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May 12, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: MEC COMPANY LTD.
Listing: Tokyo Stock Exchange (Securities code: 4971)
URL: https://www.mec-co.com/en/
Representative: Kazuo MAEDA, CEO & President
Inquiries: Aya MATSUSHITA, Corporate Communication Office
Telephone: +81-(0)6-6401-8160
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 three months ended march 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	4,423	1.6	1,093	3.8	1,059	-6.5	476	-38.9
March 31, 2024	4,354	57.5	1,053	523.7	1,132	406.4	779	848.2

Note: Comprehensive income For the three months ended March 31, 2025: ¥-216 million [-%]
For the three months ended March 31, 2024: ¥1,041 million [249.8%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2025	25.44	-
March 31, 2024	41.62	-

(2) Financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	31,428	26,208	83.4
December 31, 2024	33,039	26,897	81.4

Reference: Equity
As of March 31, 2025: ¥26,208 million
As of December 31, 2024: ¥26,897 million

2.Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2024	-	20.00	-	25.00	45.00
FY2025	-				
FY2025 (Forecast)		25.00	-	30.00	55.00

(Note) Revision of recently announced dividends forecast: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2025 (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

(Note 1) Revision of recently announced earnings forecast: None

(Note 2) The company passed a resolution concerning the acquisition and retirement of treasury stock at a meeting of the Board of Directors held on May 12, 2025, but the impact of that resolution has not been considered with regard to "net income per share" in the consolidated earnings forecast.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of concise accounting procedures or particular accounting procedures in the creation of consolidated financial statements during this quarter: Yes

Note: For details, please see "Specific accounting treatments applied in the preparation of quarterly consolidated financial statements" 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: Yes

(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 March 31, 2025	20,071,093 shares
As of December 31, 2024	20,071,093 shares

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

As of March 31, 2025	1,346,241 shares
As of December 31, 2024	1,346,241 shares

(iii) Average number of shares outstanding during the period

Three months ended March 31, 2025	18,724,852 shares
Three months ended March 31, 2024	18,724,852 shares

* 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. Qualitative information regarding consolidated results for this quarter (3) Statement of forward looking" on page 4 of the attachment.

- We are planning to hold financial results briefing for institutional investors and analysts on Monday, May 12, 2025. 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

During the first quarter of the current fiscal year (January 1 to March 31, 2025), the Japanese economy was on a moderate recovery trend although parts remained at a standstill. On the other hand, there is a lot of uncertainty, including the impact of rising prices on personal consumption, US. trade policy in overseas economies and trends in the foreign exchange market, and the economic outlook is unclear.

In the electronics industry, the data center sector continued to be strong after last year, driven by generative AI, but no significant recovery in investment was apparent in general-purpose servers. PCs, smartphones, and automobile-related products, where the technological transformation to autonomous driving is advancing, trended strongly in general. Although the impacts of tariff policy by the US and China's measures to stimulate domestic demand can be seen, from a medium to long-term perspective, the megatrend of digital technology development due to the telecommunications revolution remains unchanged, and investment in these areas is expected to continue.

The electronic circuit board and components industries, related markets of the Group, were influenced by the electronics industry in general.

In this environment, the Group worked on its business activities under the guideline "creation and transformation" to achieve the "Phase 2 Medium-Term Management Plan (FY 2025 to FY 2027)," the second phase for realization of the 2030 Vision. In particular, we focused on the development and sales of products for high-density electronic substrates in a time of social change and transformation toward digitalization and greening.

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

	Three months ended March 31, 2024	Three months ended March 31, 2025	YoY
Net sales	4,354 million yen	4,423 million yen	1.6 %
Selling, general and administrative expenses	1,496 million yen	1,655 million yen	10.6 %
Operating income	1,053 million yen	1,093 million yen	3.8 %
Operating profit margin	24.2 %	24.7 %	0.5 ppt
Ordinary income	1,132 million yen	1,059 million yen	-6.5 %
Net income before income taxes	1,128 million yen	1,057 million yen	-6.3 %
Net income attributable to parent company's shareholders	779 million yen	476 million yen	-38.9 %

The breakdown of net sales was as follows.

	Three months ended March 31, 2024	Three months ended March 31, 2025	YoY
Chemicals	3,924 million yen	4,237 million yen	8.0 %
Machinery	391 million yen	49 million yen	-87.5 %
Materials	37 million yen	128 million yen	245.2 %
Other	1 million yen	8 million yen	511.6 %

The overseas sales ratio was 65.5%, up 6.9 points from 58.6% in the same period last year. If sales to overseas customers carried out through distributors in Japan are included in the overseas sales ratio, it stands at 80.4%, up 7.3 percentage points from 73.1% in the same period last year.

Although demand for products for advanced package substrates for generative AI-related applications was strong, sales of chemicals increased only slightly due to a decline in machinery sales and the impact of the major foreign exchange rates for the company. Selling, general and administrative expenses increased,

mainly in personnel expenses, etc. Corporate income taxes increased in association with an increase in dividends from overseas subsidiaries, and quarterly net income attributable to owners of parent decreased compared to the same period last year.

The trends in sales of major products compared to the same period last year saw the CZ series of super roughening adhesion improvers, which has a high share of the market for the package substrates that semiconductors are mounted on, record solid results, due mainly to demand related to generative AI, PCs, smartphones, etc. Sales of the V-Bond series of adhesion improvers for multilayer substrates increased slightly due mainly to demand for satellite communication substrates, while sales of the EXE series for displays increased slightly with the acceleration of some demand apparent. Sales of the SF series for displays decreased greatly due to production trends for related products.

The results by segment were as follows.

The consolidated subsidiary MEC (HONG KONG) LTD. has been in liquidation since the first quarter consolidated accounting period so the name of the reporting segment known formerly as “Hong Kong (Hong Kong, Zhuhai)” has changed to “Zhuhai (China)” and the name of the reporting segment known formerly as “China (Suzhou)” has changed to “Suzhou (China).”
Because these are only changes to the names of the reporting segments, the financial statements of MEC (HONG KONG) LTD., which is currently in liquidation, are included in “Zhuhai (China).”

Results by segment were as follows.

Net sales

	Three months ended March 31, 2024	Three months ended March 31, 2025	YoY
Japan	1,857 million yen	1,594 million yen	-14.1 %
Taiwan	795 million yen	860 million yen	8.2 %
Zhuhai (China)	509 million yen	573 million yen	12.5 %
Suzhou (China)	755 million yen	797 million yen	5.5 %
Europe	259 million yen	400 million yen	54.1 %
Thailand	176 million yen	197 million yen	11.8 %

Segment profit

	Three months ended March 31, 2024	Three months ended March 31, 2025	YoY
Japan	686 million yen	646 million yen	-5.9 %
Taiwan	132 million yen	94 million yen	-28.5 %
Zhuhai (China)	109 million yen	76 million yen	-29.8 %
Suzhou (China)	153 million yen	78 million yen	-49.1 %
Europe	9 million yen	48 million yen	403.3 %
Thailand	27 million yen	27 million yen	1.7 %

In Japan, the expansionary trend in demand for products for generative AI-related and other advanced package substrates continued. On the other hand, machinery sales decreased compared to the same period last year. In products for South Korea, which are sold through Japanese distributors, although there was a recovery trend, sales of packaged circuit boards for memory were sluggish, and as a result, sales decreased

compared to the same period last year.

In Taiwan, sales increased compared to the same period last year due to an increase in demand for advanced package boards and the acceleration of demand for displays.

In Zhuhai (China), sales increased compared to the same period last year due to strong demand for products related to smartphones and PCs.

In Suzhou (China), chemicals for smartphones and displays were strong and sales increased compared to the same period last year.

In Europe, although differences were apparent in demand trends depending on the customer, sales increased compared to the same period last year as some emerged from a phase of inventory adjustment.

In Thailand, although sales of automobile-mounted products were sluggish while capital investment by electronic circuit board manufacturers in Southeast Asia was active, sales increased compared to the same period last year due to sales of satellite communications-related products remaining strong and demand for products for package substrate applications among the company's customers.

(2) Analysis relating to the financial situation

Assets decreased by 1,610 million yen compared to the previous fiscal year to 31,428 million yen due to decreases in cash and deposits, notes and accounts receivable, and electronically recorded receivables.

Liabilities decreased by 921 million yen compared to the previous fiscal year to 5,219 million yen, due to decreases in notes and accounts payable, electronically recorded liabilities and income taxes payable.

Net assets decreased by 688 million yen compared to the previous fiscal year to 26,208 million yen due to a decrease in foreign currency translation adjustments.

As a result of the above, the equity ratio reached 83.4%.

(3) Statement of forward looking

There is no change to the consolidated earnings forecasts for the first half or full-term of the current fiscal year that were announced in the "Consolidated Financial Results for the Year Ended December 31, 2024" on February 14, 2025.

2. Consolidated quarterly financial statements and major notes

(1) Consolidated quarterly balance sheet

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	11,476,446	9,123,880
Notes and accounts receivable - trade	5,826,419	5,272,636
Electronically recorded monetary claims - operating	376,347	207,467
Merchandise and finished goods	756,456	682,877
Work in process	182,416	145,031
Raw materials and supplies	858,543	887,481
Other	188,364	184,074
Allowance for doubtful accounts	-5,936	-5,835
Total current assets	19,659,058	16,497,614
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,161,445	8,064,013
Accumulated depreciation	-3,818,132	-3,835,917
Buildings and structures, net	4,343,313	4,228,096
Machinery, equipment and vehicles	3,924,994	3,848,003
Accumulated depreciation	-2,771,359	-2,733,307
Machinery, equipment and vehicles, net	1,153,635	1,114,696
Tools, furniture and fixtures	1,826,123	1,786,504
Accumulated depreciation	-1,364,151	-1,361,112
Tools, furniture and fixtures, net	461,971	425,391
Land	3,691,281	3,636,327
Right-of-use assets	104,954	101,371
Accumulated depreciation	-34,612	-39,257
Right-of-use assets, net	70,342	62,113
Construction in progress	133,204	1,969,291
Total property, plant and equipment	9,853,747	11,435,916
Intangible assets	150,468	147,396
Investments and other assets		
Investment securities	1,627,553	1,518,398
Retirement benefits asset	1,424,782	1,437,416
Deferred tax assets	1,711	1,176
Other	321,850	390,916
Total investments and other assets	3,375,898	3,347,906
Total non-current assets	13,380,114	14,931,220
Total assets	33,039,172	31,428,834

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	984,031	714,747
Electronically recorded obligations-operating	894,293	719,191
Accounts payable - other	558,309	453,119
Accrued expenses	198,645	175,073
Income taxes payable	952,302	645,643
Provision for bonuses	421,520	633,780
Provision for bonuses for directors	50,827	63,990
Accounts payable - facilities	95,985	41,968
Other	302,461	172,812
Total current liabilities	4,458,376	3,620,327
Non-current liabilities		
Deferred tax liabilities	1,490,783	1,450,425
Retirement benefit liability	7,131	7,338
Provision for Share-based payments	126,951	89,747
Other	58,654	52,088
Total non-current liabilities	1,683,521	1,599,599
Total liabilities	6,141,898	5,219,926
Net assets		
Shareholders' equity		
Capital stock	594,142	594,142
Capital surplus	541,273	541,273
Retained earnings	24,163,977	24,168,154
Treasury shares	-2,031,602	-2,031,602
Total shareholders' equity	23,267,790	23,271,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	496,822	439,376
Foreign currency translation adjustment	2,799,596	2,185,701
Remeasurements of defined benefit plans	333,064	311,862
Total accumulated other comprehensive income	3,629,483	2,936,939
Total net assets	26,897,274	26,208,907
Total liabilities and net assets	33,039,172	31,428,834

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

(Consolidated quarterly statement of income)

(Consolidated first quarter)

(Thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	4,354,855	4,423,908
Cost of sales	1,805,430	1,675,076
Gross profit	2,549,425	2,748,832
Selling, general and administrative expenses	1,496,063	1,655,128
Operating income	1,053,361	1,093,704
Non-operating income		
Interest income	16,471	7,654
Proceeds from sales of prototypes	2,189	2,159
Gain on investments in investment partnership	3,051	—
Foreign exchange gains	53,393	—
Other	4,720	7,690
Total non-operating income	79,826	17,503
Non-operating expenses		
Interest expenses	179	331
Loss on investments in investment partnership	—	7,213
Foreign exchange losses	—	44,037
Other	253	6
Total non-operating expenses	433	51,589
Ordinary income	1,132,754	1,059,617
Extraordinary income		
Gain on sales of non-current assets	1,342	—
Total extraordinary income	1,342	—
Extraordinary losses		
Loss on retirement of non-current assets	5,997	2,226
Total extraordinary losses	5,997	2,226
Net income before income taxes	1,128,099	1,057,391
Income taxes	348,714	580,984
Net income	779,384	476,406
Net income attributable to owners of parent	779,384	476,406

(Consolidated quarterly statement of comprehensive income)

(Consolidated first quarter)

(Thousands of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	779,384	476,406
Other comprehensive income		
Valuation difference on available-for-sale securities	-63,420	-57,446
Foreign currency translation adjustment	339,167	-613,894
Remeasurements of defined benefit plans	−13,392	-21,202
Total other comprehensive income	262,354	-692,543
Comprehensive income	1,041,738	-216,137
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,041,738	-216,137
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes on 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

(Specific accounting treatments applied in the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

For tax expenses, the Company adopts 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 quarterly net income before income taxes by this estimated effective tax rate. However, in cases where the result of calculating using this effective tax rate lacks reasonableness in a significant manner, the Company bases calculations on the legal tax rate.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes," etc.)

The company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022) and the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the current first quarter consolidated accounting period. This will have no impact on the quarterly consolidated financial statements.

(Notes on Segment Information)

[Segment Information]

1 For the previous third quarter consolidated fiscal year (From January 1, 2024 to March 31, 2024)

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

(Thousands of yen)

	Reportable segment						Total
	Japan	Taiwan	Zhuhai (China)	Suzhou (China)	Thailand	Europe	
Net sales							
Sales to external customers	1,857,305	795,830	509,456	755,936	176,524	259,802	4,354,855
Inter-segment sales and transfers	1,028,728	—	3,579	1,056	—	445	1,033,810
Total	2,886,033	795,830	513,036	756,992	176,524	260,248	5,388,665
Segment profit	686,834	132,055	109,265	153,798	27,234	9,674	1,118,861

(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	1,118,861
Intersegment eliminations	-65,500
Sales stated in the quarterly Consolidated Financial Statements	1,053,361

2 For the current third quarter consolidated fiscal year (From January 1, 2025 to March 31, 2025)

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

(Thousands of yen)

	Reportable segment						Total
	Japan	Taiwan	Zhuhai (China)	Suzhou (China)	Thailand	Europe	
Net sales							
Sales to external customers	1,594,700	860,778	573,026	797,580	197,420	400,402	4,423,908
Inter-segment sales and transfers	1,087,120	—	—	1,875	—	—	1,088,995
Total	2,681,821	860,778	573,026	799,455	197,420	400,402	5,512,904
Segment profit	646,404	94,441	76,753	78,358	27,692	48,688	972,339

(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	972,339
Intersegment eliminations	121,364
Sales stated in the quarterly Consolidated Financial Statements	1,093,704

3 Disclosure of changes in reportable segments

(Change of segment name)

The consolidated subsidiary MEC (HONG KONG) LTD. has been in liquidation since the first quarter consolidated accounting period so the name of the reporting segment known formerly as “Hong Kong (Hong Kong, Zhuhai)” has changed to “Zhuhai (China)” and the name of the reporting segment known formerly as “China (Suzhou)” has changed to “Suzhou (China).”

This change is to the name of the reporting segment name and has no impact on segment information. Segment information for the previous consolidated cumulative first quarter is also presented under the new name.

(Notes in a quarterly consolidated cash flow statement)

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

(Thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation expenses	192,399	195,144