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February 14, 2025

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (Under Japanese GAAP)

Company name: MEC COMPANY LTD.  
 Listing: Tokyo Stock Exchange (Securities code: 4971)  
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 Scheduled date of annual general meeting of shareholders: March 24, 2025  
 Scheduled date to commence dividend payments: March 4, 2025  
 Scheduled date to file annual securities report: March 25, 2025  
 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 fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

#### (1) Operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	18,234	30.1	4,562	83.0	4,682	74.5	2,291	-0.6
December 31, 2023	14,020	-14.1	2,492	-37.7	2,683	-36.8	2,304	-24.8

Note: Comprehensive income For the fiscal year ended December 31, 2024: ¥2,969 million [-7.4%]  
 For the fiscal year ended December 31, 2023: ¥3,208 million [1.1%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2024	122.38	-	8.9	15.2	25.0
December 31, 2023	122.29	-	9.6	9.6	17.8

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended December 31, 2024: ¥- million  
 For the fiscal year ended December 31, 2023: ¥- million

#### (2) Financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2024	33,039	26,897	81.4	1,436.45
December 31, 2023	28,665	24,777	86.4	1,323.24

Reference: Equity  
 As of December 31, 2024: ¥26,897 million  
 As of December 31, 2023: ¥24,777 million

#### (3) Cash flows

Fiscal year ended	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
December 31, 2024	4,200	51	-873	10,254
December 31, 2023	1,941	-1,397	-1,773	6,690

#### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2023	-	20.00	-	25.00	45.00	850	36.8	3.5
FY2024	-	20.00	-	25.00	45.00	850	36.8	3.3
FY2025 (Forecast)	-	25.00	-	30.00	55.00		28.6	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)  
(Percentages indicate changes from previous fiscal year for full-year figures, and year-on-year changes for quarterly changes.)

	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
1st half	9,600	8.1	2,250	-4.8	2,300	-12.9	1,450	-23.3	77.44
Full year	20,000	9.7	5,000	9.6	5,100	8.9	3,600	57.1	192.26

\* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of issued shares (common shares)

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

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

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

Fiscal year ended December 31, 2024	18,724,852 shares
Fiscal year ended December 31, 2023	18,847,535 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	12,263	45.8	3,477	185.9	4,580	138.1	3,497	80.7
December 31, 2023	8,410	-20.3	1,216	-54.8	1,923	-42.8	1,935	-24.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2024	186.80	-
December 31, 2023	102.71	-

(2) Financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2024	25,728	19,759	76.8	1,055.28
December 31, 2023	19,826	17,273	87.1	922.48

Reference: Equity

As of December 31, 2024: ¥19,759 million  
As of December 31, 2023: ¥17,273 million

- \* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.
- \* 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. Overview of business results etc. (4) Statement of forward looking" on page 6 of the attachment.
  - We are planning to hold financial results briefing for institutional investors and analysts on Friday, February 14, 2025. Materials of financial results briefings are posted on our website.

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1. Overview of business results, etc.
  - (1) Analysis relating to the operating results  
[Outline of the current period]

During the consolidated fiscal year under review (January 1, 2024, to December 31, 2024), the Japanese economy was on a gradual recovery, albeit with some signs of a standstill. Meanwhile, overseas economies were impacted by monetary tightening, concerns about the uncertainties surrounding the Chinese economy, potential policy shifts following the change of government in the United States, and geopolitical risks arising from the ongoing severe tensions in regions such as Russia and Ukraine, and the Middle East.

The electronics industry has seen strong investments continuing in advanced areas, particularly with data centers benefiting from growth associated with generative AI. Additionally, there are signs of a gradual recovery in demand within traditional areas starting in the second half of 2024. The products for in-vehicle use, which are experiencing a technological shift towards greater use of electronics in automobiles and automated driving, have shown steady performance overall, though some regional differences have emerged. While the inventory adjustment seems to have run its course, and there is a gradual recovery trend for personal computers and smartphones, the momentum remains somewhat weak. From a medium- to long-term perspective, the megatrend of digital technology advancements driven by the communications revolution is expected to be steadfast, and as a result, investment in this area is likely to continue.

The electronics industry has a significant impact on the electronic substrates and components market, which is closely related to the Group.

In this environment, the Group implemented its business activities guided by the principle of “Create and Transform” to achieve the Phase 1 Medium-term Management Plan (2022–2024), which is the first phase of realizing the 2030 Vision. In particular, we have focused on developing and selling products for high-density electronic substrates to align with the ongoing societal shift and reform toward digitalization and green technology.

Consequently, the Group’s business results were as follows.

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	YoY
Net sales	14,020 million yen	18,234 million yen	30.1 %
Selling, general and administrative expenses	5,824 million yen	6,539 million yen	12.3 %
Operating income	2,492 million yen	4,562 million yen	83.0 %
Operating profit margin	17.8 %	25.0 %	7.2 ppt
Ordinary income	2,683 million yen	4,682 million yen	74.5 %
Profit before income taxes	3,219 million yen	4,669 million yen	45.1 %
Profit attributable to owners of parent	2,304 million yen	2,291 million yen	-0.6 %

The breakdown of net sales was as follows.

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	YoY
Chemicals	13,764 million yen	17,478 million yen	27.0 %
Machinery	112 million yen	579 million yen	415.0 %
Materials	139 million yen	169 million yen	21.5 %
Other	3 million yen	7 million yen	112.6 %

The overseas sales ratio was 61.7%, down 0.3 points compared with 62.0% in the same period last year. When factoring in sales to international customers through agents in Japan, the overseas sales ratio was 77.3%, down 0.1 points compared with 77.4% in the same period last year.

Net sales reached an all-time high, driven by several factors, including steady demand for products used in advanced package substrates, particularly those associated with generative AI, the effects of foreign exchange rates, and the resurgence in electronic device production in which the Company is engaged. On the operating income front, profit has increased significantly due to higher production volumes of chemicals and improved production efficiency, driven by the Company's global production strategy.

However, taking into consideration business rationality and management efficiency on our way towards the ideal corporate image for 2030, it was decided to dissolve and liquidate MEC (HONG KONG) LTD. whose sales activities are continuously being reduced, and to make its subsidiary MEC FINE CHEMICAL (ZHUHAI) LTD. a wholly owned subsidiary of the Company. Due to the increase in income taxes from recording taxes in Japan and China associated with this group organization, profit attributable to owners of parent decreased.

As for sales trends of key products compared with the previous fiscal year, which was in the phase of inventory adjustment, sales increased overall due to the influence of the electronics industry. The super-roughening adhesion improvers, the CZ Series, which have captured a significant portion of the market for package substrates incorporating semiconductors, experienced a notable surge in sales due to factors such as the growing demand for products used in advanced package substrates, such as those associated with generative AI, and the recovery, albeit weak, in demand for products used in general-purpose servers and personal computers. In addition, the EXE Series for displays also saw an increase in sales as demand for the Company's products rebounded following the completion of inventory adjustments for related electronic equipment. Sales of the SF Series for displays have been rising with production trends for related electronic devices, and the V-Bond Series of adhesion improvers for multilayer electronic substrates have experienced steady growth, especially in applications for automotive and satellite-related substrates.

Results by segment are as follows.

#### Net sales

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	YoY
Japan	5,544 million yen	7,206 million yen	30.0 %
Taiwan	2,620 million yen	3,326 million yen	26.9 %
Hong Kong (Hong Kong, Zhuhai)	1,717 million yen	2,305 million yen	34.3 %
China (Suzhou)	2,671 million yen	3,595 million yen	34.6 %
Europe	896 million yen	989 million yen	10.4 %
Thailand	570 million yen	810 million yen	42.1 %

#### Segment profit

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	YoY
Japan	1,216 million yen	3,477 million yen	185.9 %
Taiwan	308 million yen	400 million yen	29.7 %
Hong Kong (Hong Kong, Zhuhai)	240 million yen	348 million yen	45.1 %
China (Suzhou)	358 million yen	500 million yen	39.7 %
Europe	59 million yen	66 million yen	11.6 %
Thailand	6 million yen	101 million yen	1,476.1 %

In Japan, demand for products used in advanced package substrates, such as those related to generative AI, continued to grow. Some positive signs indicated a recovery in demand for personal computer-related products, although the momentum was somewhat weak. In the case of conventional servers, the previous trend of investment restraint until last year has shifted, leading to a recovery in demand. On the other hand, chemicals for displays remained robust in the first half of the period, driven by production trends in related electronic devices, but experienced some impact from inventory adjustments in the second half. In terms of sales to customers in South Korea through agents in Japan, package substrates for memory are showing signs of recovery. Meanwhile, the performance of chemicals for displays remained on a par with that in Japan. As a result, net sales increased from the previous year.

In Taiwan, net sales increased compared with the previous period due to stronger demand for advanced package substrates, a recovery in investment in conventional servers, and demand for package substrates driven by a gradual recovery in smartphones, despite a slowdown in demand for chemicals for displays in the second half of the year.

In Hong Kong (Hong Kong, Zhuhai), demand for products related to smartphones and in-vehicle use is on a gradual recovery trend, and net sales increased compared with the previous period.

In China (Suzhou), net sales increased from the previous period, driven by a resurgence in demand for smartphone-related products and the successful effort to capture the demand for personal computers from the Company's key customers.

In Europe, net sales have risen compared with the previous period, although demand trends among customers varied.

In Thailand, amid the increasing capital investment in Southeast Asia by electronic substrate manufacturers, net sales increased compared with the previous period, driven by the expansion of product demand among the Company's key customers, mainly for satellite communications and package substrates.

(2) Analysis relating to the financial situation

Assets came to 33,039 million yen, up 4,373 million yen compared with the end of the previous consolidated fiscal year due to an increase in cash and deposits, and accounts receivable.

Liabilities came to 6,141 million yen, up 2,254 million yen compared with the end of the previous consolidated fiscal year, due to an increase in income taxes payable and long-term deferred tax liabilities.

As a result of an increase in retained earnings and such like, net assets were 26,897 million yen, up 2,119 million yen compared with the end of the previous consolidated fiscal year.

As a result of the above, the equity ratio reached 81.4%, and ROE was 8.9%.

## (3) Analysis relating to the cash flows

Looking at the financial position in the current consolidated fiscal year, cash and cash equivalents (hereinafter referred to as “cash”) rose 3,564 million yen compared with the end of the previous consolidated fiscal year to record 10,254 million yen.

Outlines of cash flow conditions and reasons for fluctuations for the current consolidated fiscal year are as follows:

(Cash flow from operating activities)

Cash from operating activities amounted to 4,200 million yen (up 2,258 million yen year-on-year).

This was mainly because we recorded net income before income taxes of 4,669 million yen, depreciation of 816 million yen, and income taxes paid of 950 million yen.

(Cash flow from investment activities)

Cash from operating activities amounted to 51 million yen (Previous year used 1,397 million yen).

This was mainly because we recorded purchase of property, plant and equipment of 729 million yen, proceeds from sales of investment securities of 100 million yen, and proceeds from withdrawal of time deposits of 971 million yen.

(Cash flow from financing activities)

As a result of investment activities, cash used amounted to 873 million yen (down 900 million yen year-on-year).

This was mainly because we recorded dividends paid of 849 million yen.

## Changes in cash flow indicators

	Year ended December 2020	Year ended December 2021	Year ended December 2022	Year ended December 2023	Year ended December 2024
Equity ratio (%)	81.2	82.7	84.8	86.4	81.4
Equity ratio based on market value (%)	200.3	300.8	143.7	287.1	249.1
Debt repayment period (years)	0.2	0.0	0.0	0.0	0.0
Interest coverage ratio	1,839.8	3,698.6	3,836.1	2,463.9	2,638.3

(Note)

Equity ratio : Shareholders' equity / total assets

Equity ratio based on market value : Stock market capitalization / total assets

Debt repayment period : Interest-bearing debt / cash flow from operating activities

Interest coverage ratio : Cash flow from operating activities / interest payment

1 Each of these indicators was calculated on a consolidated basis.

2 Stock market capitalization is calculated by multiplying the closing share price by the number of shares outstanding at the end of the period.

3 The figures for operating cash flow come from the “cash flow from operating activities” in the consolidated statements of cash flows. Interest-bearing debt consists of all liabilities on which interest is paid that are recorded in the consolidated balance sheet. Further, the figures for interest payment come from the amount of interest paid as stated in the consolidated statements of cash flows.

## (4) Statement of forward looking

The Group is a research and development-focused company that delivers high-value-added products to customers worldwide. Its greatest strength lies in technology development, especially in interfacial treatment related to electronics. Guided by a management philosophy of “Visionary Technology,” “Reliable Quality,” and “Meticulous Service,” the Group aims for sustainable growth and seeks to maximize corporate value, following the “Create and Transform” principle as it strives towards its 2030 Vision.

When considering the medium- to long-term outlook for the electronics industry, which serves as the Group’s primary market, it is clear that technological innovation is advancing, fueled by developments in digital technology, such as the diversification of AI, next-generation mobility with the accelerating transition towards autonomous vehicles, and the advancement of the IoT, DX (digital transformation), and GX (green transformation), alongside the ongoing development of next-generation communication networks. The Company believes that its related markets will expand with these trends. In particular, demand for the CZ Series is anticipated to increase, driven by a growing number of package substrates due to the rising demand for semiconductors, as well as the trend towards larger sizes and more multilayer backed by higher performance.

In the next fiscal year, the Company anticipates a rise in demand for advanced package substrates for generative AI-related products, along with a full-scale rebound in the personal computer and general-purpose server sectors.

In light of these developments, the Group’s full-year consolidated forecast is outlined as follows.

	Fiscal year ended December 31, 2024 (Million yen)	Fiscal year ending December 31, 2025 (Forecast) (Million yen)	YoY (%)
Net sales	18,234	20,000	9.7
Operating income	4,562	5,000	9.6
Ordinary income	4,682	5,100	8.9
Profit attributable to owners of parent	2,291	3,600	57.1
Basic earnings per share (yen)	122.38	192.26	—
Operating margin (%)	25.0	25.0	0.0 points
ROE (%)	8.9	12.8	3.9 points

(Reference) Exchange rates for the current fiscal year and the next fiscal year

	Fiscal year ended December 31, 2024 (Million yen)	Fiscal year ending December 31, 2025 (Forecast) (Million yen)
US \$	151.44	152.33
NT \$	4.72	4.76
RMB ¥	21.04	21.08
HK \$	19.41	19.48
€	163.79	164.84
THB	4.31	4.22

## 2. Basic policy for the selection of accounting standards

The Group places great importance on ensuring comparability between companies and over time, and intends to continue applying Japanese standards for the time being.

Further, regarding the application of International Financial Reporting Standards (IFRS), we will take appropriate measures while paying close attention to future changes in the ratio of foreign shareholders and the trends of the application of IFRS at other companies in the same industry.



## 3. Consolidated financial statements and major notes

## (1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	8,755,863	11,476,446
Notes and accounts receivable - trade	*1 4,766,168	*1 5,826,419
Electronically recorded monetary claims-operating	*1 278,458	*1 376,347
Merchandise and finished goods.	620,262	756,456
Work-in-process	127,880	182,416
Raw materials and supplies	772,256	858,543
Other	177,695	188,364
Allowance for doubtful accounts	-5,714	-5,936
Total current assets	15,492,870	19,659,058
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,940,205	8,161,445
Accumulated depreciation	-3,425,889	-3,818,132
Buildings and structures, net	*2 4,514,315	*2 4,343,313
Machinery, equipment and vehicles	3,493,027	3,924,994
Accumulated depreciation	-2,572,272	-2,771,359
Machinery, equipment and vehicles, net	920,755	1,153,635
Tools, furniture and fixtures	1,666,134	1,826,123
Accumulated depreciation	-1,257,463	-1,364,151
Tools, furniture and fixtures, net	408,671	461,971
Land	*2 3,646,812	*2 3,691,281
Right-of-use asset	90,302	104,954
Accumulated depreciation	-28,712	-34,612
Right-of-use asset, net	61,590	70,342
Construction in progress	268,124	133,204
Total property, plant and equipment	9,820,269	9,853,747
Intangible assets	160,182	150,468
Investments and other assets		
Investment securities	1,866,609	1,627,553
Retirement benefits assets	1,193,849	1,424,782
Deferred tax assets	11,345	1,711
Other	120,079	321,850
Total investments and other assets	3,191,884	3,375,898
Total non-current assets	13,172,336	13,380,114
Total assets	28,665,207	33,039,172

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	*1 722,187	984,031
Electronically recorded obligations-operating	597,301	894,293
Accounts payable	466,996	558,309
Accrued expenses	143,590	198,645
Income taxes payable	181,148	952,302
Provision for bonuses	289,944	421,520
Provision for directors' bonuses	37,822	50,827
Accounts payable - facilities	202,342	95,985
Other	230,863	302,461
Total current liabilities	2,872,195	4,458,376
Non-current liabilities		
Deferred tax liabilities	853,602	1,490,783
Retirement benefit liability	4,813	7,131
Provision for Share-based compensation	102,167	126,951
Other	55,019	58,654
Total non-current liabilities	1,015,603	1,683,521
Total liabilities	3,887,799	6,141,898
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	541,273	541,273
Retained earnings	22,722,374	24,163,977
Treasury shares	-2,031,602	-2,031,602
Total shareholders' equity	21,826,187	23,267,790
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	658,010	496,822
Foreign currency translation adjustment	2,033,161	2,799,596
Remeasurements of defined benefit plans	260,048	333,064
Total accumulated other comprehensive income	2,951,220	3,629,483
Total net assets	24,777,408	26,897,274
Total liabilities and net assets	28,665,207	33,039,172

(2) Consolidated statement of income and consolidated statement of comprehensive income  
(Consolidated statement of income)

(Thousands of yen)

	Fiscal year ended December 31, 2023		Fiscal year ended December 31, 2024	
Net sales		14,020,085		18,234,377
Cost of sales	*1	5,703,298	*1	7,132,647
Gross profit		8,316,786		11,101,729
Selling, general and administrative expenses	*2, *3	5,824,007	*2, *3	6,539,261
Operating income		2,492,779		4,562,467
Non-operating income				
Interest income		53,388		56,551
Dividends income		13,338		15,259
Proceeds from sales of prototypes		6,377		6,591
Gain on investments in partnership		—		11,572
Foreign exchange gains		110,018		7,963
Other		23,825		24,740
Total non-operating income		206,948		122,676
Non-operating expenses				
Interest expenses		510		1,179
Loss on investments in partnership		12,977		—
Other		3,023		1,214
Total non-operating expenses		16,511		2,393
Ordinary income		2,683,216		4,682,750
Extraordinary income				
Gain on sales of non-current assets	*4	557,058	*4	7,021
Gain on sales of investment securities		344		—
Total extraordinary income		557,403		7,021
Extraordinary losses				
Loss on sales of non-current assets	*5	—	*5	301
Loss on retirement of non-current assets	*6	21,543	*6	19,535
Total extraordinary losses		21,543		19,837
Profit before income taxes		3,219,076		4,669,934
Income taxes - current		719,150		1,680,554
Income taxes - deferred		194,978		697,763
Total income taxes		914,128		2,378,318
Net income		2,304,947		2,291,615
Profit attributable to owners of parent		2,304,947		2,291,615

## (Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	2,304,947	2,291,615
Other comprehensive income		
Valuation difference on available-for-sale securities	321,868	-161,187
Foreign currency translation adjustment	518,534	766,434
Remeasurements of defined benefit plans	63,453	73,015
Total other comprehensive income	903,856	678,263
Comprehensive income	3,208,804	2,969,879
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,208,804	2,969,879
Comprehensive income attributable to non- controlling interests	—	—

## (3) Consolidated statement of changes in shareholders' equity

Previous fiscal year (From January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	594,142	541,273	21,274,593	-1,131,394	21,278,614
Changes during period					
Dividends of surplus			-857,166		-857,166
Profit attributable to owners of parent			2,304,947		2,304,947
Purchase of treasury shares				-900,207	-900,207
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,447,780	-900,207	547,573
Balance at end of period	594,142	541,273	22,722,374	-2,031,602	21,826,187

(Thousands of yen)

	Accumulated other comprehensive income				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	336,141	1,514,627	196,595	2,047,364	23,325,978
Changes during period					
Dividends of surplus					-857,166
Profit attributable to owners of parent					2,304,947
Purchase of treasury shares					-900,207
Net changes in items other than shareholders' equity	321,868	518,534	63,453	903,856	903,856
Total changes during period	321,868	518,534	63,453	903,856	1,451,429
Balance at end of period	658,010	2,033,161	260,048	2,951,220	24,777,408

Current fiscal year (From January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	594,142	541,273	22,722,374	-2,031,602	21,826,187
Changes during period					
Dividends of surplus			-850,013		-850,013
Profit attributable to owners of parent			2,291,615		2,291,615
Purchase of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,441,602	—	1,441,602
Balance at end of period	594,142	541,273	24,163,977	-2,031,602	23,267,790

(Thousands of yen)

	Accumulated other comprehensive income				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	658,010	2,033,161	260,048	2,951,220	24,777,408
Changes during period					
Dividends of surplus					-850,013
Profit attributable to owners of parent					2,291,615
Purchase of treasury shares					—
Net changes in items other than shareholders' equity	-161,187	766,434	73,015	678,263	678,263
Total changes during period	-161,187	766,434	73,015	678,263	2,119,865
Balance at end of period	496,822	2,799,596	333,064	3,629,483	26,897,274

## (4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,219,076	4,669,934
Depreciation	773,430	816,013
Increase (decrease) in allowance for doubtful accounts	100	-60
Increase (decrease) in provision for share-based payments	12,701	24,784
Increase (decrease) in provision for bonuses	-40,672	131,453
Increase (decrease) in provision for directors' bonuses	-10,334	13,005
Increase (decrease) in retirement benefit liability	2,532	1,598
Decrease (increase) in retirement benefit asset	-185,384	-229,123
Interest and dividend income	-66,727	-71,810
Interest expenses	510	1,179
Decrease (increase) in trade receivable	-185,329	-932,070
Decrease (increase) in inventories	242,639	-178,935
Increase (decrease) in trade payable	-393,448	505,683
Loss (gain) on sales of investment securities	-344	—
Loss (gain) on investments in partnerships	12,977	-11,572
Other	-567,132	335,821
Subtotal	2,814,596	5,075,900
Interest and dividend received	64,466	75,976
Interest paid	-787	-1,592
Income taxes paid	-936,957	-950,163
Net cash provided by (used in) operating activities	1,941,318	4,200,122
<b>Cash flows from investing activities</b>		
Payments into time deposits	-3,376,846	-2,566,232
Proceeds from withdrawal of time deposits	3,073,431	3,537,351
Purchase of property, plant and equipment	-1,857,837	-729,661
Proceeds from sales of property, plant and equipment	943,829	8,356
Purchase of intangible assets	-24,568	-29,599
Purchase of investment securities	-143,743	-45,807
Proceeds from sales of investment securities	1,395	100,000
Other	-13,559	-222,808
Net cash provided by (used in) investing activities	-1,397,899	51,598
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	-900,207	—

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Dividends paid	-856,665	-849,533
Payments of lease liabilities	-16,709	-23,558
Net cash provided by (used in) financing activities	-1,773,583	-873,092
Effect of exchange rate change on cash and cash equivalents	143,379	186,032
Net increase (decrease) in cash and cash equivalents	-1,086,785	3,564,661
Cash and cash equivalents at beginning of year	7,776,959	6,690,174
Cash and cash equivalents at end of year	6,690,174	10,254,835



(5) Notes to consolidated financial statements  
(Notes on the premise of a going concern)

N/A

(Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements)

1 Scope of Consolidation

Number of consolidated subsidiaries	7
Name of consolidated subsidiaries	MEC TAIWAN COMPANY LTD. MEC (HONG KONG) LTD. MEC FINE CHEMICAL (ZHUHAI) LTD. MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. MEC EUROPE NV. MEC SPECIALTY CHEMICAL(THAILAND)CO., LTD. MEC INDIA SPECIALTY CHEMICALS PRIVATE LTD.

2 Fiscal Year-End of Consolidated Subsidiaries

Of the consolidated subsidiaries, the closing date of MEC INDIA SPECIALTY CHEMICALS PRIVATE LTD. is March 31. The consolidated financial statements are prepared based on the financial statements with a provisional closing as of the consolidated fiscal year-end.

The last day of the business year of other consolidated subsidiaries is the same as the consolidated fiscal year-end.

3 Summary of Significant Accounting Policies

(1) Basis and Methods of Valuation of Significant Assets

i) Marketable securities

Other marketable securities

Securities with determinable market value:

Market value method (evaluation differences are reported in a component of shareholders' equity, with the cost of securities sold being calculated by the moving-average method).

Securities without a determinable market value:

Stated at cost using the moving-average method

ii) Derivatives

Stated at the market value method

iii) Inventories

(i) Goods, products (chemicals), work in progress, raw materials, inventories of merchandise and supplies:

Stated at cost based on the periodic average method (book price devaluation based on the decrease in profitability of balance sheet values)

(ii) Products (Machinery):

Stated at cost based on the specific identification method (book price devaluation based on the decrease in profitability of balance sheet values)

(2) Depreciation and Amortization of Significant Depreciable Assets

i) Tangible fixed assets

Tangible fixed assets are amortized using the straight-line method.

The principal useful lives are as follows:

Buildings and structures:	7 – 50 years
Machinery and vehicles:	4 – 10 years
Tools, furniture and fixtures:	3 – 10 years

ii) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method.

(3) Method of Accounting for Significant Allowances

i) Allowance for Doubtful Accounts

The Company provides allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. Provision for normal receivables is calculated by using the actual percentage of credit losses, while for certain identified doubtful receivables, recoverability is assessed separately to estimate the uncollectible amount.

ii) Reserve for Bonuses

The Company provides reserve for bonuses for employees and Executive Officers who are not Directors based on the estimated amount of payment in the current consolidated year.

iii) Provision for Directors' Bonuses

The Company provides allowance for bonuses for Directors based on the estimated amount of payment in the current consolidated year.

iv) Reserve for stock compensation

The Company provides for the delivery of the Company's shares etc. to the Company's directors and executive officers based on the estimated amount of payment in the end of the fiscal year.

(4) Basis for recognition of significant revenues and expenses

The Group's main business is the sale of chemicals for electronic substrates and electronic components, machinery for electronic substrates, and merchandise and finished goods regarding materials for electronic substrates.

Revenue from the sale of products (chemicals) and products (materials) is recognized at the time the product is delivered to the customer based on the provisions of the contract, or at the time the risk burden is transferred to the customer under the terms of trade stipulated in the Incoterms, etc., and the customer gains control of the product, as that is when it is determined that performance obligations have been fulfilled. However, for domestic transactions of products, etc., revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product, etc., is transferred to the customer is an ordinary period, by applying the alternative treatment set forth in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition."

Revenue from the sales of products (machinery) is recognized at the time of acceptance by the customer.

Revenue from the sales of products (materials) for which the Company's Group is deemed to be an agent is recognized as the net amount of the total amount of consideration received from the customer minus the amount paid to the suppliers.

Furthermore, since business partner considerations are mainly received within one year after the fulfillment of the performance obligation, no important financial factors are included.

(5) Method of accounting for retirement benefits

i) Method of periodical allocation of estimated retirement benefits

In calculating retirement benefit obligations, the Company adopts benefit formula criteria as a method for allocating estimated retirement benefits in the period up to the end of the current consolidated fiscal year.

## ii) Actuarial differences and method of processing prior service costs

Prior service costs are amortized by the straight-line method over a certain period within the average estimated remaining service period of employees (10 years) at the time of occurrence.

Actuarial differences are amortized by the declining-balance method over a certain period within the average estimated remaining service period of employees (10 years) at the time of occurrence of each year, beginning from the following fiscal year.

## (6) Basis of translation of significant assets and liabilities denominated in foreign currencies into

Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into yen using the prevailing spot exchange rate on the consolidated balance sheet date and any exchange differences are accounted for as profit or loss. Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the prevailing spot rate at the balance sheet date of consolidated subsidiaries. The profit and loss of consolidated subsidiaries are translated into yen at the average spot rate during the period and any exchange differences are recorded as foreign currency translation adjustment under net assets.

## (7) Cash and cash equivalent in the consolidated statement of cash flow

Cash and cash equivalent comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

(Changes in accounting policies)

N/A

(Notes to consolidated balance sheet)

## \*1 Notes maturing at end of current fiscal year

In accounting for notes maturing at the end of the current fiscal year, we process payments using the date of the notes. Please note that because the last day of the fiscal year under review was a holiday for financial institutions, notes maturing on the last day of the next fiscal year are included in the balance of bills on the last day of the fiscal year. (Thousands of yen)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Notes receivable	6,099	3,908
Electronically recorded receivable	8,580	9,716
Notes payable-trade	36,489	-

## \*2 Pledged assets

(Thousands of yen)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Buildings and structures	103,524	99,685
Land	33,003	34,638
Total	136,527	134,323

There is no obligation corresponding to the above pledged assets.

(Notes to consolidated statements of income)

\*1 The inventories at the fiscal year end are the amounts after write-down of book value as a result of a decrease in profitability, and the following loss on valuation of inventories is included in cost of sales.

(Thousands of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
	-3,536	2,161

## \*2 Breakdown of selling, general, and administrative expenses. (Thousands of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Provision of allowance for doubtful accounts	100	1,010
Salaries and bonuses	1,665,113	1,857,988
Packing and transportation expenses	681,181	779,894
Provision for allowance for bonuses	163,465	231,098
Provision for directors' bonuses	37,822	50,827
Provision for share-based compensation	12,701	24,784
Retirement benefit expenses	94,313	100,220
Research and development expenses	1,219,335	1,333,997

## \*3 Research and development expenses included in general expenses were as follows. (Thousands of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
	1,219,335	1,333,997

## \*4 Breakdown of profit on sale of fixed assets is as follows. (Thousands of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Machinery, equipment and vehicles	7,707	6,998
Tools, furniture and fixtures	203	22
Land	549,147	—
Total	557,058	7,021

## \*5 Breakdown of loss on sale of fixed assets is as follows. (Thousands of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Machinery, equipment and vehicles	—	12
Tools, furniture and fixtures	—	289
Total	—	301

## \*6 Breakdown of loss on disposal of fixed assets is as follows. (Thousands of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Buildings and structures	3,603	163
Machinery, equipment and vehicles	12,295	15,494
Tools, furniture and fixtures	1,890	2,982
Right-of-use assets	—	143
Fixed asset removal costs	3,753	751
Total	21,543	19,535

(Matters related to consolidated statement of comprehensive income)

\* Amount of reclassification adjustment and tax effect amount pertaining to other comprehensive income

	(Thousands of yen)	
	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Valuation difference on available-for-sale securities:		
Amount arising in the current fiscal year under review	463,653	-232,191
Before income tax effect	463,653	-232,191
Income tax effect	-141,785	71,004
Valuation difference on available-for-sale securities	321,868	-161,187
Foreign currency translation adjustment:		
Amount arising in the current fiscal year under review	518,534	766,434
Adjustments related to retirement benefits:		
Amount arising in the current fiscal year under review	149,743	182,347
Amount of reclassification adjustment	-58,338	-77,168
Before income tax effect	91,405	105,179
Income tax effect	-27,951	-32,164
Adjustments related to retirement benefits	63,453	73,015
Other comprehensive income	903,856	678,263

## (Matters related to consolidated statement of changes in shareholders' equity)

Previous fiscal year (From January 1, 2023 to December 31, 2023)

## 1. Class and numbers of total shares issued and treasury stock held

	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock	20,071,093	—	—	20,071,093
Total	20,071,093	—	—	20,071,093
Treasury stock				
Common stock	1,060,144	286,097	—	1,346,241
Total	1,060,144	286,097	—	1,346,241

- (Note)1. A total of 164,329 shares were contributed to Custody Bank of Japan (trust account) as trust property in the stock-based compensation system for directors and stock-based compensation system for executive officers. They are treated as treasury stocks in consolidated financial statements and financial statements.
2. The increase of 286,097 shares of treasury stock in common stock is an increase of 286,000 shares due to the purchase of treasury stock as resolved by the Board of Directors and an increase of 97 shares due to the purchase of shares of less than one unit.

## 2. Dividends

## (1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Date of record	Effective date
February 14 2023 Board of directors' meeting	Common stock	479,381	25	December 31, 2022	March 2, 2023
August 9, 2023 Board of directors' meeting	Common stock	377,785	20	June 30, 2023	September 5, 2023

- (Note)1. The total amount of dividends based on a resolution made by the Board of Directors on February 14, 2023, includes a dividend of 4,108 thousand yen related to Company stock held by the Stock Delivery Trust for Directors and Stock Delivery Trust for Executive Officers.
2. The total amount of dividends based on a resolution made by the Board of Directors on August 9, 2023, includes a dividend of 3,286 thousand yen related to Company stock held by the Stock Delivery Trust for Directors and Stock Delivery Trust for Executive Officers.

## (2) Dividends with a record date within the current fiscal year that become effective after the end of the fiscal year

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Source of dividends	Dividend per share (yen)	Date of record	Effective date
February 14, 2024 Board of directors' meeting	Common stock	472,229	Retained earnings	25	December 31, 2023	February 28, 2024

- (Note) The total amount of dividends based on a resolution made by the Board of Directors on February 14, 2024, includes a dividend of 4,108 thousand yen related to Company stock held by the Stock Delivery Trust for Directors and Stock Delivery Trust for Executive Officers.

Current fiscal year (From January 1, 2024 to December 31, 2024)

## 1. Class and numbers of total shares issued and treasury stock held

	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock	20,071,093	—	—	20,071,093
Total	20,071,093	—	—	20,071,093
Treasury stock				
Common stock	1,346,241	—	—	1,346,241
Total	1,346,241	—	—	1,346,241

(Note) A total of 164,329 shares were contributed to Custody Bank of Japan (trust account) as trust property in the stock-based compensation system for directors and stock-based compensation system for executive officers. They are treated as treasury stocks in consolidated financial statements and financial statements.

## 2. Dividends

## (1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Date of record	Effective date
February 14 2024 Board of directors' meeting	Common stock	472,229	25	December 31, 2023	February 28, 2024
August 8, 2024 Board of directors' meeting	Common stock	377,783	20	June 30, 2024	September 3, 2024

(Note)1. The total amount of dividends based on a resolution made by the Board of Directors on February 14, 2024, includes a dividend of 4,108 thousand yen related to Company stock held by the Stock Delivery Trust for Directors and Stock Delivery Trust for Executive Officers.

2. The total amount of dividends based on a resolution made by the Board of Directors on August 8, 2024, includes a dividend of 3,286 thousand yen related to Company stock held by the Stock Delivery Trust for Directors and Stock Delivery Trust for Executive Officers.

## (2) Dividends with a record date within the current fiscal year that become effective after the end of the fiscal year

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Source of dividends	Dividend per share (yen)	Date of record	Effective date
February 14, 2025 Board of directors' meeting	Common stock	472,229	Retained earnings	25	December 31, 2024	March 4, 2025

(Note) The total amount of dividends based on a resolution made by the Board of Directors on February 14, 2025, includes a dividend of 4,108 thousand yen related to Company stock held by the Stock Delivery Trust for Directors and Stock Delivery Trust for Executive Officers.

## (Consolidated statement of cash flows)

\* Reconciliation of cash and cash equivalents at the end of the fiscal year with the consolidated balance sheet accounts (Thousands of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Cash and deposits	8,755,863	11,476,446
Time deposits with maturities extending over three months	-2,065,688	-1,221,611
Cash and cash equivalents	6,690,174	10,254,835

## (Retirement benefit)

## 1. Outline of retirement benefit plan applied

The Company adopts a contract-type defined benefit corporate pension plan (“cash balance plan”) based on the Defined Benefit Corporate Pension Law and a defined contribution pension plan.

Certain consolidated subsidiaries adopt a defined contribution pension plan or defined benefit plan. We calculate the retirement benefit expenses and liabilities related to retirement benefits by the simplified method for these defined benefit plans.

## 2. Defined benefit plans

## (1) Reconciliation of the beginning and ending balances of retirement benefit obligations (excluding the scheme that applies the simplified method, which is listed in (3)) (Thousands of yen)

	Previous consolidated fiscal year (From January 1, 2023 to December 31, 2023)	Consolidated fiscal year (From January 1, 2024 to December 31, 2024)
Beginning balance of the retirement benefit obligation	923,891	993,961
Service costs	73,730	82,317
Interest expense	15,706	15,903
Accruals of actuarial gains and losses	56,197	8,894
Payment of retirement benefits	-75,563	-80,775
Balance of retirement benefit obligations at end of year	993,961	1,020,301

## (2) Reconciliation of the beginning and ending balances of pension assets (excluding the scheme that applies the simplified method, which is listed in (3)) (Thousands of yen)

	Previous consolidated fiscal year (From January 1, 2023 to December 31, 2023)	Consolidated fiscal year (From January 1, 2024 to December 31, 2024)
Beginning balance of pension assets	1,905,909	2,153,293
Expected return	5,717	15,073
Accruals of actuarial gains and losses	205,941	191,949
Contributions from the employer	111,289	116,105
Amount of retirement benefits paid	-75,563	-81,482
Balance of the pension assets at end of year	2,153,293	2,394,939

## (3) Reconciliations of beginning and ending balances of the liability for the retirement benefits of the system that uses the simplified method (Thousands of yen)

	Previous consolidated fiscal year (From January 1, 2023 to December 31, 2023)	Consolidated fiscal year (From January 1, 2024 to December 31, 2024)
Beginning balance of the liability for retirement benefits	-22,560	-29,703
Retirement benefit expense	-2,200	-9,660
Payment of retirement benefits	-3,336	-1,736
Other	-1,605	-1,912
Ending balance of the liability for retirement benefits	-29,703	-43,012



## (4) Reconciliation of the ending balance of the retirement benefit obligations and pension assets, and liabilities and assets relating to retirement benefits that have been recorded in the consolidated balance sheet

(Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2023)	Consolidated fiscal year (As of December 31, 2024)
Retirement benefit obligation of funded plans	1,027,556	1,055,811
Pension assets	-2,221,405	-2,480,594
Retirement benefit obligation of unfunded plans	4,813	7,131
Net amount of liabilities and assets that have been recorded in the consolidated balance sheet	-1,189,035	-1,417,651
Liabilities related to retirement benefits	4,813	7,131
Net defined benefit asset	-1,193,849	-1,424,782
Net amount of liabilities and assets that have been recorded in the consolidated balance sheet	-1,189,035	-1,417,651

## (5) Amount of retirement benefit costs and their breakdown

(Thousands of yen)

	Previous consolidated fiscal year (From January 1, 2023 to December 31, 2023)	Consolidated fiscal year (From January 1, 2024 to December 31, 2024)
Service cost	73,730	82,317
Interest expense	15,706	15,903
Expected return on plan assets	-5,717	-15,073
Expensed amount of actuarial gains and losses	-58,338	-77,168
Retirement benefit costs which are calculated using the simplified method	-2,200	-9,660
Retirement benefit cost of defined benefit plans	23,179	-3,681

## (6) Adjustments related to retirement benefits

A breakdown of the items that were recorded in the adjustments for retirement benefits (before making deductions for the tax effect) is as follows.

(Thousands of yen)

	Previous consolidated fiscal year (From January 1, 2023 to December 31, 2023)	Consolidated fiscal year (From January 1, 2024 to December 31, 2024)
Accruals of actuarial gains and losses	-91,405	-105,179
Total	-91,405	-105,179

## (7) Cumulative adjustment to retirement benefits

A breakdown of the items that were recorded in the cumulative adjustments for retirement benefits (before making deductions for the tax effect) is as follows.

(Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2023)	Consolidated fiscal year (As of December 31, 2024)
Difference with unrecognized actuarial gain and loss	-374,602	-479,782
Total	-374,602	-479,782

## (8) Matters relating to pension assets

## i) Main components of the pension assets

The ratios of the major classifications for the total pension assets are as follows.

	Previous consolidated fiscal year (As of December 31, 2023)	Consolidated fiscal year under review (As of December 31, 2024)
Bonds	31%	33%
Stocks	40%	40%
General accounts	21%	21%
Other	8%	6%
Total	100%	100%

## ii) Method of setting the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, we consider the current and expected allocation of pension assets, and the current and expected long-term rate of return from the variety of assets that make up the pension assets.

## (9) Matters relating to actuarial assumptions

## Major actuarial assumptions (representing a weighted average)

	Previous consolidated fiscal year (As of December 31, 2023)	Consolidated fiscal year under review (As of December 31, 2024)
Discount rate	1.6%	2.0%
Expected long-term rate of return on pension assets	0.3%	0.7%

## 3. Defined contribution plans

The required contributions to defined contribution plans of consolidated subsidiaries that use defined contribution plans came to 134,004 thousand yen for the previous consolidated fiscal year (From January 1, 2023 to December 31, 2023) and 151,448 thousand yen for the consolidated fiscal year under review ( From January 1, 2024 to December 31, 2024).

(Tax effect accounting)

## 1 Breakdown of deferred tax assets and deferred tax liabilities by major causes of occurrence

	(Thousands of yen)	
	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
<b>Deferred tax assets</b>		
Allowance for bonuses	87,817	128,015
Accrued enterprise tax	10,736	47,604
Social insurance premiums	13,559	19,569
Loss on valuation of inventory assets	19,900	12,766
Unrealized income on inventory assets	149,140	257,111
Unpaid officer retirement benefits	4,379	4,379
Loss carryforwards (Note.2)	149,645	136,197
Reserve for stock compensation	24,989	30,890
Impairment loss	176,806	176,806
Other	29,635	16,852
Deferred tax assets subtotal	666,609	830,193
Valuation allowance for tax loss carryforwards	-149,645	-136,197
Valuation allowance for total future deductible temporary differences	-176,986	-176,986
Valuation allowance subtotal (Note.1)	-326,631	-313,183
Total deferred tax assets	339,978	517,009
<b>Deferred tax liabilities</b>		
Valuation difference on other securities	-289,858	-218,853
Retained earnings of overseas subsidiaries	-497,400	-616,095
Retirement benefits assets	-361,435	-430,423
Controlled foreign company tax	—	-706,102
Other	-33,540	-34,606
Total deferred tax liabilities	-1,182,235	-2,006,081
Net deferred tax assets	-842,256	-1,489,071

The amount of “net deferred tax liabilities” (previous fiscal year: -842,256 thousand yen; current fiscal year: -1,489,071 thousand yen) is included in the following items in the consolidated balance sheet.

	(Thousands of yen)	
	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Fixed assets - deferred tax assets	11,345	1,711
Fixed liabilities - deferred tax liabilities	-853,602	-1,490,783

(Note) 1. The valuation allowance decreased by 13,448 thousand yen. This decrease was mainly due to the additional recognition of -24,368 thousand yen of valuation allowance for tax loss carryforwards at the consolidated subsidiary MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD., and 10,920 thousand yen of valuation allowance for tax loss carryforwards at the consolidated subsidiary MEC (HONG KONG) LTD.

## 2. Tax loss carryforwards and their deferred tax assets by rollover date

	Previous fiscal year (As of December 31, 2023)						(Thousands of yen)
	Within 1 year	Within 1 to 2 years	Within 2 to 3 years	Within 3 to 4 years	Within 4 to 5 years	Over 5 years	Total
Tax loss carryforwards(a)	31,979	45,468	13,898	—	2,421	55,877	149,645
Valuation allowance	-31,979	-45,468	-13,898	—	-2,421	-55,877	-149,645
Deferred tax asset	—	—	—	—	—	—	—

(a) Tax losses carried forward are multiplied by the statutory tax rate.

Current fiscal year (As of December 31, 2024)

(Thousands of yen)

	Within 1 year	Within 1 to 2 years	Within 2 to 3 years	Within 3 to 4 years	Within 4 to 5 years	Over 5 years	Total
Tax loss carryforwards(a)	117,867	15,610	—	2,719	—	—	136,197
Valuation allowance	-117,867	-15,610	—	-2,719	—	—	-136,197
Deferred tax asset	—	—	—	—	—	—	—

(a) Tax losses carried forward are multiplied by the statutory tax rate.

(b) MEC (HONG KONG) LTD. has decided to dissolve and liquidate at the board of directors meeting held on October 22, 2024. Therefore, the tax loss carryforwards and valuation allowances are presented as 'Within 1 year' for tax purposes."

## 2 Breakdown by major items that caused the difference between the statutory effective tax rate and the burden rate of corporation tax etc. after applying tax effect accounting

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Statutory effective tax rate	30.6%	30.6
(Adjustment)		
Permanent differences such as entertainment expenses	0.9	0.6
Inhabitant tax equivalent	0.2	0.1
Examination research expenses etc. Tax deduction	-4.1	-2.9
Foreign withholding tax	1.4	1.9
Overseas Subsidiary Income Retention Taxation	-0.2	0.1
Increase (decrease) in valuation allowance	0.4	-0.3
Retained earnings of foreign subsidiaries	1.0	2.5
Overseas tax rate discrepancy	-2.2	-2.2
Controlled foreign company tax	—	15.1
Consolidated adjustment for gain on sale of subsidiary shares	—	5.0
Other	0.4	0.4
Burden of corporate tax etc. after applying tax effect accounting	28.4	50.9

## (Revenue recognition)

## 1. Information breaking down the revenue generated from customer contracts

Previous consolidated fiscal year (From January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Reportable segment						Annual
	Japan	Taiwan	Hong Kong	China	Thailand	Europe	
Chemicals	5,410,142	2,620,699	1,717,431	2,670,959	570,286	776,327	13,764,847
Machinery	108,551	327	—	257	32	3,350	112,520
Materials	22,133	—	—	—	—	117,050	139,183
Other	3,357	158	—	—	—	18	3,534
Revenue from customer contracts	5,544,184	2,620,186	1,717,431	2,671,217	570,319	896,746	14,020,085
Sales to external customers	5,544,184	2,620,186	1,717,431	2,671,217	570,319	896,746	14,020,085

Current consolidated fiscal year (From January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Reportable segment						Annual
	Japan	Taiwan	(Note) Hong Kong	China	Thailand	Europe	
Chemicals	6,609,059	3,325,167	2,305,688	3,594,012	810,009	834,230	17,478,167
Machinery	570,254	1,061	—	1,956	554	5,693	579,521
Materials	19,917	10	—	—	—	149,248	169,176
Other	7,071	—	—	—	—	440	7,512
Revenue from customer contracts	7,206,303	3,326,239	2,305,688	3,595,968	810,564	989,612	18,234,377
Sales to external customers	7,206,303	3,326,239	2,305,688	3,595,968	810,564	989,612	18,234,377

Note) Even after our acquisition of all shares of MEC FINE CHEMICAL (ZHUHAI) LTD. from MEC (Hong Kong) LTD., it is included in the Hong Kong segment as the management classification remains the same as Hong Kong."

## 2. Information forming the basis for understanding the revenue generated from customer contracts

The information that forms the basis for understanding the revenue generated from customer contracts is described in "(Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements) 3. Matters concerning accounting policies (4) Basis for recognition of significant revenues and expenses."

## 3. Information on the relationship between fulfillment of performance obligations under contracts with customers and cash flows arising from such contracts, and information on the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the consolidated fiscal year in review to the following consolidated fiscal year and beyond

### i) Balance of contract assets and contract liabilities, etc.

(Thousands of yen)

	Previous fiscal year		Current fiscal year	
	Balance at beginning of the period	Balance at end of the period	Balance at beginning of the period	Balance at end of the period
Contractual liabilities	15,649	9,080	9,080	36,316

Contract liabilities primarily represent consideration received from customers prior to the delivery of products and are included in other current liabilities on the consolidated balance sheets.

There were no contract assets in the previous fiscal year or the current fiscal year.

### ii) Transaction price allocated to remaining performance obligations

The description is omitted because there is no material contract with an initial expected contract period of more than one year.

(Segment information)

[Information by operating segment]

## 1. Overview of reportable segments

The Company's reportable segments are those for which financial information on the Company's separate units is available and such information is used by the Board of Directors to decide how to allocate management resources and to evaluate achievements. Thus, they are subject to regular reviews.

The Company's Group mainly manufactures and sells chemicals involved in manufacturing PCBs. The Company is located in Japan. Overseas, it has bases in Taiwan, Hong Kong, China, Thailand, and Europe (mainly Germany, Italy, and France). These are respectively overseen by MEC TAIWAN COMPANY LTD.; MEC (HONG KONG) LTD.; MEC FINE CHEMICAL (ZHUHAI) LTD.; MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.; MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD COMPANY LTD.; and MEC EUROPE NV. Each local corporation is an independent business unit. They formulate comprehensive strategies for each region with regards to the products they handle, and expand their business activities.

For India, MEC EUROPE NV. is in charge of sales and MEC INDIA SPECIALTY CHEMICALS PRIVATE LTD. provides technical support.

Therefore, the Company's Group consists of segments that are separated on the basis of their regional production and marketing systems. There are six reportable segments: Japan, Taiwan, Hong Kong (Hong Kong, Zhuhai), China (Suzhou), Thailand and Europe.

## 2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The method of accounting treatment used for reportable business segments is approximately the same as that stated in "Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements."

Figures for the profits at reportable segments are based on operating income.

Inter-segment revenue and transfers are based on current market prices.

## 3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (From January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Reportable segment						Total
	Japan	Taiwan	Hong Kong	China	Thailand	Europe	
Net sales							
Sales to external customers	5,544,184	2,620,186	1,717,431	2,671,217	570,319	896,746	14,020,085
Inter-segment sales and transfers	2,865,985	2,979	96,109	15,225	—	57,659	3,037,959
Total	8,410,169	2,623,165	1,813,541	2,686,442	570,319	954,406	17,058,044
Segment profit	1,216,349	308,781	240,163	358,472	6,451	59,529	2,189,788
Segment assets	19,846,556	3,783,087	2,513,628	2,735,172	1,136,703	1,038,498	31,053,653
Other items							
Depreciation and amortization	556,509	35,358	38,986	56,365	55,621	30,607	773,430
Increase in property, plant and equipment and intangible assets	1,486,276	5,324	37,336	244,115	22,658	74,369	1,870,081

Current fiscal year (From January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Reportable segment						Total
	Japan	Taiwan	(Note) Hong Kong	China	Thailand	Europe	
Net sales							
Sales to external customers	7,206,303	3,326,239	2,305,688	3,595,968	810,564	989,612	18,234,377
Inter-segment sales and transfers	5,057,552	—	4,981	18,060	—	23,776	5,104,369
Total	12,263,855	3,326,239	2,310,669	3,614,028	810,564	1,013,389	23,338,746
Segment profit	3,477,490	400,339	348,361	500,630	101,681	66,422	4,894,927
Segment assets	25,728,395	4,107,701	4,921,306	2,993,372	1,379,014	1,150,887	40,280,678
Other items							
Depreciation and amortization	554,710	35,506	46,388	78,043	63,001	38,363	816,013
Increase in property, plant and equipment and intangible assets	236,028	83,731	37,317	275,670	19,450	46,845	699,045

Note) Even after our acquisition of all shares of MEC FINE CHEMICAL (ZHUHAI) LTD. from MEC (Hong Kong) LTD., it is included in the Hong Kong segment as the management classification remains the same as Hong Kong."

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

(Thousands of yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	17,058,044	23,338,746
Intersegment eliminations	-3,037,959	-5,104,369
Sales stated in the Consolidated Financial Statements	14,020,085	18,234,377

(Thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	2,189,788	4,894,927
Intersegment eliminations	303,031	-332,459
Operating income in the Consolidated Financial Statements	2,492,779	4,562,467

(Thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	31,053,653	40,280,678
Intersegment eliminations	-2,388,445	-7,241,505
Total assets in the Consolidated Financial Statements	28,665,207	33,039,172

(Thousands of yen)

Other items	Reportable segment total		Adjustment		Amount stated in the Consolidated Financial Statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation and amortization	773,430	816,013	—	—	773,430	816,013
Increase in property, plant and equipment and intangible assets	1,870,081	699,045	—	—	1,870,081	699,045

## [Related Information]

Previous fiscal year (From January 1, 2023 to December 31, 2023)

## 1. Information by product and by service

Because there is a single category of products and services, information by product or by service is omitted.

## 2. Information by geographical segment

## (1) Net sales

(Thousands of yen)

Japan	Taiwan	China	Other	Total
5,325,225	2,620,186	4,377,141	1,697,532	14,020,085

Note: Net sales to customers are based on location, and are classified by country or region.

## (2) Tangible fixed assets

(Thousands of yen)

Japan	Taiwan	China	Thailand	Europe	Total
7,326,116	889,523	737,759	648,484	218,384	9,820,269

## 3. Information on each major customer

Of sales to external customers, because there is no destination for 10% or more of net sales in the consolidated statements of income, the statement of such has been omitted in this material.

Current fiscal year (From January 1, 2024 to December 31, 2024)

## 1. Information by product and by service

Because there is a single category of products and services, information by product or by service is omitted.

## 2. Information by geographical segment

## (1) Net sales

(Thousands of yen)

Japan	Taiwan	China	Other	Total
6,976,115	3,326,239	5,882,067	2,049,954	18,234,377

Note: Net sales to customers are based on location, and are classified by country or region.

## (2) Tangible fixed assets

(Thousands of yen)

Japan	Taiwan	China	Thailand	Europe	Total
7,029,095	973,941	930,750	682,221	237,738	9,853,747



## 3. Information on each major customer

Of sales to external customers, because there is no destination for 10% or more of net sales in the consolidated statements of income, the statement of such has been omitted in this material.

[Information on impairment of fixed assets by reportable segment]

N/A

[Information on amortized and unamortized goodwill by reportable segment]

N/A

[Information on gain on negative goodwill by reportable segment]

N/A

## (Per share information)

(Yen)

Item	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Net assets per share	1,323.24	1,436.45
Net income per share	122.29	122.38

Notes: 1. Information of diluted net income per share is omitted because of no issue of potential stocks.

2. In calculating net assets per share, we treat the trust account for stock issuance for Directors and stock issuance trust account for Executive Officers as own shares owned by the Company (treasury stock). Therefore, the number of shares at the end of the fiscal year is calculated by including the shares of treasury stock subject to deduction. Also, in calculating net income per share, the average number of shares during the fiscal year is determined by including the shares of treasury stock subject to deduction. Further, the number of shares of treasury stock deducted at the end of the period in calculating “net assets per share” was 164,329 shares in the previous consolidated fiscal year and 164,329 shares in the consolidated fiscal year under review. In addition, the average number of shares of treasury stock deducted during the period in calculating “net income per share” was 164,329 shares in the previous consolidated fiscal year and 164,329 shares in the consolidated fiscal year under review.

3. The basis for calculating net income per share is as follows.

Item	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Net income (Thousands of yen)	2,304,947	2,291,615
Amount not available for common shareholders (Thousands of yen)	—	—
Net profit available for common stocks (Thousands of yen)	2,304,947	2,291,615
Weighted-average number of common shares outstanding during the year (shares)	18,847,535	18,724,852

## (Important subsequent events)

N/A

## 4. Non-consolidated financial statements and major notes

## (1) Balance sheet

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,388,877	7,597,655
Notes receivable - trade	34,943	29,529
Electronically recorded monetary calims-operating	278,458	376,347
Accounts receivable - trade	2,345,027	2,920,770
Merchandise and finished goods	255,822	227,889
Raw materials and supplies	555,167	563,421
Prepaid expenses	13,567	14,417
Accounts receivable - other	42,658	48,468
Other	38,378	100,118
<b>Total current assets</b>	<b>7,952,902</b>	<b>11,878,619</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	3,461,119	3,260,821
Structures	177,751	160,647
Machinery and equipment	552,354	475,796
Vehicles	18,946	17,973
Tools, furniture and fixtures	249,572	219,086
Land	2,821,838	2,821,838
Construction in progress	44,533	72,934
<b>Total property, plant and equipment</b>	<b>7,326,116</b>	<b>7,029,095</b>
<b>Intangible assets</b>		
Leasehold right	29,380	29,380
Software	110,467	85,272
Other	121	1,737
<b>Total intangible assets</b>	<b>139,968</b>	<b>116,389</b>
<b>Investments and other assets</b>		
Investment securities	1,866,609	1,627,553
Affiliated company shares	1,057,563	3,263,562
Capital	5	5
Long-term loans receivable from subsidiaries and affiliates	621,000	641,700
Long-term prepaid expenses	62,947	261,716
Prepaid pension expense	784,730	894,856
Other	15,031	14,896
<b>Total investments and other assets</b>	<b>4,407,886</b>	<b>6,704,290</b>
<b>Total non-current assets</b>	<b>11,873,971</b>	<b>13,849,776</b>
<b>Total assets</b>	<b>19,826,874</b>	<b>25,728,395</b>

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes payable	43,818	45,121
Electronically recorded obligations-operating	597,301	894,293
Accounts payable -trade-	266,976	419,872
Accounts payable -other-	286,913	2,526,251
Accrued expenses	123,182	165,835
Income taxes payable	88,274	834,137
Deposits received	59,883	93,639
Provision for bonuses	287,173	418,626
Provision for directors' bonuses	37,822	50,827
Notes payable - facilities	4,477	7,425
Electronically recorded obligations-facilities	47,819	32,448
Accounts payable - facilities	201,225	56,107
Other	8,355	3,403
Total current liabilities	2,053,224	5,547,989
Non-current liabilities		
Deferred tax liabilities	373,707	268,998
Asset retirement obligations	587	587
Provision for share-based payments	102,167	126,951
Other	23,920	23,942
Total non-current liabilities	500,382	420,480
Total liabilities	2,553,606	5,968,470
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus		
Legal capital surplus	446,358	446,358
Other capital surplus	94,914	94,914
Total capital surpluses	541,273	541,273
Retained earnings		
Legal retained earnings	63,557	63,557
Other retained earnings		
General reserve	14,300,000	15,300,000
Retained earnings brought forward	3,147,885	4,795,731
Total retained earnings	17,511,443	20,159,288
Treasury shares	-2,031,602	-2,031,602
Total shareholders' equity	16,615,257	19,263,102
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	658,010	496,822
Total valuation and translation adjustments	658,010	496,822
Total net assets	17,273,267	19,759,925
Total liabilities and net assets	19,826,874	25,728,395

## (2) Statement of income

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	8,410,169	12,263,855
Cost of sales	3,302,825	4,439,366
Gross profit	5,107,344	7,824,488
Selling, general and administrative expenses	3,890,995	4,346,998
Operating profit	1,216,349	3,477,490
Non-operating income		
Interest and dividend income	589,057	1,059,044
Proceeds from sales of prototypes	6,377	6,591
Foreign exchange gains	117,964	16,533
Other	8,692	21,288
Total non-operating income	722,091	1,103,458
Non-operating expenses		
Loss on investments in investment partnerships	12,977	—
Other	1,815	42
Total non-operating expenses	14,793	42
Ordinary profit	1,923,646	4,580,906
Extraordinary income		
Gain on sales of non-current assets	549,243	510
Gain on sales of investment securities	344	—
Total extraordinary income	549,588	510
Extraordinary losses		
Loss on retirement of non-current assets	7,786	1,544
Total extraordinary losses	7,786	1,544
Profit before income taxes	2,465,448	4,579,872
Income taxes - current	460,347	1,115,718
Income taxes - deferred	69,338	-33,704
Total income taxes	529,686	1,082,014
Profit	1,935,761	3,497,858

## (3) Statement of changes in shareholders' equity

Previous fiscal year (From January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	594,142	446,358	94,914	541,273	63,557	12,800,000	3,569,291	16,432,848
Changes during period								
Provision of general reserve						1,500,000	-1,500,000	—
Dividends of surplus							-857,166	-857,166
Net income							1,935,761	1,935,761
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	1,500,000	-421,405	1,078,594
Balance at end of period	594,142	446,358	94,914	541,273	63,557	14,300,000	3,147,885	17,511,443

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	-1,131,394	16,436,870	336,141	336,141	16,773,011
Changes during period					
Provision of general reserve		—			—
Dividends of surplus		-857,166			-857,166
Net income		1,935,761			1,935,761
Purchase of treasury shares	-900,207	-900,207			-900,207
Net changes in items other than shareholders' equity			321,868	321,868	321,868
Total changes during period	-900,207	178,387	321,868	321,868	500,255
Balance at end of period	-2,031,602	16,615,257	658,010	658,010	17,273,267

Current fiscal year (From January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	594,142	446,358	94,914	541,273	63,557	14,300,000	3,147,885	17,511,443
Changes during period								
Provision of general reserve						1,000,000	-1,000,000	—
Dividends of surplus							-850,013	-850,013
Net income							3,497,858	3,497,858
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	1,000,000	1,647,845	2,647,845
Balance at end of period	594,142	446,358	94,914	541,273	63,557	15,300,000	4,795,731	20,159,288

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	-2,031,602	16,615,257	658,010	658,010	17,273,267
Changes during period					
Provision of general reserve		—			—
Dividends of surplus		-850,013			-850,013
Net income		3,497,858			3,497,858
Purchase of treasury shares		—			—
Net changes in items other than shareholders' equity			-161,187	-161,187	-161,187
Total changes during period	—	2,647,845	-161,187	-161,187	2,486,657
Balance at end of period	△2,031,602	19,263,102	496,822	496,822	19,759,925