

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: MEIJI ELECTRIC INDUSTRIES CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 3388 URL <https://www.meijidenki.co.jp/>
 Representative: President and Representative Director Hiroki Sugiwaki
 Inquiries: Administration General Manager Yoshihide Atsumi TEL 052-451-7661
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: June 3, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	67,749	6.0	2,008	6.1	2,439	12.8	1,780	17.5
Year ended March 31, 2021	63,910	(20.5)	1,893	(51.6)	2,162	(47.1)	1,515	(45.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	154.08	—	6.9	5.6	3.0
Year ended March 31, 2021	132.13	—	6.4	5.0	3.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	44,666	27,328	60.7	2,144.63
As of March 31, 2021	41,747	24,551	58.4	2,125.45

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	1,136	(710)	489	7,749
Year ended March 31, 2021	3,452	(885)	(743)	6,685

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	20.00	—	40.00	60.00	688	45.4	2.9
Year ended March 31, 2022	—	20.00	—	27.00	47.00	571	30.5	2.3
Year ending March 31, 2023 (Forecast)	—	20.00	—	28.00	48.00		30.4	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	34,500	8.2	1,020	14.4	1,100	(4.2)	760	(10.8)	65.76
Full year	73,500	8.5	2,710	34.9	2,870	17.7	2,000	12.3	173.04

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	12,717,120 shares	As of March 31, 2021	12,067,120 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	65,771 shares	As of March 31, 2021	599,771 shares
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Average number of shares during the period

Year ended March 31, 2022	11,557,748 shares	Year ended March 31, 2021	11,467,349 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,685,308	7,749,181
Notes and accounts receivable - trade	20,116,909	16,252,930
Electronically recorded monetary claims - operating	3,970,814	8,527,181
Merchandise and finished goods	3,277,286	4,095,061
Work in process	359,639	342,209
Raw materials and supplies	37,482	46,338
Other	1,164,291	509,507
Allowance for doubtful accounts	(34,552)	(32,235)
Total current assets	35,577,179	37,490,176
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,876,973	2,885,137
Accumulated depreciation	(1,549,727)	(1,681,484)
Buildings and structures, net	1,327,246	1,203,652
Machinery, equipment and vehicles	235,861	247,883
Accumulated depreciation	(163,952)	(193,004)
Machinery, equipment and vehicles, net	71,909	54,878
Land	1,631,929	1,631,929
Construction in progress	–	686,093
Other	602,556	626,816
Accumulated depreciation	(501,403)	(540,755)
Other, net	101,152	86,060
Total property, plant and equipment	3,132,237	3,662,614
Intangible assets	213,317	240,850
Investments and other assets		
Investment securities	2,455,745	2,787,025
Retirement benefit asset	175,281	279,227
Deferred tax assets	–	15,430
Other	205,589	202,700
Allowance for doubtful accounts	(11,866)	(11,866)
Total investments and other assets	2,824,750	3,272,517
Total non-current assets	6,170,305	7,175,983
Total assets	41,747,484	44,666,159

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,643,422	8,756,239
Electronically recorded obligations - operating	5,814,565	5,667,843
Short-term borrowings	226,311	225,658
Income taxes payable	87,002	479,206
Provision for bonuses	482,566	481,571
Provision for bonuses for directors (and other officers)	7,980	2,240
Other	1,669,283	1,344,064
Total current liabilities	16,931,130	16,956,824
Non-current liabilities		
Deferred tax liabilities	256,796	375,979
Provision for retirement benefits for directors (and other officers)	3,550	3,550
Other	4,356	1,463
Total non-current liabilities	264,703	380,992
Total liabilities	17,195,833	17,337,817
Net assets		
Shareholders' equity		
Share capital	1,311,778	1,624,866
Capital surplus	1,382,176	1,957,909
Retained earnings	21,112,277	22,204,363
Treasury shares	(298,707)	(32,756)
Total shareholders' equity	23,507,525	25,754,383
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,114,243	1,340,636
Foreign currency translation adjustment	(210,559)	13,725
Remeasurements of defined benefit plans	(37,929)	23,703
Total accumulated other comprehensive income	865,753	1,378,066
Non-controlling interests	178,371	195,892
Total net assets	24,551,650	27,328,342
Total liabilities and net assets	41,747,484	44,666,159

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	63,910,429	67,749,042
Cost of sales	55,315,804	58,743,920
Gross profit	8,594,625	9,005,122
Selling, general and administrative expenses	6,701,151	6,996,387
Operating profit	1,893,474	2,008,734
Non-operating income		
Interest income	3,732	2,873
Dividend income	54,725	64,428
Purchase discounts	126,053	125,375
Foreign exchange gains	87,992	105,832
Subsidy income	23,002	115,658
Other	31,818	38,568
Total non-operating income	327,325	452,737
Non-operating expenses		
Interest expenses	8,616	7,435
Sales discounts	33,308	–
Loss on valuation of derivatives	8,352	–
Share issuance costs	–	10,414
Other	7,601	4,527
Total non-operating expenses	57,878	22,377
Ordinary profit	2,162,921	2,439,094
Extraordinary income		
Gain on sale of non-current assets	3,927	1,127
Gain on sale of investment securities	16,026	81,812
Gain on reversal of provision for loss on welfare pension fund dissolution	32,662	–
Other	–	1,173
Total extraordinary income	52,617	84,112
Extraordinary losses		
Loss on retirement of non-current assets	55	295
Loss on valuation of golf club membership	895	–
Total extraordinary losses	951	295
Profit before income taxes	2,214,586	2,522,911
Income taxes - current	609,063	763,022
Income taxes - deferred	85,191	(39,380)
Total income taxes	694,254	723,641
Profit	1,520,332	1,799,270
Profit attributable to non-controlling interests	5,149	18,463
Profit attributable to owners of parent	1,515,182	1,780,807

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,520,332	1,799,270
Other comprehensive income		
Valuation difference on available-for-sale securities	408,860	226,393
Foreign currency translation adjustment	(96,416)	223,342
Remeasurements of defined benefit plans, net of tax	348,339	61,633
Total other comprehensive income	660,784	511,369
Comprehensive income	2,181,116	2,310,640
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,186,002	2,293,119
Comprehensive income attributable to non-controlling interests	(4,885)	17,521

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,311,778	1,382,176	20,365,407	(298,707)	22,760,655
Cumulative effects of changes in accounting policies					–
Restated balance	1,311,778	1,382,176	20,365,407	(298,707)	22,760,655
Changes during period					
Issuance of new shares					
Dividends of surplus			(768,312)		(768,312)
Profit attributable to owners of parent			1,515,182		1,515,182
Disposal of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	746,869	–	746,869
Balance at end of period	1,311,778	1,382,176	21,112,277	(298,707)	23,507,525

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	705,382	(124,178)	(386,269)	194,934	183,256	23,138,846
Cumulative effects of changes in accounting policies				–		–
Restated balance	705,382	(124,178)	(386,269)	194,934	183,256	23,138,846
Changes during period						
Issuance of new shares						
Dividends of surplus						(768,312)
Profit attributable to owners of parent						1,515,182
Disposal of treasury shares						
Net changes in items other than shareholders' equity	408,860	(86,381)	348,339	670,819	(4,885)	665,934
Total changes during period	408,860	(86,381)	348,339	670,819	(4,885)	1,412,804
Balance at end of period	1,114,243	(210,559)	(37,929)	865,753	178,371	24,551,650

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,311,778	1,382,176	21,112,277	(298,707)	23,507,525
Cumulative effects of changes in accounting policies					–
Restated balance	1,311,778	1,382,176	21,112,277	(298,707)	23,507,525
Changes during period					
Issuance of new shares	313,088	313,088			626,177
Dividends of surplus			(688,720)		(688,720)
Profit attributable to owners of parent			1,780,807		1,780,807
Disposal of treasury shares		262,644		265,950	528,595
Net changes in items other than shareholders' equity					
Total changes during period	313,088	575,732	1,092,086	265,950	2,246,858
Balance at end of period	1,624,866	1,957,909	22,204,363	(32,756)	25,754,383

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,114,243	(210,559)	(37,929)	865,753	178,371	24,551,650
Cumulative effects of changes in accounting policies				–		–
Restated balance	1,114,243	(210,559)	(37,929)	865,753	178,371	24,551,650
Changes during period						
Issuance of new shares						626,177
Dividends of surplus						(688,720)
Profit attributable to owners of parent						1,780,807
Disposal of treasury shares						528,595
Net changes in items other than shareholders' equity	226,393	224,285	61,633	512,312	17,521	529,833
Total changes during period	226,393	224,285	61,633	512,312	17,521	2,776,691
Balance at end of period	1,340,636	13,725	23,703	1,378,066	195,892	27,328,342

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,214,586	2,522,911
Depreciation	216,760	233,462
Increase (decrease) in allowance for doubtful accounts	(443)	(3,436)
Increase (decrease) in provision for bonuses	(160,514)	(1,403)
Decrease(increase)in retirement benefit asset and liabilities	62,047	(15,127)
Interest and dividend income	(58,458)	(67,301)
Interest expenses	8,616	7,435
Loss (gain) on sale of investment securities	(16,026)	(81,812)
Decrease (increase) in trade receivables	6,798,777	(517,970)
Decrease (increase) in inventories	(183,326)	(763,241)
Increase (decrease) in trade payables	(3,546,390)	(153,945)
Decrease (increase) in accounts receivable - other	8,407	(23,644)
Decrease (increase) in advance payments to suppliers	(570,580)	569,855
Other, net	(277,679)	(271,736)
Subtotal	4,495,775	1,434,046
Interest and dividends received	58,905	67,298
Interest paid	(9,879)	(5,226)
Income taxes paid	(1,092,717)	(359,412)
Net cash provided by (used in) operating activities	3,452,084	1,136,705
Cash flows from investing activities		
Purchase of property, plant and equipment	(834,510)	(711,094)
Proceeds from sale of property, plant and equipment	7,006	1,186
Proceeds from sale of investment securities	31,001	98,876
Other, net	(88,625)	(99,440)
Net cash provided by (used in) investing activities	(885,129)	(710,472)
Cash flows from financing activities		
Proceeds from issuance of shares	–	614,077
Net increase (decrease) in short-term borrowings	38,670	86,962
Dividends paid	(768,651)	(688,352)
Repayments of lease liabilities	(13,828)	(4,609)
Proceeds from disposal of treasury shares	–	481,675
Net cash provided by (used in) financing activities	(743,809)	489,752
Effect of exchange rate change on cash and cash equivalents	(67,914)	147,886
Net increase (decrease) in cash and cash equivalents	1,755,231	1,063,873
Cash and cash equivalents at beginning of period	4,930,077	6,685,308
Cash and cash equivalents at end of period	6,685,308	7,749,181