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November 11, 2024

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: MEC COMPANY LTD.
 Listing: Tokyo Stock Exchange (Securities code: 4971)
 URL: <https://www.mec-co.com/en/>
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors, securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2024	13,682	37.1	3,649	118.3	3,700	97.0	2,627	53.9
September 30, 2023	9,981	-19.3	1,671	-46.4	1,878	-45.4	1,707	-28.4

Note: Comprehensive income For the nine months ended September 30, 2024: ¥2,470 million [-6.8%]
 For the nine months ended September 30, 2023: ¥2,652 million [-9.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	140.32	-
September 30, 2023	90.39	-

(2) Financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	31,101	26,398	84.9
December 31, 2023	28,665	24,777	86.4

Reference: Equity

As of September 30, 2024: ¥26,398 million
 As of December 31, 2023: ¥24,777 million

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	20.00	-	25.00	45.00
FY2024	-	20.00	-		
FY2024 (Forecast)				25.00	45.00

(Note) Revision of recently announced dividends forecast: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(Percentages indicate changes from previous fiscal year for full-year figures.)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company's shareholders		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen		Millions of yen	%	Millions of yen
Full year	18,500	32.0	4,900	96.6	5,200	93.8	3,600	56.2	192.26

(Note) Revision of recently announced earnings forecast: None

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes
Note: For details, please see “Application of accounting procedures specified to create consolidated financial statements for the nine months period” on page 9 of the attached materials.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2024	20,071,093 shares
As of December 31, 2023	20,071,093 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2024	1,346,241 shares
As of December 31, 2023	1,346,241 shares

- (iii) Average number of shares outstanding during the period

Nine months ended September 30, 2024	18,724,852 shares
Nine months ended September 30, 2023	18,884,336 shares

- * Review of the attached consolidated quarterly financial statements by certified public accountant or an auditing firm: None

* Proper use of earnings forecasts, and other special matters

-The business forecasts and such like stated in this material are based on the information currently available to the Company and certain assumptions that are judged to be rational. Actual results may vary significantly from the forecasts due to various factors. In addition, for matters concerning the above forecasts, please refer to “1. Analysis relating to the operating results (3) Analysis of forward-looking information, such as the consolidated earnings forecast” on page 4 of the attachment.

- We are planning to hold financial results briefing for institutional investors and analysts on Monday, November 11, 2024. Materials of financial results briefings are posted on our website.

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1. Qualitative information regarding consolidated results for this quarter

(1) Analysis relating to the operating results

For the first nine months of the year under review (January 1, 2024 to September 30, 2024), the Japanese economy experienced a trend of gradual recovery despite some signs of stagnation. Overseas economies continued to be impacted by monetary tightening, concerns about the outlook for the Chinese economy, and geopolitical risks, which still remained in a highly tense state.

In the electronics industry, investment in cutting-edge areas remained strong in response to advances in IoT and AI, and there were signs of recovery in demand in conventional areas as well. Sales also remained solid in general in vehicle mounted products, where the technological transition towards electrification and automated driving is progressing. Inventory adjustments for PCs and smartphones appear to have run their course, and although demand is tending to recover, the pace seems to be slow and lacks strength. From a medium- to long-term perspective, the megatrends of digital transformation (DX) and green transformation (GX) remain unchanged and investments in these areas are expected to continue.

The electronic circuit board and components industries, markets to which the company group is related, continued to be affected by the electronics industry in general.

In this environment, the company group worked on business activities under the guiding principle of “create and transform” to achieve the first phase of our “Phase 1 Medium-term Management Plan (2022 to 2024)” towards the realization of our 2030 Vision: “Create new value with visionary technology and tackle the challenges of achieving a sustainable society in collaboration with customers.” In particular, we focused on the development and sales of products for high-density electronic substrates, as society is in a period of change and transformation towards digitalization and becoming greener.

As a result, total consolidated net sales for the first nine months of the year under review amounted to 13,682 million yen (up 3,700 million yen year on year, or 37.1%). Selling, general and administrative expenses were 4,747 million yen (up 533 million yen year on year, or 12.7%), operating income was 3,649 million yen (up 1,977 million yen year on year, or 118.3%), and operating income to net sales improved by 9.9 percentage points year on year to 26.7%. Ordinary income was 3,700 million yen (up 1,821 million yen or 97.0% year on year). Quarterly net income before income taxes amounted to 3,695 million yen (a year-on-year increase of 1,273 million yen or 52.6%), and quarterly net income attributable to owners of parent was 2,627 million yen (an increase of 920 million yen, up 53.9% from the same period of the previous year).

Looking at a breakdown of net sales, sales of chemicals were 13,041 million yen (up 3,206 million yen, or 32.6%, compared with the same period last year), machinery sales were 530 million yen (up 446 million yen, or 533.2%, year on year), sales of materials were 104 million yen (up 45 million yen year-on-year, or 76.8%), and other sales were 5 million yen (up 2 million yen, or 69.9%).

The overseas sales ratio was 61.2%, down 1.2 percentage points compared with the 62.4% in the same period last year. If sales to overseas customers sold via Japanese domestic distributors were included in the overseas sales ratio, the result would be 76.9% (up 0.4 percentage points year on year).

Net sales reached a record high for a nine-month period under the impact of foreign exchange rates, the recovery trend for production of related electronic equipment, and the gradual expansion of demand for products for use in cutting-edge package substrates. Profits also increased significantly due to an increase in production volume of chemicals, as well as profit contributions due to the improvement of production efficiency as part of our global production strategy.

Compared to the same period of the previous year, when there was a phase of inventory adjustment, sales of major products increased overall under the impact of the electronics industry. Sales of the CZ Series of super-roughening adhesion improvers, which have a large share of the market for semiconductor-mounted package substrates, increased greatly, because demand for the Company’s products is on a recovery trend, albeit lacking in strength, as inventory adjustments in related electronic equipment have run their course, and there is a gradual expansion in demand for cutting edge package substrates, while sales of the EXE Series for displays also increased as inventory adjustments in related electronic equipment have run their course and demand for the Company’s related products is recovering. Sales of the SF Series for displays increased, due to production trends for related electronic equipment. Sales of the V-Bond Series of

adhesion improvers for multilayered substrates for automotive boards remained strong.

Results by segment were as follows.

In Japan, demand for products for advanced package substrates for generative AI and other applications continued to grow and demand for products related to personal computers showed signs of recovery, albeit lacking in strength. In addition, demand for conventional servers also began to pick up as the investment restraint in place since last year turned around. Meanwhile, demand for chemicals for displays, which had been strong, showed signs of weakening due to production trends for related electronic devices. In the South Korean market, where we sell products via a Japanese distributor, demand for the memory package substrates is in the process of recovery, while there were signs of weakness in demand for chemicals for displays. As a result, total consolidated net sales for the first nine months of the year under review amounted to 5,477 million yen (up 1,579 million yen year on year, or 40.5%) and segment profit was 2,710 million yen (up 2,031 million yen year on year, or 299.3%).

In Taiwan, demand for package substrates due to an increase in demand of advanced package substrates, a recovery in investment in conventional servers, and a moderate recovery trend for smartphones resulted in consolidated net sales for the first nine months of the year under review of 2,466 million yen (up 549 million yen year on year, or 28.7%) and segment profit of 329 million yen (up 144 million yen year on year, or 77.8%).

In Hong Kong (Hong Kong, Zhuhai), demand for smartphone and vehicle mounted related products was on a moderate recovery trend. As a result, consolidated net sales for the first nine months of the year under review amounted to 1,702 million yen (up 486 million yen year on year, or 40.0%) and segment profit was 308 million yen (up 104 million yen year on year, or 51.2%).

In China (Suzhou), there was a recovery in demand for products related to smartphones and the Company captured demand for PC-related demand from major customers. As a result, consolidated net sales for the first nine months of the year under review amounted to 2,692 million yen (up 786 million yen year on year, or 41.2%) and segment profit of 437 million yen (up 226 million yen year on year, or 107.2%).

In Europe, while the demand trend varied depending on the customer, consolidated net sales for the first nine months of the year under review amounted to 735 million yen (up 105 million yen year on year, or 16.7%) and segment profit was 11 million yen (down 5 million yen year on year, or 34.1%).

In Thailand, while capital investment by electronic board manufacturers in Southeast Asia was active, a trend of recovery was observed in demand mainly for products for multilayer boards. As a result, consolidated net sales for the first nine months of the year under review amounted to 606 million yen (up 193 million yen year on year, or 46.8%) and segment profit was 76 million yen (segment loss was 9 million yen in the same period of the previous year).

(2) Analysis relating to the financial situation

As a result of increases in cash and deposits, accounts receivable - trade, and other items, assets were 31,101 million yen, up 2,436 million yen from the previous fiscal year.

Liabilities came to 4,703 million yen, up 815 million yen from the previous fiscal year, mainly due to increases in notes and accounts payable and income taxes payable.

Mainly as a result of an increase in retained earnings, net assets were 26,398 million yen, up 1,620 million yen compared with the same period of the previous fiscal year.

As a result of the above, the equity ratio reached 84.9%.

(3) Analysis of forward-looking information, such as the consolidated earnings forecast

There is no change to the consolidated earnings forecasts for the full year that were announced in “Differences between Consolidated Earnings Forecast and Actual Results for the First Six Months of the Fiscal Year Ending in December 2024 and Revision to the Full-Year Consolidated Earnings Forecast” on August 8, 2024.

2. Consolidated quarterly financial statements and major notes

(1) Consolidated quarterly balance sheet

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,755,863	10,507,706
Notes and accounts receivable - trade	4,766,168	5,584,410
Electronically recorded monetary claims - operating	278,458	420,913
Merchandise and finished goods	620,262	713,098
Work in process	127,880	148,673
Raw materials and supplies	772,256	723,115
Other	177,695	187,134
Allowance for doubtful accounts	-5,714	-5,803
Total current assets	15,492,870	18,279,247
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,940,205	8,020,658
Accumulated depreciation	-3,425,889	-3,677,650
Buildings and structures, net	4,514,315	4,343,008
Machinery, equipment and vehicles	3,493,027	3,665,455
Accumulated depreciation	-2,572,272	-2,690,542
Machinery, equipment and vehicles, net	920,755	974,912
Tools, furniture and fixtures	1,666,134	1,784,256
Accumulated depreciation	-1,257,463	-1,322,969
Tools, furniture and fixtures, net	408,671	461,287
Land	3,646,812	3,641,144
Right-of-use asset	90,302	103,700
Accumulated depreciation	-28,712	-25,390
Right-of-use asset, net	61,590	78,309
Construction in progress	268,124	243,392
Total property, plant and equipment	9,820,269	9,742,053
Intangible assets	160,182	148,711
Investments and other assets		
Investment securities	1,866,609	1,487,173
Retirement benefits assets	1,193,849	1,227,971
Deferred tax assets	11,345	1,352
Other	120,079	214,971
Total investments and other assets	3,191,884	2,931,468
Total non-current assets	13,172,336	12,822,234
Total assets	28,665,207	31,101,481

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	722,187	1,067,919
Electronically recorded monetary obligations- operating	597,301	715,271
Accounts payable - other	466,996	428,347
Accrued expenses	143,590	148,171
Income taxes payable	181,148	695,529
Provision for bonuses	289,944	589,170
Provision for directors' bonuses	37,822	39,121
Accounts payable - facilities	202,342	25,061
Other	230,863	162,253
Total current liabilities	2,872,195	3,870,846
Non-current liabilities		
Deferred tax liabilities	853,602	629,570
Retirement benefit liability	4,813	5,440
Provision for Share-based compensation	102,167	134,347
Other	55,019	62,914
Total non-current liabilities	1,015,603	832,272
Total liabilities	3,887,799	4,703,119
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	541,273	541,273
Retained earnings	22,722,374	24,499,880
Treasury shares	-2,031,602	-2,031,602
Total shareholders' equity	21,826,187	23,603,694
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	658,010	426,481
Foreign currency translation adjustment	2,033,161	2,148,314
Remeasurements of defined benefit plans	260,048	219,871
Total accumulated other comprehensive income	2,951,220	2,794,667
Total net assets	24,777,408	26,398,362
Total liabilities and net assets	28,665,207	31,101,481

(2) Consolidated quarterly statement of income and consolidated quarterly statement of comprehensive income
 (Consolidated quarterly statement of income)
 (Consolidated third quarter)

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	9,981,097	13,682,011
Cost of sales	4,094,635	5,284,954
Gross profit	5,886,461	8,397,056
Selling, general and administrative expenses	4,214,548	4,747,850
Operating income	1,671,913	3,649,205
Non-operating income		
Interest income	38,233	46,896
Dividend income	7,344	8,474
Proceeds from sales of prototypes	5,268	5,191
Gain on investments in partnership	—	10,351
Foreign exchange gains	148,853	—
Other	14,263	13,088
Total non-operating income	213,962	84,002
Non-operating expenses		
Interest expenses	351	809
Loss on investments in partnership	3,723	—
Foreign exchange losses	—	31,355
Other	3,448	691
Total non-operating expenses	7,523	32,856
Ordinary income	1,878,353	3,700,351
Extraordinary income		
Gain on sales of non-current assets	556,919	7,013
Gain on sales of investment securities	344	—
Total extraordinary income	557,264	7,013
Extraordinary losses		
Loss on sales of non-current assets	—	291
Loss on retirement of non-current assets	13,237	11,531
Total extraordinary losses	13,237	11,822
Net income before income taxes	2,422,380	3,695,542
Income taxes	715,335	1,068,022
Net income	1,707,044	2,627,519
Net income attributable to owners of parent	1,707,044	2,627,519

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(Consolidated quarterly statement of comprehensive income)
(Consolidated third quarter)

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	1,707,044	2,627,519
Other comprehensive income		
Valuation difference on available-for-sale securities	306,673	-231,528
Foreign currency translation adjustment	668,705	115,153
Remeasurements of defined benefit plans	-30,373	-40,177
Total other comprehensive income	945,004	-156,552
Comprehensive income	2,652,049	2,470,966
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,652,049	2,470,966
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to quarterly consolidated financial statements

(Notes on the premise of a going concern)

N/A

(Notes on marked changes in the amount of shareholders' equity)

N/A

(Application of accounting procedures specified to create consolidated financial statements for the nine months period)

(Calculation of tax expenses)

For tax expenses, the Company has adopted the method of reasonably estimating the effective tax rate after the application of tax effect accounting to net income before income taxes for the consolidated accounting year and multiplying net income before income taxes for the period by this estimated effective tax rate. However, in cases where the result of calculating using this effective tax rate lacks reasonableness in a striking manner, the Company bases calculations on the legal tax rate.

(Notes on Segment Information)

[Segment Information]

1 For the previous third quarter consolidated fiscal year (From January 1, 2023 to September 30, 2023)

(1) Information on net sales, profit or loss by reportable segment

(Thousands of yen)

	Reportable segment						Total
	Japan	Taiwan	Hong Kong	China	Thailand	Europe	
Net sales							
Sales to external customers	3,898,420	1,917,097	1,215,638	1,906,506	413,389	630,044	9,981,097
Inter-segment sales and transfers	1,875,181	—	77,853	9,707	—	38,400	2,001,142
Total	5,773,602	1,917,097	1,293,491	1,916,213	413,389	668,444	11,982,239
Segment profit	678,850	185,230	204,107	210,966	-9,778	17,525	1,286,902

(2) Differences between the total amount at reportable segments and the amount stated in the quarterly consolidated financial statements, and main details of such differences (matters concerning reconciliation)

(Thousands of yen)

Net sales	Amount
Reportable segment total	1,286,902
Intersegment eliminations	385,011
Sales stated in the quarterly Consolidated Financial Statements	1,671,913

(1) Information on net sales, profit or loss by reportable segment

(Thousands of yen)

	Reportable segment						Total
	Japan	Taiwan	Hong Kong	China	Thailand	Europe	
Net sales							
Sales to external customers	5,477,742	2,466,903	1,702,480	2,692,575	606,933	735,375	13,682,011
Inter-segment sales and transfers	3,731,401	—	4,956	12,695	—	21,863	3,770,917
Total	9,209,144	2,466,903	1,707,436	2,705,270	606,933	757,239	17,452,929
Segment profit	2,710,560	329,389	308,557	437,044	76,462	11,551	3,873,565

(2) Differences between the total amount at reportable segments and the amount stated in the quarterly consolidated financial statements, and main details of such differences (matters concerning reconciliation)

(Thousands of yen)

Net sales	Amount
Reportable segment total	3,873,565
Intersegment eliminations	-224,359
Sales stated in the quarterly Consolidated Financial Statements	3,649,205

(Notes in a quarterly consolidated cash flow statement)

Consolidated cash flow statement have not been prepared for the first nine months of the year under review. Depreciation for the first nine months of the year under review (including amortization relating to intangible assets) is as follows.

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Depreciation expenses	569,011	599,966

(Notes significant events after reporting period)

(Dissolution and liquidation of overseas consolidated subsidiary)

MEC COMPANY LTD. (hereinafter, the “Company”) has resolved to dissolve and liquidate its consolidated subsidiary MEC (HONG KONG) LTD. (hereinafter, “MEC Hong Kong”) at a meeting of the Board of Directors held October 22, 2024. MEC Hong Kong is considered a specified subsidiary.

1. Reason for the dissolution

This consolidated subsidiary was established in March 1996 as a sales base for China. Later, in December 2002, MEC FINE CHEMICAL (ZHUHAI) LTD. was established as a subsidiary of MEC Hong Kong equipped with sales and manufacturing facilities (Zhuhai, Guangdong Province, China; currently a consolidated subsidiary of the Company). As sales activities at MEC Hong Kong continue to shrink, the Company has decided to dissolve and liquidate MEC Hong Kong, taking into consideration business rationality and management efficiency for the Group as a whole.

2. Overview of the subsidiary being dissolved

(1) Name	MEC (HONG KONG) LTD.
(2) Address	No.8, 12/F., Tower 3 China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong, Hong Kong Special Administrative Region, People’s Republic of China
(3) Name and Title of Representative	President Sadamitsu SUMITOMO
(4) Business Description	Sale of chemicals for electronic substrates
(5) Capital Stock	4.5 million HKD
(6) Established	March 1996
(7) Major Shareholders and Shareholding Ratio	MEC COMPANY LTD. 100%

3. Results of operations and financial position (FYE 12/2023)

Net assets 300 million yen
Total assets 294 million yen
Net sales 20 million yen
Operating income -24 million yen

4. Date of dissolution

Liquidation is expected to be completed as soon as the necessary procedures have been completed in accordance with local laws and regulations.

5. Future outlook

The Company is currently examining the impact on business performance regarding the dissolution and liquidation of this consolidated subsidiary.

(Change in overseas consolidated subsidiary)

MEC COMPANY LTD. (hereinafter, the “Company”) has resolved to acquire all shares of MEC FINE CHEMICAL (ZHUHAI) LTD. (hereinafter, “MEC Zhuhai”), a subsidiary of MEC (HONG KONG) LTD. (hereinafter, “MEC Hong Kong”), which is itself a consolidated subsidiary of the Company, in order to make MEC Zhuhai a wholly owned subsidiary.

1. Reason for the transfer

The Company is acquiring the shares of MEC Zhuhai, our subsubsidiary, that are currently held by our consolidated subsidiary MEC Hong Kong following their dissolution. The transfer of this subsidiary is within the scope of consolidation, and so there will be no change to the scope of consolidation for the Company.

2. Overview of the sub-subsidiary to be changed (into a subsidiary)

(1) Name	MEC FINE CHEMICAL (ZHUHAI) LTD.	
(2) Address	530 An Ji East Road, Sanzao Town, Jinwan Qu, Zhuhai City, GD, 519040, P.R.China	
(3) Name and Title of Representative	President Sadamitsu SUMITOMO	
(4) Business Description	Manufacture and sale of chemicals for electronic substrates	
(5) Capital Stock	8.0 million HKD	
(6) Established	December 2002	
(7) Major Shareholders and Shareholding Ratio	MEC Hong Kong 100%	
(8) Relationship Between MEC COMPANY LTD. and MEC (HONG KONG) LTD.	Capital relationship	A wholly owned subsidiary of MEC Hong Kong, which is itself a wholly owned subsidiary of the Company. MEC Zhuhai is a sub-subsidiary of the Company.
	Personnel relationship	An officer of the Company serves as the representative (President) of MEC Zhuhai. One officer and one employee of the Company also serve as officers of MEC Zhuhai
	Business relationship	The Company sells products to MEC Hong Kong.
	Status as a related party	MEC Hong Kong is a consolidated subsidiary of the Company and a related party.
(9) Results of Operations and Financial Position		
Fiscal Year	FYE 12/2023	
Net assets	2,331 million yen	
Total assets	1,978 million yen	
Net sales	1,799 million yen	
Operating income	259 million yen	

3. Overview of the subsidiary that will be transferring shares of its subsidiary to the Company

(1) Name	MEC (HONG KONG) LTD.	
(2) Address	530 An Ji East Road, Sanzao Town, Jinwan Qu, Zhuhai City, GD, 519040, P.R.China	
(3) Name and Title of Representative	President Sadamitsu SUMITOMO	
(4) Business Description	Manufacture and sale of chemicals for electronic substrates	
(5) Capital Stock	8.0 million HKD	
(6) Established	December 2002	
(7) Major Shareholders and Shareholding Ratio	MEC Hong Kong 100%	
(8) Relationship Between MEC COMPANY LTD. and MEC (HONG KONG) LTD.	Capital relationship	A wholly owned subsidiary of MEC Hong Kong, which is itself a wholly owned subsidiary of the Company. MEC Zhuhai is a sub-subsidiary of the Company.
	Personnel relationship	An officer of the Company serves as the representative (President) of MEC Zhuhai. One officer and one employee of the Company also serve as officers of MEC Zhuhai
	Business relationship	The Company sells products to MEC Hong Kong.
	Status as a related party	MEC Hong Kong is a consolidated subsidiary of the Company and a related party.

4. Status of the Company's equity before and after the acquisition

(1) Company Equity Before Transfer	0%
(2) Company Equity After Transfer	100%

5. Schedule

(1) Date of Resolution by Board of Directors	October 22, 2024
(2) Date of Contract Conclusion	November, 2024 (planned)

6. Future outlook

The Company is currently examining the impact of this transaction on consolidated business performance.