKEUCHI LPC. (current position)

Mar. 2019

Outside Director (Audit and Supervisory Committee Member) of YASUE CORPORATION (current position)

Apr. 2020

Vice Chairman of Aichi Bar Association

June 2021

Outside Member of the Board of Directors (Audit and Supervisory Committee Member) of MIRAI INDUSTRY CO., LTD. (current position)

Oct. 2022

Auditor of Nagoya City University (current position)

June 2024

Director (Audit and Supervisory Committee Member) of the Company (current position)

(Significant concurrent positions outside the Company)

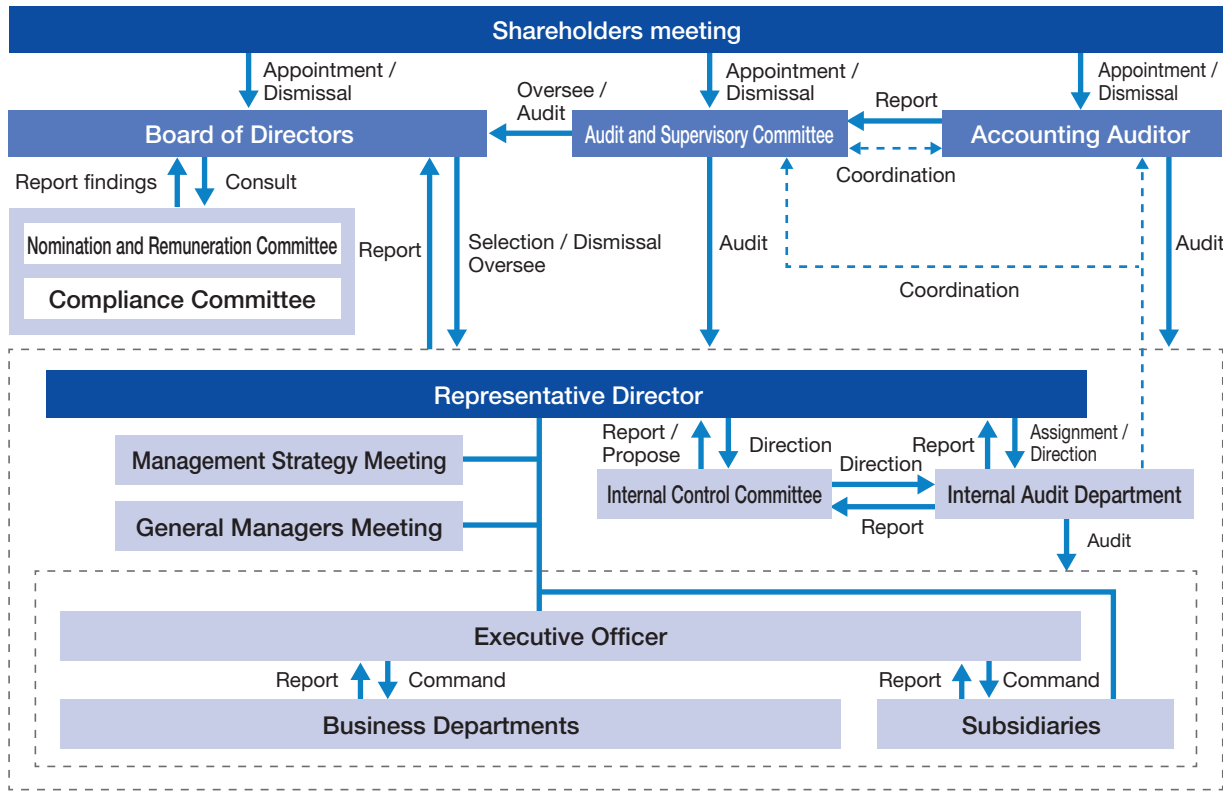
Partner of KITO & TAKEUCHI LPC., Outside Director (Audit and Supervisory Committee Member) of YASUE CORPORATION, Outside Member of the Board of Directors (Audit and Supervisory Committee Member) of MIRAI INDUSTRY CO., LTD., Auditor of Nagoya City University

6 4 2 1 3 5 7

Basic Approach

The Company believes that under its philosophy of “Trust—It All Starts with People—In Partnership With Customers, With Employees, With Society,” establishing a transparent, fair, prompt, and decisive decision-making system that considers the positions of shareholders, customers, employees, and local communities is of utmost importance for the Group’s sustainable growth and enhancement of corporate value.

Governance System Chart



Governance Milestones

		2016	2017	2018	2019	2020	2021	2022	2023	2024
2007	Introduction of the performance-based remuneration system	3					4		5	3
2016	Transitioned to a company with an Audit and Supervisory Committee	4								
2019	Establishment of the Nomination and Remuneration Committee									
2019	Introduction of the restricted stock unit system	43%					38%		44%	43%
2023	Appointment of a female outside director	0%							11%	29%
2024	Increase of one female outside director									

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates and analyzes the effectiveness of its Board of Directors annually based on a survey conducted for all board members. The review of evaluation results and future initiatives are discussed at the Board of Directors meetings, where we strive to understand issues and enhance dialogue.

Target: All directors Timing: April

Survey items

- (1) Effectiveness regarding the composition and operation of the Board of Directors.
- (2) Effectiveness regarding the roles and responsibilities of the Board of Directors.
- (3) Effectiveness regarding the roles and responsibilities of the Audit and Supervisory Committee.
- (4) Effectiveness regarding the roles and responsibilities of outside directors.
- (5) Effectiveness in responding to shareholders and other stakeholders.

Based on the results of the survey conducted in April 2024, the Company confirmed significant progress on the following three issues raised for FY2023:

- 1 Two female directors were appointed at the June 2024 shareholders’ meeting to improve Board of Directors diversity.
- 2 As part of our sustainability promotion, efforts to promote hydrogen business and provide solutions for customer decarbonization have led to increased inquiries and orders.
- 3 The President held presentations for individual and institutional investors and actively used mass media to promote the Company’s business and appeal.

Looking ahead, the Company will continue to address these challenges with a heightened sense of urgency and thoroughness. The Company has confirmed the importance to enhance its environment to ensure a system capable of more transparent and fair management decisions for sustained corporate value growth by utilizing advice and suggestions from outside directors.

Policy on Determining Director Remuneration

As stated in the Basic Principles for Determining Remuneration, the remuneration for directors (excluding directors who are audit and supervisory committee members) is determined based on the following three components: base salary (fixed remuneration), performance-based remuneration, and restricted stock units. Due to the nature of their roles, only fixed remuneration is provided for directors who are audit and supervisory committee members.

Basic Principles for Determining Remuneration	a. Ensure a level that attracts and retains talented individuals who can fulfill the expected roles as directors. b. Establish a remuneration system that focuses on the Company’s sustainable growth and medium- to long-term corporate value enhancement. c. Maintain a highly transparent and fair remuneration system that can be accountable to shareholders and stakeholders.
---	---

Remuneration type	Overview
Fixed remuneration (base salary)	• The base salary for each director is determined based on their position within the Company, taking into consideration the business environment, general industry standards, and the balance with employee wages.
Performance-based remuneration	• Performance-based remuneration only applies to directors defined as executive officers under Article 34, Paragraph 1, Item 3 of the Corporation Tax Act. It does not apply to directors who are not executive officers, including outside directors. • Since directors bear responsibility for the Company’s net profit for the fiscal year as executives, the total amount of performance-based remuneration is calculated by multiplying the net profit attributable to shareholders of the parent company by the coefficient outlined in Table I. The total amount of remuneration is capped at 100,000 thousand yen. • The allocation method for each director is fixed based on allocation weights according to their rank, as specified in Table II. It is determined based on the rank of directors elected at the Board of Directors meeting following the shareholders’ meeting.
Restricted Stock Units	• To provide an incentive for the sustainable enhancement of corporate value and to further align with shareholder interests, the Board of Directors decides on the issuance of restricted stock. • Based on the Board of Directors’ resolution, a restricted shares allocation agreement is concluded between the Company and the eligible directors.

Table I

Profit attributable to owners of parent	Coefficients
(1) Less than 500 million yen	—
(2) 500 million yen to less than 1 billion yen	2.0%
(3) 1 billion yen to less than 1.5 billion yen	2.5%
(4) 1.5 billion yen to less than 2 billion yen	3.0%
(5) Over 2 billion yen	3.5%

Table II

Position	Allocation weights
President and Representative Director	1.8
Representative Senior Managing Director	1.2
Director	1.0

Composition Ratio of Each Remuneration

Remuneration is determined in accordance with the basic principles for determining remuneration, adjusted according to the director’s position.

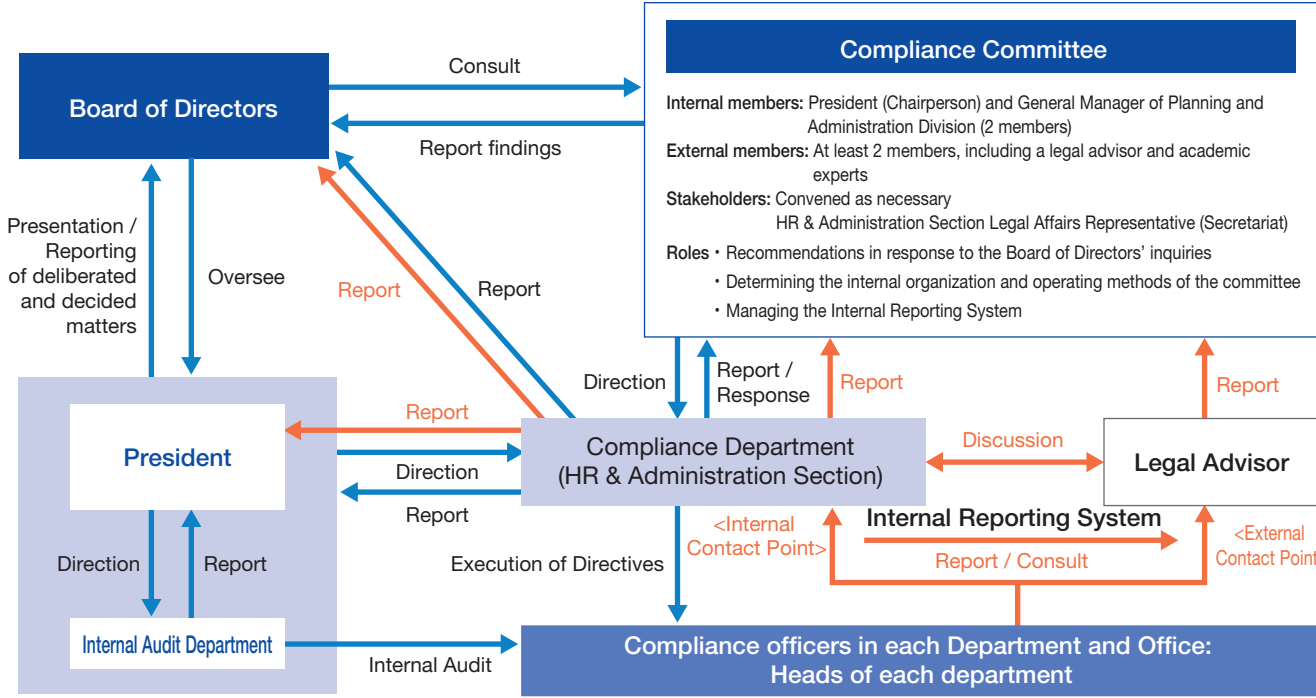
Fixed remuneration (base salary)	Performance-based remuneration
40%	60%

Notes:
1. The approximate target ratio assumes that performance-based remuneration achieves its maximum performance level.
2. Restricted stock units are excluded as their provision and allocation are determined in accordance with the purpose of the system, the director’s stockholding status, and other factors.

Compliance

We have established compliance regulations within our Group to ensure strict adherence to laws and regulations, as well as fair business practices. In accordance with these regulations, a compliance framework has been established with the Compliance Committee at the center. This committee comprises two internal members (the President and the General Manager of the Planning and Administration Division) and two external members. The committee convenes semi-annually in principle, responding to inquiries from the Board of Directors on compliance-related matters, managing the internal reporting system, and providing oversight, guidance, and advice to the operational bodies under the Board of Directors’ supervision. Its aim is to ensure thorough compliance across the Group.

Compliance System



Compliance Education

In an effort to foster compliance awareness, we continuously conduct compliance training for all Group officers and employees, promote an understanding of corporate behavioral standards, and educate staff on daily compliance issues. Additionally, the Risk Management Regulations outline the requirements for compliance and the procedures for handling problems when they arise. These regulations are regularly reviewed and updated to ensure officers and employees are well-informed.

Compliance Training Conducted in FY2023

1. Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors	New managers, mid-level employees
2. Case Study Training on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors	Sales employees
3. Study Session on Contracts	New managers, mid-level employees
4. Harassment Education	Directors, executive officers, management

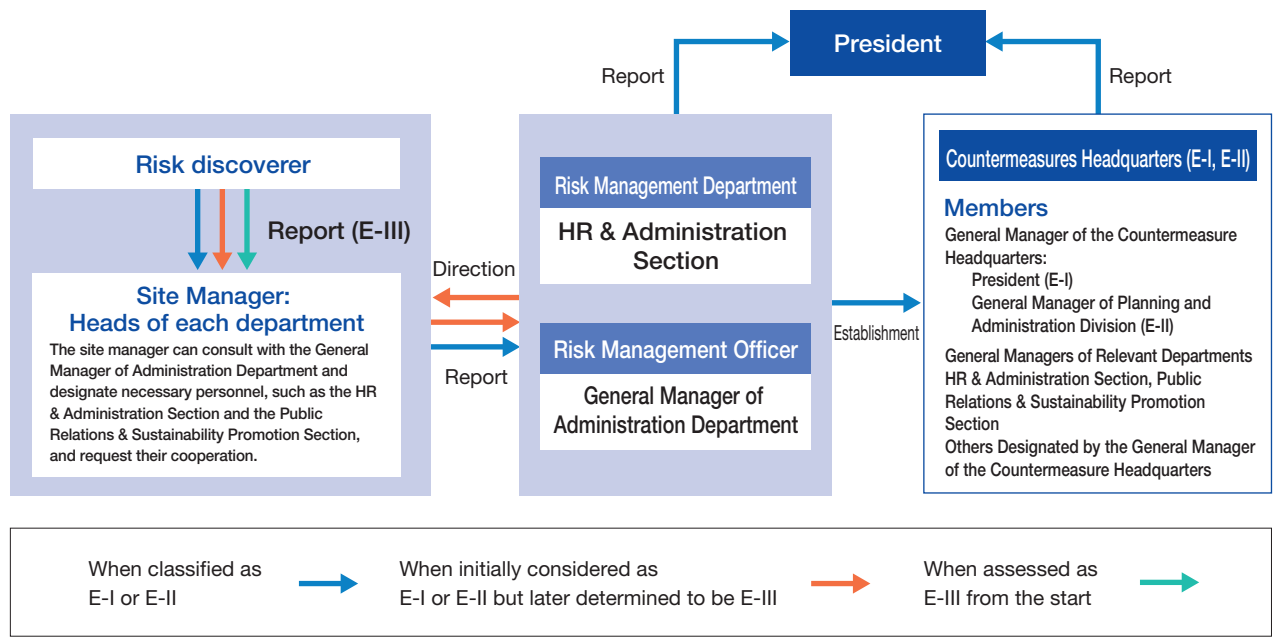
Internal Reporting System

The Company has implemented an internal reporting system to prevent or identify acts that violate laws, articles of incorporation, regulations, or ethics (such as harassment), ensuring the Company’s continued and stable development. We have also set up internal and external consultation channels, including an external channel with a legal advisor, which guarantee anonymity and protection from adverse consequences. Internal consultation reports are directed to the President, board members, and the Compliance Committee, while external consultation reports are reported to the Compliance Committee. Actions taken are guided by internal reporting regulations.

Risk Management

We have formulated Risk Management Regulations to establish a company-wide risk management system. Specifically, risks which may hinder the achievement of our philosophy, targets, and strategies are classified into three levels, each with corresponding responses. The President or the General Manager of the Planning and Administration Division is assigned as the head of the relevant task force, and specific roles are designated to departments and personnel responsible. This system serves to prevent loss accompanied by actualized risk through appropriate and effective responses and contributes to the Group’s sustainable growth and enhancement of corporate value. Risks are categorized into the following areas: a. External environment (e.g., natural disasters, accidents, crime, regulatory issues); b. Business activities (e.g., products, technology, services, suppliers, customers, HR, information, systems, finance, accounting, asset preservation, environmental conservation, legal, compliance); c. Internal environment (e.g., governance); d. Overseas operations (e.g., emergencies at overseas locations); and e. Other risks.

Risk Management System



E-I Risks with a significant impact on corporate management	E-II Risks with a major impact on corporate management	E-III Risks with minimal impact on corporate management
---	--	---

BCP (Business Continuity Plan)

The Company has established preventative and post-incident action guidelines as behavioral standards for management and employees to minimize damage in the event of a major earthquake, ensure personnel safety, restore and resume business quickly, and fulfill its social responsibilities.

Additionally, for foreign subsidiaries and their employees and accompanying families, the Company has prepared a “Crisis Management Manual for Overseas Emergencies” to address risks categorized as E-I or E-II under the “Risk Management Regulations,” which may threaten the existence of the overseas subsidiary or endanger the lives or safety of local employees.

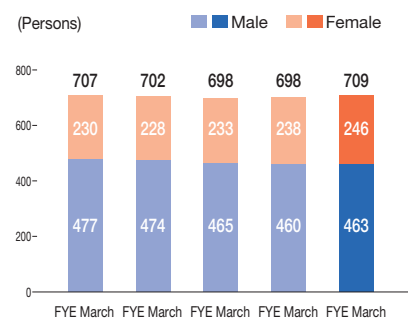
Financial Data MEIJI ELECTRIC INDUSTRIES CO., LTD. and its consolidated subsidiaries

		FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017
Operating results					
Net sales	Millions of yen	46,433	55,408	58,697	60,260
Operating profit	Millions of yen	1,148	1,997	2,274	2,005
Ordinary profit	Millions of yen	1,372	2,310	2,418	2,215
Profit attributable to owners of parent	Millions of yen	807	1,498	1,550	1,518
Capital investment * Intangible assets included	Millions of yen	101	81	102	395
Depreciation and amortization	Millions of yen	116	116	125	139
Financial situation					
Total assets	Millions of yen	27,224	30,862	32,162	33,341
Liabilities	Millions of yen	13,370	15,248	16,005	16,121
Net assets	Millions of yen	13,853	15,614	16,156	17,220
Cash flows					
Cash flows from operating activities	Millions of yen	96	765	764	809
Cash flows from investing activities	Millions of yen	(29)	(4)	(146)	(311)
Cash flows from financing activities	Millions of yen	(354)	(224)	(649)	(471)
Free cash flows	Millions of yen	67	761	617	498
Indicators per share					
Net assets per share (BPS)	Yen	1,209.27	1,362.95	1,410.26	1,503.16
Earnings per share (EPS)	Yen	69.23	130.77	135.37	132.55
Dividends per share	Yen	17.50	40.00	40.00	40.00
Financial indicators					
Operating profit/net sales	%	2.5	3.6	3.9	3.3
Equity ratio	%	50.89	50.59	50.23	51.65
Profit attributable to owners of parent/equity (ROE)	%	6.02	10.19	9.76	9.10
Return on Assets (ROA)	%	3.1	5.2	4.9	4.6
Dividend payout ratio	%	25.3	30.6	29.5	30.2

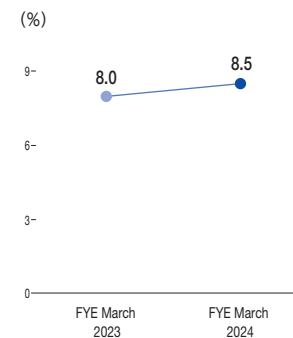
	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024
	67,849	82,978	80,408	63,910	67,749	70,947	74,580
	2,815	4,411	3,915	1,893	2,008	2,724	2,914
	3,010	4,636	4,090	2,162	2,439	3,050	3,332
	2,147	3,153	2,759	1,515	1,780	2,191	2,426
	151	873	158	907	786	1,045	407
	186	183	201	216	233	220	226
	38,014	42,940	44,694	41,747	44,666	51,351	52,148
	18,781	21,391	21,556	17,195	17,337	21,939	19,084
	19,232	21,548	23,138	24,551	27,328	29,411	33,063
	(686)	2,272	3,079	3,452	1,136	(3,820)	5,733
	(145)	(903)	(9)	(885)	(710)	(897)	(326)
	727	(912)	(2,080)	(743)	489	1,661	(3,132)
	(831)	1,368	3,070	2,566	426	(4,718)	5,407
	1,678.74	1,868.43	2,001.82	2,125.45	2,144.63	2,306.54	2,577.33
	187.47	275.22	240.69	132.13	154.08	173.23	191.46
	55.00	82.00	72.00	60.00	47.00	52.00	58.00
	4.1	5.3	4.9	3.0	3.0	3.8	3.9
	50.59	49.85	51.36	58.38	60.74	56.83	62.86
	11.78	15.52	12.44	6.40	6.91	7.78	7.83
	6.0	7.8	6.3	3.5	4.1	4.6	4.7
	29.3	29.8	29.9	45.4	30.5	30.0	30.3

Non-Financial Data

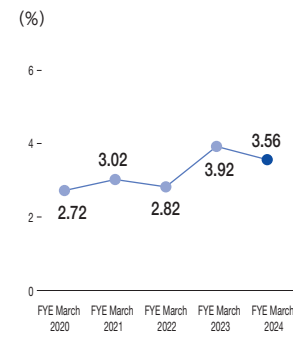
Number of employees (consolidated)



Ratio of female employees in management positions (consolidated)

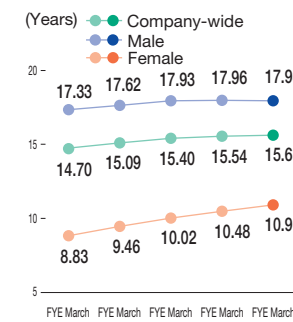


Turnover rate* (standalone)

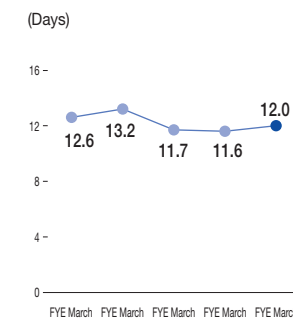


* Numerator: Total number of employees who left between Apr. 1 and Mar. 31 (including mandatory retirements, etc.) / Denominator: Number of employees on record as of the start date (Apr. 1).

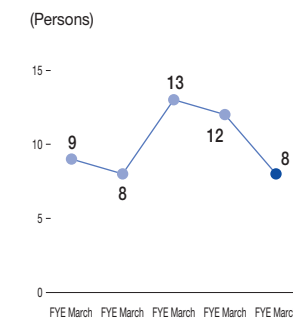
Average length of service (consolidated)



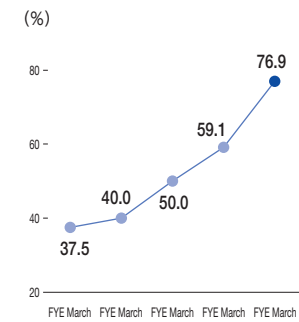
Average number of paid leave days taken (standalone)



Number of employees taking maternity leave (standalone)



Childcare leave utilization rate (standalone, men and women)



Corporate Profile (As of March 31, 2024)

Company name:
MEIJI ELECTRIC INDUSTRIES CO., LTD.

Established:
July 1920

Common Stock:
1,658,323,000 yen

Consolidated Number of Employees:
709

Location of Headquarters:
2-13-8 Kamejima, Nakamura-ku, Nagoya-shi, Aichi,
453-8580, Japan

Business Activities:
Sales, import, and export operations for electrical devices, measuring instruments, and electrical equipment, as well as automation and energy-saving function components and equipment
Development, design, and manufacturing of electronic products, various inspection, mechatronic, FA, information, and distribution systems; measurement, control, and information processing consulting; maintenance of industrial instrumentation and electrical measurement devices

Main Banks:
MUFG Bank, Ltd., Mizuho Bank, Ltd., The Bank of Fukuoka, Ltd., The Hachijuni Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, The Bank of Nagoya, Ltd.

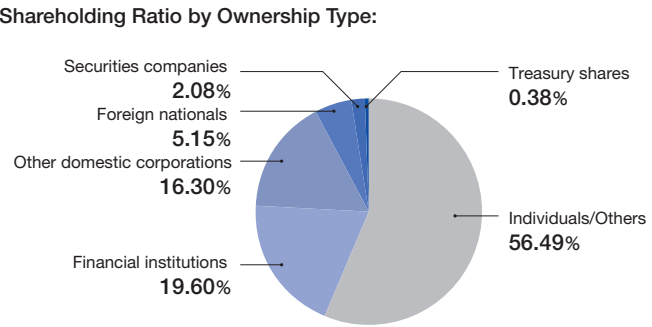
Information on Company Shares (As of March 31, 2024)

Total number of authorized shares:
48,000,000

Total number of issued shares:
12,765,820 (47,812 treasury shares included)
Note: Increased by 48,700 shares due to the grant of restricted stock units for the Employee Stock Ownership Association.

Number of Shareholders:
5,698 (an increase of 908 from the previous fiscal year-end)

Number of Shares per Trading Unit:
100 shares

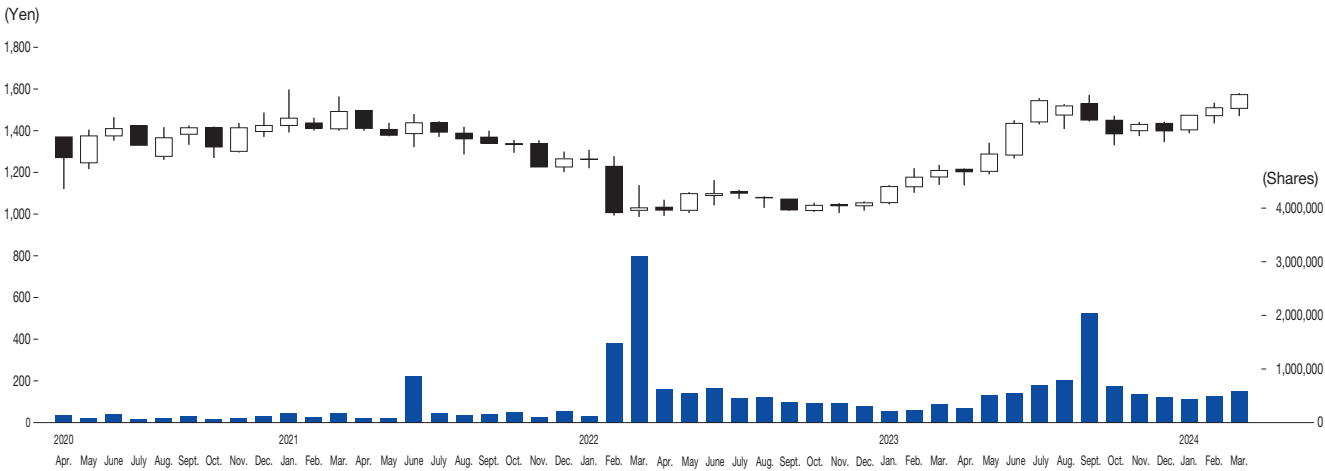


Major Shareholders (Top 10)

Shareholder Name	Number of Shares Held	Shareholding Ratio
Y Corporation LLC	1,220,900	9.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	849,100	6.68%
MEIJI ELECTRIC INDUSTRIES Employee Stock Ownership Association	562,400	4.42%
MUFG Bank, Ltd.	489,200	3.85%
Custody Bank of Japan, Ltd. (Trust Account)	418,200	3.29%
Masahiro Hayashi	361,000	2.84%
Toshiaki Yoshida	360,000	2.83%
Sumitomo Mitsui Trust Bank, Limited	300,000	2.36%
Hiroko Yasui	295,000	2.32%
Misao Morita	250,500	1.97%

Note: The shareholding ratio is calculated after deducting treasury shares.

Shares Price Chart and Trading Volume



To Our Stakeholders

MEIJI ELECTRIC INDUSTRIES values open dialogue with stakeholders, attentively listening to feedback through events and briefings, and incorporating insights into business activities as we aim to foster value co-creation.

Initiatives in FY2023

For Investors

MEIJI ELECTRIC INDUSTRIES held “Financial Results Briefings for Institutional Investors and Analysts” in June and November. In January, the Company also exhibited at the “Nomura IR Asset Management Fair 2024.” Company presentation videos and materials are available on our website and on YouTube. Additionally, President Hiroki Sugiwaki appeared on Nikkei CNBC’s “Aggressive IR: Market Breakthrough” (in Japanese only) and Radio NIKKEI’s IR program “Asazai.” Both are available for online viewing, so please take a look.

Our Company’s website: <https://www.meijidenki.co.jp/ja/ir/library/briefing.html> (in Japanese only)
Nikkei CNBC’s “Aggressive IR: Market Breakthrough” on YouTube
Radio NIKKEI’s IR program “Asazai” archived broadcasts are available on the program’s website.



For Suppliers

In October, MEIJI ELECTRIC INDUSTRIES held a “Supplier Appreciation Event” at the Nagoya Marriott Associa Hotel. The event invited 120 companies in thanks of their continued support and was a two-part event with a keynote speech followed by a networking reception. It provided a valuable opportunity to strengthen relationships with suppliers committed to addressing shared challenges, with a view of fostering even greater cooperation and mutual growth moving forward.



For Employees

In July, we held the “103rd Anniversary Celebration” at the Nagashima Spa Hotel Hanamizuki. The event was divided into two parts. The first featured a formal ceremony with Years of Service and President’s Awards, while the second was a lively party with a special live performance by a guest artist. This anniversary celebration is a valuable opportunity for in-person communication among officers and employees gathered from overseas locations and across the country.



The Sentiment Behind “Mission for Smile”

VISION 2030 was formulated based on our determination to undertake reforms to achieve our “ideal state” by 2030. The slogan is “Mission for Smile: Bringing a Smile to Everyone.” In this VUCA era, we aim to become an indispensable partner for our customers by creating and providing new values and contributing to the resolution of societal issues through our business. By achieving customer satisfaction, we aspire to provide joy to society as a whole and to bring smiles to all stakeholders.

<https://www.meijidenki.co.jp/en/index.html>





MEIJI ELECTRIC INDUSTRIES CO., LTD.

2-13-8 Kamejima, Nakamura-ku, Nagoya-shi,
Aichi, 453-8580, Japan

TEL: +81-52-451-7661 (Main Line)

URL: <https://www.meijidenki.co.jp/en/index.html>

