

# Notice of the 57th Ordinary General Meeting of Shareholders

Date and time

10 a.m., Tuesday, March 24, 2026

\*Reception starts at 9 a.m.

Venue

HO-OH, 3rd floor,

Miyako Hotel Amagasaki

2-7-1, Showadori, Amagasaki City, Hyogo Prefecture

\* [The venue has been changed from last year. Please refer to “Map to the venue for the General Meeting of Shareholders” at the end of this document for the location.](#)

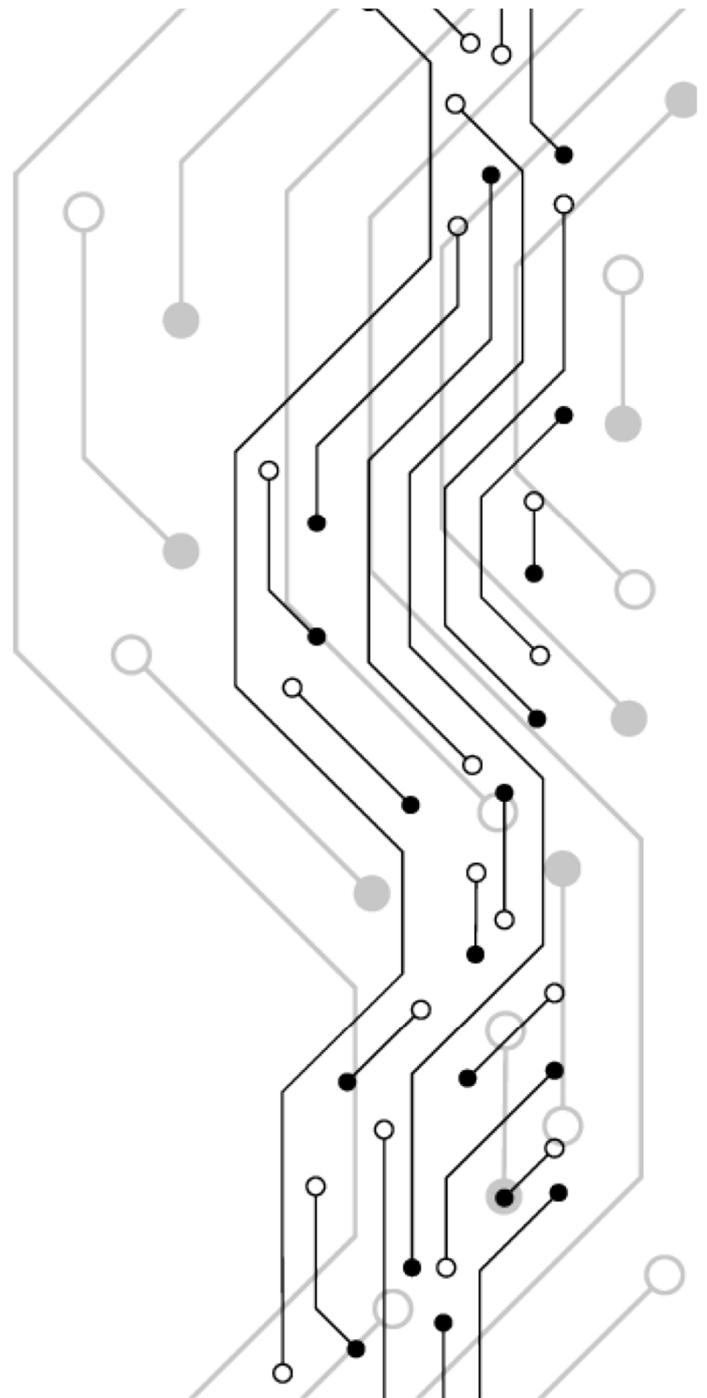
Matters to Be Resolved

- |                 |   |
|-----------------|---|
| Proposal No. 1: | Appointment of four Directors (excluding Directors who are Audit and Supervisory Committee Members) |
| Proposal No. 2: | Appointment of three Directors who are Audit and Supervisory Committee Members                      |
| Proposal No. 3: | Appointment of one substitute Director who is an Audit and Supervisory Committee Member             |

MEC COMPANY LTD.



Securities Code: 4971



(Securities Code: 4971)  
March 3, 2026  
(Start date of electronic provision of information, February 25, 2026)

To Our Shareholders

3-4-1, Kuise Minamishimmachi, Amagasaki, Hyogo  
M E C   C O M P A N Y   L T D .  
CEO & President                      K a z u o   M a e d a

## Notice of 57th Ordinary General Meeting of Shareholders

We would like to extend our most cordial greetings to all shareholders.

We are pleased to announce that the 57th Ordinary General Meeting of Shareholders of MEC COMPANY LTD. will be held as detailed below.

The Company has adopted an electronic method for providing the Notice of Convocation of the 57th Ordinary General Meeting of Shareholders, which is available on the following website.

The Company's website  
<https://www.mec-co.com/en/ir/general-meeting/>



Website for materials for General Meeting of Shareholders  
<https://d.sokai.jp/4971/teiji/>



TSE website (TSE Listed Company Information Service)  
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



(Please access the above website, enter and search for our company name or securities code and select “Basic information” and “Documents for public viewing/PR information” in that order.)

[If you are not attending the meeting on the day, you can exercise your voting rights via the Internet, etc. or in writing. Please examine the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:20 p.m. on Monday, March 23, 2026, in accordance with the guidance provided below.](#)

1. Date and time 10 a.m. on Tuesday, March 24, 2026 (reception starts at 9 a.m.)
2. Venue 2-7-1, Showadori, Amagasaki City, Hyogo Prefecture  
HO-OH, 3rd floor, Miyako Hotel Amagasaki  
(The venue has been changed from last year. Please refer to “Map to the venue for the General Meeting of Shareholders” at the end of this document for the location.)

3. Purposes

- Items to Be Reported
1. The business report, the consolidated financial statements, and the results of consolidated financial statement audits by the accounting auditor and the Audit and Supervisory Committee for the 57th business period (January 1, 2025, to December 31, 2025)
  2. The non-consolidated financial statements for the 57th business period (January 1, 2025, to December 31, 2025)

Matters to Be Resolved

Proposal No. 1: Appointment of four Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 2: Appointment of three Directors who are Audit and Supervisory Committee Members

Proposal No. 3: Appointment of one substitute Director who is an Audit and Supervisory Committee Member

4. Guidance for Exercise of Voting Rights

- (1) Exercising voting rights via the Internet, etc.

Please see the “Guidance for the Exercise of Voting Rights via the Internet” on page 5, and exercise your voting rights by 5:20 p.m. on Monday, March 23, 2026.

If you exercise your voting rights twice, once by mail and once via the Internet, etc., we will treat your Internet vote as the valid exercise of your voting rights. If you exercise your voting rights several times via the Internet, etc., or if you exercise your voting rights more than once using a computer and a smartphone, we will treat the most recent vote as the valid exercise of your voting rights.

- (2) Exercising voting rights in writing

Please indicate whether you are “for” or “against” each proposal on the voting form enclosed herein, and return it to us to arrive by 5:20 p.m. on Monday, March 23, 2026. If no indication of approval or disapproval of an agenda item is made on the voting form, it will be treated as an indication of approval.

- (3) If you wish to exercise your voting rights in a non-uniform manner (voting for and against the same proposal), please notify us in writing or by electronic means of the reasons therefor at least three days before the day of the shareholders' meeting.

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- ◎ When you attend the meeting, please hand in the enclosed voting form at the reception desk.
  - ◎ Any modifications to the measures for electronic provision will be posted on the respective websites on which they are posted.
  - ◎ Among the items to be provided electronically, the following matters are not included in the written documents delivered to shareholders who have requested delivery of written documents, in accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation. Accordingly, the documents to be delivered to shareholders who have requested the delivery of written documents are a portion of the documents audited by the Audit and Supervisory Committee Members and the Accounting Auditor in preparing the Audit Report.
    - 1) From the Business Report: "2. Matters concerning the Company's shares," "3. Matters concerning new share acquisition rights in the Company, etc.," and "6. (3) Basic policy on control of the Company"
    - 2) From the consolidated financial statements: "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements"
    - 3) From the non-consolidated financial statements: "Non-consolidated statements of changes in equity" and "Notes to the non-consolidated financial statements"

There are three ways to exercise your voting rights.

If you are able to attend the meeting:



Please hand in the enclosed voting form at the reception desk.

Date and time

**10 a.m.,  
Tuesday, March 24, 2026**

If you are unable to attend the meeting:



Exercising voting rights via the Internet, etc.  
(with PC or smartphone):

Enter whether you are voting “for” or “against” each proposal.  
For how to exercise your voting rights, please read pages X.

Deadline for entry

**5:20 p.m.,  
Monday, March 23, 2026**



Exercising voting rights by mailing the voting form:

Please indicate whether you are voting “for” or “against” each proposal on the voting form enclosed and drop it into a post box.

Deadline for entry

**5:20 p.m.,  
Monday, March 23, 2026**

Notes

1. If you are attending the meeting, it is not necessary to exercise your voting rights by mail or via the Internet. Please hand in the enclosed voting form at the reception desk on the date of the meeting.
2. Internet fees (connection fee, communication expenses, etc.) will be borne by the shareholders.
3. Exercising your voting rights via the Internet may not be possible depending on your Internet usage environment, Internet subscriber service and type of device.

# Guidance for the Exercise of Voting Rights via the Internet, etc.

## How to scan the QR code “Smart Voting”

You can log into the website for exercising voting rights without entering your voting code and password.

- 1 Scan the QR code printed on the right bottom of the voting form.



- 2 Follow the instructions on the screen to register whether you are voting “for” or “against” each proposal.



Exercising your voting rights via “Smart Voting” can be done once only.

If you want to change your registration, as explained in “How to enter your voting code and password” shown on the right on this page, please enter your “voting code” and “password” as indicated on the voting form to log into the website and re-register whether you are voting “for” or “against” each proposal.

\* Scanning the QR code again will take you to the website for exercising your voting rights as shown on the right on this page.

\*The QR code is a registered trademark of DENSO WAVE INCORPORATED.

## How to enter your voting code and password

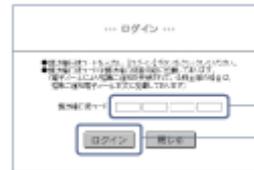
Website for exercising voting <https://www.web54.net>

- 1 Access the website for exercising voting rights.



Click “Go to the next page.”

- 2 Enter the “voting code” indicated at the bottom left on the back of the voting form.



Enter your “voting code.”

Click “Login.”

- 3 Enter the “password” indicated at the bottom left on the back of the voting form.



Enter the “password.”

Set a new password. You use the new password when you vote.

Click “Registration.”

- 4 Follow the instructions on the screen to register whether you are voting “for” or “against” each proposal.

If you have any questions about how to use a personal computer or smartphone to exercise your voting rights via the Internet, please contact us at the telephone number shown on the right.

**Web Support, Stock Transfer Agency, Sumitomo Mitsui Trust Bank, Limited**

Telephone number: **0120-652-031** (free dial)

(Hours of operation: 9 a.m. – 9 p.m.)

For any other inquiries, please use the contact information below.

1) Shareholders who have an account with a securities company  
Please contact the securities company where your shareholder's account is held.

2) Shareholders who do not have an account with a securities company  
Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department

 **0120-782-031** (Hours of operation: 9 a.m. – 5 p.m., except Saturdays, Sundays, and holidays)

Use of the Electronic Voting System Platform (for institutional investors)

Institutional investors may also exercise their voting rights at this General Meeting of Shareholders through the "Electronic Voting Platform for Foreign and Institutional Investors" operated by ICJ, Inc.

## To Our Shareholders

# Shareholder Return

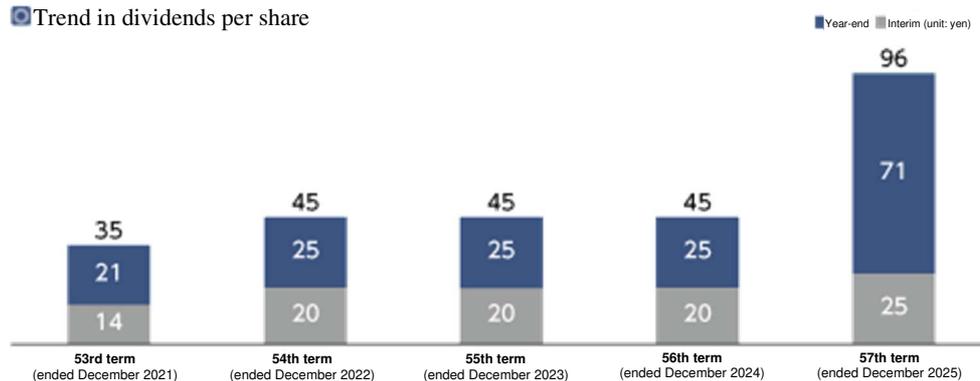
### Shareholder return policy

The Company has a policy of actively returning profits to shareholders, with a basic policy of a consolidated payout ratio of at least 35% and a consolidated dividend on equity ratio (DOE) of at least 4.0%.

### Situation of dividends

The annual dividend for the 57th business period has been set at 96 yen, an increase of 51 yen from 45 yen for the 56th business period.

### Trend in dividends per share



## ■ Introduction to Our Shareholder Benefits Program

At a meeting of the Board of Directors held on November 11, 2025, the Company resolved to introduce a benefit program for long-term shareholders in order to encourage continued support for the Company's growth. Once a year, a QUO Card reflecting the number of shares owned and the continuous holding period will be issued to shareholders who are listed or registered on the shareholder register as of December 31. The QUO Card will be sent around the end of March each year.

Number of Shares Owned	Continuous Holding Period	Benefit
100-499	1 or more and less than 3 years	1,000-yen QUO Card
	3 or more years	2,000-yen QUO Card
500 or more	1 or more and less than 3 years	2,000-yen QUO Card
	3 or more years	3,000-yen QUO Card

- Notes:
1. Eligible shareholders shall be those who have held 100 shares (one unit) or more of the Company continuously for at least one year as listed in the register of shareholders, with December 31 of each year as the record date.
  2. A continuous holding period of one year or more but less than three years means that the shareholder is listed or recorded under the same shareholder number as holding 100 or more shares for three or more consecutive record dates (June 30 and December 31) in the register of shareholders.
  3. The continuous holding period of 3 or more years means that the same shareholder number is listed or recorded as holding 100 shares (one unit) or more for seven or more consecutive record dates (June 30 and December 31) in the register of shareholders.
  4. The number of shares owned used to determine eligibility for shareholder benefits shall be the lowest number of shares listed or recorded in the shareholder register for the most recent three or seven consecutive record dates (including the applicable record date) during the holding periods described in 2 and 3 above.
  5. As a transitional measure, the requirement of continuous holding for one or more years and less than three years shall not be applicable only in the case of shareholder benefits with a record date of December 31, 2025.

**Proposal No. 1: Appointment of four Directors (excluding Directors who are Audit and Supervisory Committee Members)**

The term of office of all four Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the appointment of four Directors.

With regard to this proposal, the Audit and Supervisory Committee has decided that all candidates for Directors are appropriate.

The candidates for Directors are as follows:

Candidate No.	Name	Gender	Position at the Company and Responsibility
1	<small>Re-appointment</small> Kazuo MAEDA	Male	CEO & President
2	<small>Re-appointment</small> Sadamitsu SUMITOMO	Male	Member of the Board of Directors, Executive Operating Officer Global Operations, Responsible Officer, Production Unit
3	<small>Re-appointment</small> Tetsuya TANIGUCHI	Male	Member of the Board of Directors, Executive Operating Officer Responsible Officer, Global Sales & Marketing Unit President's Special Assignment Officer
4	<small>Re-appointment</small> <small>Outside</small> <small>Independent</small> Lucinda LOHMAN-OOTA	Female	Independent Outside Director

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
1	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Re-appointment</div> Kazuo MAEDA (April 15, 1962)	January 2000 Joined the Company April 2000 General Manager of the President's Office June 2000 Director and General Manager of the President's Office April 2001 Managing Director June 2002 Representative Director and President April 2011 Representative Director and President, and Head of the Research and Development Division June 2012 Representative Director and President (current) July 2015 Chief Executive Officer (current) [Important concurrent positions] Representative Director of MEC TAIWAN COMPANY LTD. Director of MEC EUROPE NV. Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.	726,900 shares
[Reason for nomination for Director] Since Mr. Kazuo Maeda assumed the position of Representative Director and President of the Company in June 2002, he has committed himself to the appropriate operation and revitalization of the Board of Directors as its Chairman and the strengthening of corporate governance. In addition, as chief executive, he has provided strong leadership for many years in directing the Company's management, and has worked for the development of the Company's group and the enhancement of its corporate value. Therefore, we have determined that he is a suitable candidate and have nominated him to be re-appointed as a Director.			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
2	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Re-appointment</div> <p>Sadamitsu SUMITOMO (July 9, 1964)</p>	<p>October 1988 Joined the Company</p> <p>April 2000 Transferred to MEC EUROPE NV</p> <p>October 2003 Deputy Manager of MEC International Business Center</p> <p>January 2006 Head of Business Promotion Group in MEC International Business Center</p> <p>April 2008 Transferred to MEC FINE CHEMICAL (ZHUHAI) LTD. Director and Vice President of MEC FINE CHEMICAL (ZHUHAI) LTD.</p> <p>April 2012 President of MEC (HONG KONG) LTD. President of MEC FINE CHEMICAL (ZHUHAI) LTD.</p> <p>March 2019 Operating Officer</p> <p>January 2021 Operating Officer and Head of Business Headquarters</p> <p>March 2021 Member of the Board of Directors, Executive Operating Officer and Head of Business Headquarters</p> <p>July 2024 Member of the Board of Directors and Executive Operating Officer, Global Operations</p> <p>January 2026 Member of the Board of Directors, Executive Operating Officer, Global Operations, Executive Operating Officer, Responsible Officer, Production Unit (current)</p> <p>[Important concurrent positions]</p> <p>Director of MEC TAIWAN COMPANY LTD. Representative Director of MEC FINE CHEMICAL (ZHUHAI) LTD. Representative Director of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.</p> <p>Director of MEC EUROPE NV. Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.</p>	20,800 shares
<p>[Reason for nomination for Director]</p> <p>As a Director of the Company, Mr. Sadamitsu Sumitomo has many years of experience in managing overseas subsidiaries and broad knowledge of overseas business, which has helped to invigorate discussions at the Board of Directors meetings from a global perspective. In addition, he has supervised overseas subsidiaries' management since July 2024, contributing to the growth of the Company's group. Furthermore, he has been responsible for the Production Unit since January 2026, directing the resolution of issues in that unit. Accordingly, we have determined that he is a suitable candidate and have nominated him to be re-appointed as a Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
3	<div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-appointment</div>  Tetsuya TANIGUCHI  (March 30, 1968) </div>	<p>April 1992 Joined Matsushita Electric Works, Ltd. (now Panasonic Corporation)</p> <p>January 2012 President of Panasonic Device Material Europe</p> <p>April 2017 General Manager, Marketing Dept., Electronic Materials Business Division, Panasonic Corporation</p> <p>April 2021 General Manager of Planning Center, Electronic Materials Division, Panasonic Corporation</p> <p>December 2021 Joined the Company Strategic Planning Department, Management &amp; Planning Unit</p> <p>January 2022 Senior Councilor, Strategic Planning Department, Management &amp; Planning Unit</p> <p>January 2023 Senior Councilor, General Manager of the President's Office</p> <p>March 2023 Operating Officer, General Manager of the President's Office</p> <p>January 2024 Operating Officer, General Manager of Management &amp; Planning Unit</p> <p>July 2024 Executive Operating Officer, General Manager of Management &amp; Planning Unit, Responsible Officer, Business Unit</p> <p>January 2025 Executive Operating Officer, Head of Management &amp; Planning Unit, and Responsible Officer, Sales Division</p> <p>January 2026 Member of the Board of Directors, Executive Operating Officer, Responsible Officer, Global Sales &amp; Marketing Unit, President's Special Assignment Officer (current)</p> <p>[Important concurrent positions]  Director of MEC TAIWAN COMPANY LTD.  Director of MEC FINE CHEMICAL (ZHUHAI) LTD.  Director of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.  Director of MEC EUROPE NV.  Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., Ltd.</p>	3,150 shares
<p>[Reason for nomination for Director]  Mr. Tetsuya Taniguchi has been responsible for the Sales Division as Director of the Company, and has worked on strengthening the sales system and expanding the customer base. In addition, he has contributed significantly to the enhancement of corporate value of the Company through the promotion of the Medium-Term Management Plan. In addition, since January 2026, he has been in charge of the President's Special Assignment, leading the execution of operations for important matters of the Company. Therefore, we have determined that he is a suitable candidate and have nominated him to be re-appointed as a Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
4	<div style="display: flex; justify-content: space-between; margin-bottom: 5px;"> <span>Re-appointment</span> <span>Outside</span> <span>Independent</span> </div> Lucinda LOHMAN-OOTA (April 4, 1958)	October 1991 Ohara Law & Patent Office (now Ohara & Furukawa) November 1993 Matsushita Electric Works, Ltd. (now Panasonic Corporation) March 1996 WEIL,GOTSHAL & MANGES, LLP January 1997 SONNENSCHNEIN NATH & ROSENTHAL June 1998 CHOATE, HALL & STEWART, LLP June 1999 LEBOEUF, LAMB, GREENE & MACRAE LLP September 2001 Senior Foreign Lawyer, Oh-Ebashi LPC & Partners February 2010 Senior Foreign Legal Counsel, Dainippon Sumitomo Pharma Co., Ltd. April 2014 Representative Director, InScribe Language Consulting (current) March 2016 Foreign Lawyer, Chuo Sogo LPC (current) Part-time lecturer, Faculty of Law, Doshisha University March 2025 Director of the Company (current) [Important concurrent positions] Representative Director, InScribe Language Consulting Foreign Lawyer, Chuo Sogo LPC	-
<p>[Reason for nomination for Outside Director and outline of expected role]            Ms. Lucinda Lohman-Oota has the attorney's license of the United States (she does not have the attorney's license of Japan). She has practical experience at several law firms in the United States and Japan, with advanced expertise in international legal affairs. She has experience working closely with a wide variety of clients from small companies to large multinational corporations, and is familiar with the practice in international arbitration and internal auditing. In addition, she has deep knowledge of corporate governance and compliance. Utilizing this experience and insight, she has exercised supervision and provided recommendations regarding the Company's management as a whole from an independent and objective standpoint. She is nominated as a candidate for the position of independent Outside Director in the expectation that she will continue to utilize her experience and insight to provide advice about the overall management of the Company's Group from an independent standpoint.</p>			

- Notes:
1. There are no conflicts of interest between any of the candidates and the Company.
  2. Ms. Lucinda Lohman-Oota is a candidate for independent Outside Director, and her candidacy has been reported based on the regulations of the Tokyo Stock Exchange.
  3. Ms. Lucinda Lohman-Oota is currently acting as an independent Outside Director of the Company, and her term of office will have been one year at the conclusion of this General Meeting of Shareholders.

4. The Company has entered into a limited liability agreement with Ms. Lucinda Lohman-Oota, with the following content.  
In the event that she incurs liability for damages to the Company as a result of the acts stated in paragraph 1 of Article 423 of the Companies Act, she shall be liable to pay up to 10 million yen or the amount prescribed by laws and regulations, whichever is higher.  
If the reappointment of Ms. Lucinda Lohman-Oota is approved, the Company plans to continue the limited liability agreement with her.
5. The Company has entered into an officer's liability insurance contract with an insurance company, naming each Director as the insured party according to paragraph 1 of Article 430-3 of the Companies Act, and plans to continue to renew the contract. If each candidate is reappointed as Director, they will become the insured under this contract. An outline of the contract is given in "(2) Outline of liability for damages of Officers, etc." under "4. Matters Concerning Officers" in the Business Report.

Opinion of the Audit and Supervisory Committee:

Two of the three independent Outside Directors who are Audit and Supervisory Committee Members are among the three members of the Nomination and Compensation Advisory Committee, accounting for a majority. When electing and dismissing any Director, whether he or she is appropriate is determined after examination according to the appointment and dismissal standards of the Nomination and Compensation Advisory Committee and a further review by the Audit and Supervisory Committee. Regarding compensation, the Company adopts the performance-based monetary compensation system and the performance-based stock compensation system, which are highly transparent because short-term performance and medium- to long-term performance are heavily weighed. Accordingly, the evaluation of each Director's performance is considered appropriate.

## Proposal No. 2: Appointment of three Directors who are Audit and Supervisory Committee Members

The terms of office of all three Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the appointment of three Directors who are Audit and Supervisory Committee Members.

Please note that we have obtained the consent of the Audit and Supervisory Committee with regard to this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Gender	Position at the Company and Responsibility
1	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <input type="checkbox"/> Re-appointment  <input checked="" type="checkbox"/> Outside  <input type="checkbox"/> Independent         </div> <div>           Mitsutoshi TAKAO         </div> </div>	Male	Independent Outside Director (Full-time Audit and Supervisory Committee Member)
2	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <input type="checkbox"/> Re-appointment  <input checked="" type="checkbox"/> Outside  <input type="checkbox"/> Independent         </div> <div>           Kaoru HASHIMOTO         </div> </div>	Female	Independent Outside Director Audit and Supervisory Committee Member
3	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <input type="checkbox"/> Re-appointment  <input checked="" type="checkbox"/> Outside  <input type="checkbox"/> Independent         </div> <div>           Eiji MIYASHITA         </div> </div>	Male	Independent Outside Director Audit and Supervisory Committee Member

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
1	<div style="display: flex; justify-content: space-between; border: 1px solid black; padding: 2px;"> <span>Re-appointment</span> <span>Outside</span> <span>Independent</span> </div> <p style="text-align: center;">Mitsutoshi TAKAO (April 1, 1950)</p>	<p>April 1972 Joined Kawasaki Heavy Industries, Ltd.  June 2008 Representative Director and Manager of Finance &amp; Accounting Dept.  April 2012 Executive Vice President and Representative Director  Assistant to the President, in charge of Planning Headquarters, Finance Headquarters, CSR Promotion Headquarters, Personnel Affairs Headquarters, and General Affairs Headquarters  April 2014 Outside Corporate Auditor of TechnoPro Holdings, Inc.  March 2018 Director of the Company (Audit and Supervisory Committee Member) (current)  September 2022 Outside Director of TechnoPro Holdings, Inc. (Audit and Supervisory Committee Member)  September 2023 Outside Director of TechnoPro Holdings, Inc.</p> <p>[Important concurrent positions]  There are no significant concurrent positions other than those stated above.</p>	3,000 shares
<p>[Reason for nomination for Outside Director who is an Audit and Supervisory Committee Member, and outline of expected role]  Mr. Mitsutoshi Takao has an extensive track record in corporate management and advanced expertise in finance and accounting, and has extensive insight into all aspects of corporate management. As an independent Outside Director who is an Audit and Supervisory Committee Member, he audits and supervises the execution of duties of the Company from an objective perspective based on his abundant experience as a corporate manager and extensive expertise in finance and accounting, and, as Chairman of the Audit and Supervisory Committee, leads the operation of the Committee. Furthermore, he uses his extensive knowledge of corporate governance to provide appropriate advice for the continuous improvement of the Company's governance. He is nominated as a candidate for the position of independent Outside Director who is an Audit and Supervisory Committee Member in the expectation that he will continue to contribute to the strengthening of the supervisory function and the enhancement of corporate governance for the Company's management as a whole by utilizing his extensive experience and deep insight.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
2	<div style="display: flex; justify-content: space-between; margin-bottom: 5px;"> <span>Re-appointment</span> <span>Outside</span> <span>Independent</span> </div> Kaoru HASHIMOTO (October 16, 1975)	October 1997 Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC) April 2001 Registered as a Certified Public Accountant December Registered as an Attorney-at-law 2011 Joined Osaka Semba Law Office (now Osaka Semba Law Office Legal Professional Corporation) June 2016 Outside Auditor of Oie Sangyo Co., Ltd. (current) September 2016 Partner in Osaka Semba Law Office March 2019 Director of the Company March 2020 Director of the Company (Audit and Supervisory Committee Member) (current) March 2021 Representative, Attorney-at-law, and Certified Public Accountant at Rui Law & Accounting Office (current) June 2024 Director of Juvenile Equal Opportunity (current)  [Important concurrent positions] Outside Auditor of Oie Sangyo Co., Ltd. Representative, Attorney-at-law, and Certified Public Accountant at Rui Law & Accounting Office Director of Juvenile Equal Opportunity	600 shares
<p>[Reason for nomination for Outside Director who is an Audit and Supervisory Committee Member, and outline of expected role]</p> <p>Ms. Kaoru Hashimoto holds qualifications as a certified public accountant and an attorney-at-law, and has extensive practical experience at a law firm as well as experience of auditing at a major audit firm. She has expertise in corporate management from both accounting and legal perspectives. As an independent Outside Director who is an Audit and Supervisory Committee Member of the Company, she has utilized her extensive experience and advanced and specialized knowledge cultivated as an attorney and certified public accountant to provide appropriate advice, auditing, and supervision of the execution of the Company's duties from a legal and accounting perspective. She is nominated as a candidate for the position of independent Outside Director who is an Audit and Supervisory Committee Member in the expectation that she will continue to contribute to the enhancement of corporate governance and management transparency of the Company by leveraging advanced expertise in accounting and legal affairs.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
3	<div style="display: flex; justify-content: space-between; margin-bottom: 5px;"> <span>Re-appointment</span> <span>Outside</span> <span>Independent</span> </div> <p>Eiji MIYASHITA (August 8, 1956)</p>	<p>April 1980 Joined Matsushita Electric Works, Ltd. (now Panasonic Holdings Corp.)</p> <p>April 2009 General Manager, Business Management Dept., Control Equipment Division Concurrently, General Manager, Procurement and Production Control Department</p> <p>June 2009 Part-time Auditor, HONDA TSUSHIN KOGYO CO., LTD.</p> <p>June 2010 Part-time Auditor, Panasonic Industrial Devices SUNX Co., Ltd.</p> <p>June 2013 Managing Director, in charge of Business Administration</p> <p>June 2014 Managing Director, in charge of Business Administration, Personnel &amp; General Affairs, and Legal Affairs</p> <p>December 2017 Director (Audit and Supervisory Committee Member) (full-time), Nitto FC Co., Ltd.</p> <p>September 2019 Auditor</p> <p>March 2024 Director of the Company (Audit and Supervisory Committee Member) (current)</p> <p>[Important concurrent positions] There are no significant concurrent positions.</p>	500 shares
<p>[Reason for nomination for Outside Director who is an Audit and Supervisory Committee Member, and outline of expected role]</p> <p>Mr. Eiji Miyashita has extensive experience and broad knowledge of corporate management and administration as a whole at other companies. In addition, he has extensive practical experience in auditing as an auditor at several companies. As an independent Outside Director who is an Audit and Supervisory Committee Member of the Company, he has provided advice and carried out auditing and supervision regarding the Group's management as a whole based on his broad knowledge of corporate auditing. He is nominated as a candidate for the position of independent Outside Director who is an Audit and Supervisory Committee Member. The Company expects that he will continue to contribute to enhancing the effectiveness of auditing, supervision, and corporate governance for the Company's management by utilizing his broad experience in corporate management and track records of serving as an auditor and other positions at several companies.</p>			

- Notes: 1. There are no conflicts of interest between any of the candidates and the Company.  
2. Mitsutoshi Takao, Kaoru Hashimoto, and Eiji Miyashita are candidates for independent Outside Directors, and their candidacies have been reported based on the regulations of the Tokyo Stock Exchange.

3. Mr. Mitsutoshi Takao is currently acting as an independent Outside Director of the Company who is an Audit and Supervisory Committee Member, and his term of office will have been eight years at the conclusion of this General Meeting of Shareholders. Ms. Kaoru Hashimoto is currently serving as an independent Outside Director who is a member of the Audit and Supervisory Committee of the Company, and her term of office in that capacity will have been six years as of the conclusion of this General Meeting of Shareholders. The total length of her service as an independent Outside Director of the Company will have been seven years as of the conclusion of this General Meeting of Shareholders. Mr. Eiji Miyashita is currently acting as an independent Outside Director of the Company who is an Audit and Supervisory Committee Member, and his term of office will have been two years at the conclusion of this General Meeting of Shareholders.
4. The Company has entered into limited liability agreements with Mitsutoshi Takao, Kaoru Hashimoto, and Eiji Miyashita with the following content.  
In the event that they assume liability for damages to the Company as a result of the acts stated in paragraph 1 of Article 423 of the Companies Act, they shall be liable to pay up to 10 million yen or the amount prescribed by laws and regulations, whichever is higher.  
If their appointments are approved, the Company plans to continue the limited liability agreements with them.
5. The Company has entered into an officer's liability insurance contract with an insurance company, naming each Director as the insured party according to paragraph 1 of Article 430-3 of the Companies Act, and plans to continue to renew the contract. If each candidate is reappointed as Director, they will become the insured under this contract. An outline of the contract is given in "(2) Outline of liability for damages of Officers, etc." under "4. Matters Concerning Officers" in the Business Report.

(Reference) Director Skill Matrix (if each of the candidates is appointed at this General Meeting of Shareholders)

Director	Corporate management	Research, manufacture, technology	Finance and accounting	Legal and Compliance	Sales and Marketing	Global	Sustainability and ESG	Personnel affairs, labor, human resource development
Kazuo MAEDA	•				•	•		
Sadamitsu SUMITOMO	•	•			•	•		
Tetsuya TANIGUCHI	•			•	•	•		
Lucinda LOHMAN-OOTA	•			•		•	•	
Mitsutoshi TAKAO	•		•				•	•
Kaoru HASHIMOTO			•	•				•
Eiji MIYASHITA	•		•	•		•		•

**Proposal No. 3: Appointment of one substitute Director who is an Audit and Supervisory Committee Member**

To be prepared for cases in which there is a shortfall in the number of Directors who are Audit and Supervisory Committee Members provided for by laws and regulations, we propose the appointment of one substitute Director who is an Audit and Supervisory Committee Member.

In addition, we will be able to cancel the appointment of the substitute Director who is an Audit and Supervisory Committee Member by a resolution of the Board of Directors and with the consent of the Audit and Supervisory Committee, but only before such Director takes office.

We have also obtained the consent of the Audit and Supervisory Committee with regard to this proposal.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Career Summary, Position, Responsibility & Significant Concurrent Positions	Number of Shares of the Company Owned
Takao OKUDA (September 25, 1967)	April 1996 Registered with Osaka Bar Association Joined Kitahama Partners	
	October 2002 Founded Okuda Kinoshita Law Firm Co- Representative Lawyer	
	October 2005 Renamed Minami-morimachi Law Firm Co- Representative Lawyer (current)	
	May 2015 Auditor of the Company	
	June 2015 Resigned from the position of Auditor of the Company	-
	June 2017 Outside Director of FueTrek Co., Ltd.	
	May 2020 Part-time Executive Director of Ashiya Gakuen (current)	
	June 2021 Outside Director (Audit and Supervisory Committee member), FueTrek Co., Ltd. [Important concurrent positions] Co-Representative Lawyer of Minami-morimachi Law Firm	

[Reason for nomination for Substitute Outside Director who is an Audit and Supervisory Committee Member, and outline of expected role]

Mr. Takao Okuda has many years of experience in corporate legal affairs as an attorney, and extensive legal knowledge. He has not been directly involved in company management other than as an outside officer in the past. However, the Company has nominated him as a candidate for substitute independent Outside Director who is an Audit and Supervisory Committee member because of his expertise in corporate legal affairs and his extensive insight into corporate governance. The Company expects that he will use his experience and knowledge in corporate legal affairs in supervising and auditing the management of the Company and providing objective advice.

- Notes: 1. There are no conflicts of interest between the candidate and the Company.  
2. Mr. Takao Okuda is a candidate for substitute independent Outside Director who is an Audit and Supervisory Committee member and meets the requirements for an independent officer stipulated by the Tokyo Stock Exchange.

3. An outline of the limited liability agreement that is planned to be concluded if Mr. Takao Okuda is appointed as an independent Outside Director who is an Audit and Supervisory Committee member is as follows:  
In the event that he assumes liability for damages to the Company as a result of the acts stated in paragraph 1 of Article 423 of the Companies Act, he shall be liable to pay up to 10 million yen or the amount prescribed by laws and regulations, whichever is higher.
4. If Mr. Takao Okuda assumes the position of independent Outside Director who is an Audit and Supervisory Committee member, he will become the insured under the officer's liability insurance contract that the Company plans to continue and update according to paragraph 1 of Article 430-3 of the Companies Act. An outline of the contract is given in "(2) Outline of liability for damages of etc." under "4. Matters Concerning Officers" in the Business Report.

Business Report  
( From January 1, 2025, to  
December 31, 2025 )

1. Matters Concerning the Current State of the Group

(1) Progress and results of business

During the consolidated fiscal year under review (January 1, 2025, to December 31, 2025), Japan experienced a gradual recovery amid ongoing improvement in the employment and income environment. On the other hand, the future outlook is uncertain due in part to uncertainties in price trends and U.S. trade policy, as well as geopolitical risks.

In the electronics industry, generative AI drove the growth of the data center market. Sales remained solid in general in vehicle-mounted products, where the technological transitions related to PCs, smartphones, and automated driving are progressing. From a medium- to long-term perspective, the megatrends of advances in digital technology driven by the telecommunications revolution remain unchanged, and investment in these areas is expected to continue.

The electronic circuit board and components industry, a market related to our Group, was solid due to the impact of the electronics industry in general.

Under these circumstances, our Group has engaged in business activities under the guiding principle of “Create and Transform” to achieve our “Phase 2 Medium-Term Management Plan (FY2025–FY2027),” which is the second phase toward the realization of our 2030 Vision. In particular, amidst social changes and transformations toward digitalization and green technology, we focused on the development and sales of products for high-density electronic substrates, and worked on activities for the expansion of technology into new markets.

As a result, total net sales for the consolidated fiscal year under review amounted to 20,947 million yen, up 14.9% or 2,713 million yen from the previous term. Selling, general and administrative expenses were 7,229 million yen, up 10.6% or 689 million yen from the previous term. Operating profit amounted to 5,748 million yen, up 26.0% or 1,185 million yen from the previous term and the operating profit margin was 27.4%, up 2.4 points from 25.0% in the previous fiscal year. Ordinary profit came to 6,051 million yen, up 29.2% or 1,368 million yen from the previous term. Income before income taxes amounted to 6,473 million yen, up 38.6% or 1,803 million yen from the previous term, and profit attributable to owners of parent was 5,028 million yen, up 119.4% or 2,736 million yen from the previous term.

A breakdown of net sales showed that net sales of chemicals were 20,211 million yen, up 15.6% or 2,733 million yen from the previous term, net sales of machinery were 312 million yen, down 46.1% or 266 million yen from the previous term, net sales of materials were 403 million yen, up 138.8% or 234 million yen from the previous term, and other net sales were 19 million yen, up 157.5% or 11 million yen from the previous term.

The overseas sales ratio was 65.1%, up 3.4 points from 61.7% of the previous term. The overseas sales ratio became 80.3%, up 3.0 points from 77.3% in the previous term if sales to overseas customers through domestic agencies in Japan are included.

Net sales reached a record high thanks to solid demand for chemical products for advanced semiconductor package substrates including products mainly related to generative AI, and general-purpose semiconductor package substrates for PC, smartphones, etc. In selling, general and administrative expenses, personnel expenses and logistics and freight costs increased. With respect to profit, operating profit increased due to higher shipment volume of chemicals and strong demand for profitable products. Ordinary profit increased partly due to the impact of foreign exchange rates. Profit attributable to owners of the parent increased significantly from the previous term due in part to income from the Large-Scale Growth Investment Subsidy for Labor-Saving and Other Measures for Wage Increases of Small and Medium-Sized Enterprises by the Ministry of Economy, Trade and Industry, which was recorded as extraordinary income, as well as the absence of the higher income taxes and others recorded in the previous term in Japan and China due to group reorganizations.

In terms of sales trends of major products compared with the previous fiscal term, the “CZ Series” of super-roughening adhesion improvers, which have a high market share for use in semiconductor package substrates that house semiconductors, performed favorably mainly due to demand for products related to generative AI, PCs, and smartphones. Sales of the V-Bond Series of adhesion improvers for multilayered substrates and the EXE Series for displays were almost at the same level as in the previous term, while sales of the SF Series for displays decreased due to trends in production of related products.

Sales 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).”

In Japan, demand for products for advanced semiconductor package substrates for generative AI and other applications continued to grow. In the South Korean market, where we sell products via a Japanese distributor, the recovery trends of semiconductor package substrates for memory resulted in strong sales of related products. As a result, net sales for the consolidated fiscal year under review amounted to 7,827 million yen, up 8.6% or 620 million yen from the previous term, and segment income was 4,301 million yen, up 23.7% or 824 million yen from the previous term.

In Taiwan, driven by demand for products for advanced semiconductor package substrates including generative AI-related products and general-purpose semiconductor package substrates for PCs and smartphones, net sales for the consolidated fiscal year under review amounted to 3,887 million yen, up 16.9% or 560 million yen from the previous term, and segment income was 506 million yen, up 26.6% or 106 million yen from the previous term.

In Zhuhai (China), demand for products related to generative AI, smartphones and PCs was strong. As a result, net sales for the consolidated fiscal year under review amounted to 2,780 million yen, up 20.6% or 474 million yen from the previous term, and segment income was 324 million yen, down 7.0% or 24 million yen from the previous term.

In Suzhou (China), demand for products for smartphones, PCs and displays was strong. As a result, net sales for the consolidated fiscal year under review amounted to 3,953 million yen, up 9.9% or 357 million yen from the previous term, and segment income was 563 million yen, up 12.6% or 62 million yen from the previous term.

In Europe, while the demand trend varied depending on the customer, the inventory adjustment phase had ended and there was temporary demand for materials sold by the Company. As a result, net sales for the consolidated fiscal year under review amounted to 1,393 million yen, up 40.8% or 403 million yen from the previous term, and segment income was 19 million yen, down 71.4% or 47 million yen from the previous term.

In Thailand, while capital investment by electronic board manufacturers in Southeast Asia was active, sales of products for satellite communication were strong and there was demand by our customers for products for semiconductor package substrate applications, although sales of products for in-vehicle use were sluggish. As a result, net sales for the consolidated fiscal year under review amounted to 1,106 million yen, up 36.5% or 296 million yen from the previous term, and segment income was 199 million yen, up 95.8% or 97 million yen from the previous term.

Regarding cash flows, cash and cash equivalents at the end of the consolidated fiscal year under review amounted to 8,749 million yen, down 1,504 million yen from the end of the previous term. This was because net cash provided by operating activities amounted to 3,979 million yen, net cash used in investing activities was 3,394 million yen, and net cash used in financing activities amounted to 2,252 million yen.

As a result, ROE was 17.5%.

For the return to shareholders, the annual dividend was 96 yen, bringing the consolidated dividend payout ratio to 35.3% and DOE to 6.2%.

Net sales by product category are as follows:

Category	56th term (previous consolidated fiscal year)		57th term (consolidated fiscal year under review)		
	Net sales (millions of yen)	Composition ratio (%)	Net sales (millions of yen)	Composition ratio (%)	Year-on-year comparison (%)
Chemicals for use in electronic substrates, Chemicals for use in electronic components	17,478	95.9	20,211	96.5	115.6
Machinery for electronic substrates	579	3.2	312	1.5	53.9
Materials for electronic substrates	169	0.9	403	1.9	238.8
Other	7	0.0	19	0.1	257.5
Total	18,234	100.0	20,947	100.0	114.9

Note: Composition ratios are rounded to the first decimal place, so the total is not necessarily 100.0.

(2) Capital investment

The Company made a total capital investment of 2,846 million yen in the facilities below during the consolidated fiscal year under review:

- 1) Major facilities completed during the fiscal year under review
  - Head Office (Amagasaki): Amagasaki Factory manufacturing facilities, research facilities, and laboratory equipment
  - Nagaoka Factory: Manufacturing facilities
  - MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.: Manufacturing facilities
  
- 2) Major facilities under construction or expansion during the consolidated fiscal year under review
  - Kitakyushu Plant (tentative name): Construction of a new plant
  - Head Office (Amagasaki): Amagasaki Factory manufacturing facilities, research facilities, and laboratory equipment
  - Nagaoka Factory: Manufacturing facilities
  
- 3) Significant non-current assets sold, removed, or lost during the consolidated fiscal year under review  
N/A

(3) Financing

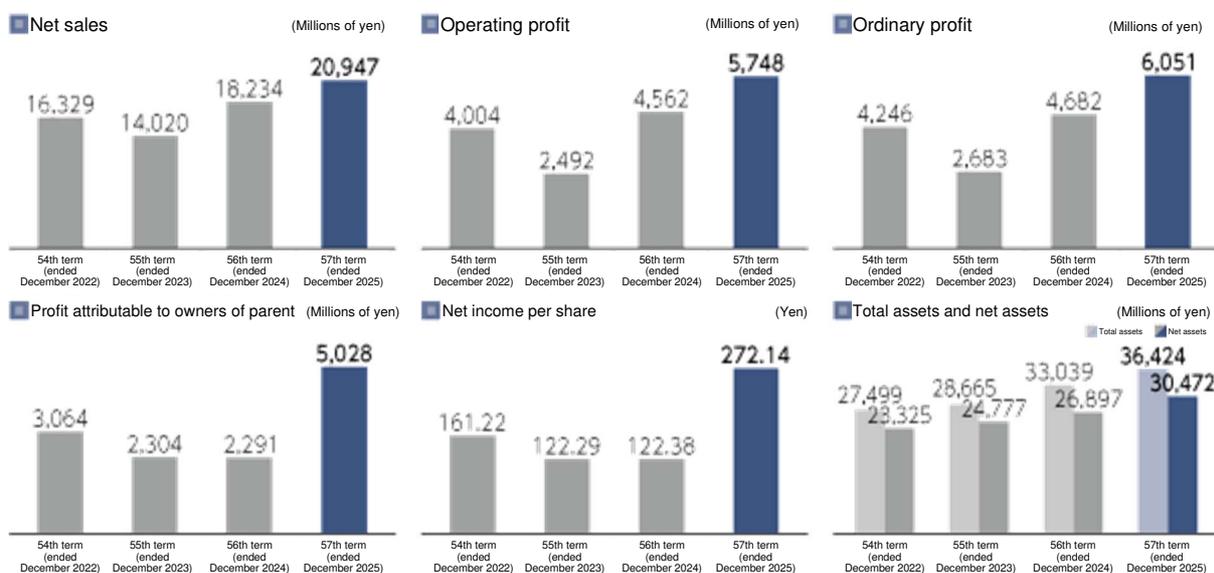
N/A

#### (4) Changes in assets, profits, and losses

Category	54th Term (Fiscal year ended December 2022)	55th Term (Fiscal year ended December 2023)	56th Term (Fiscal year ended December 2024)	57th Term (Consolidated fiscal year under review) (Fiscal year ended December 2025)
Net sales (millions of yen)	16,329	14,020	18,234	20,947
Operating profit (millions of yen)	4,004	2,492	4,562	5,748
Ordinary profit (millions of yen)	4,246	2,683	4,682	6,051
Profit attributable to owners of parent (millions of yen)	3,064	2,304	2,291	5,028
Net income Per Share (yen)	161.22	122.29	122.38	272.14
Total Assets (millions of yen)	27,499	28,665	33,039	36,424
Net Assets (millions of yen)	23,325	24,777	26,897	30,472
Net assets per share (yen)	1,226.98	1,323.24	1,436.45	1,668.73
ROE (%)	13.8	9.6	8.9	17.5
Number of Employees (persons)	402	419	447	470

Notes: 1. Per-share indicators are calculated after deducting the number of treasury shares.

2. The number of employees shows the number of regular employees excluding part-time and fixed-term employees.



## (5) Issues to be addressed

The electronics industry, which is the Group's main market, is characterized by the progress of technological innovation against the background of the growth of digital technologies such as diversification in AI applications; next-generation mobility, in which the shift to self-driving vehicles is being accelerated; IoT; and DX (Digital Transformation) and GX (Green Transformation), amid the ongoing development of next-generation telecommunication networks. In this environment, we forecast that the markets in which we operate will expand for the medium to long term.

As a research and development-oriented organization with electronics interface treatment at its core, the Group provides high value-added products to markets around the world. Toward the realization of the 2030 vision, "Becoming the world's best creator of interfaces and connecting them to the world," the Group is promoting various measures to pursue sustainable growth and maximize its corporate value under the guiding principle of "Create and Transform." To sow seeds to meet market needs appropriately and commercialize innovative technology, we at the Group will hone our creative technological development capabilities, capture global trends, and stimulate potential demand in the electronics industry, its related industries, and potential business fields, thereby providing high-quality products and engineering services. In addition, we will consider the environment and safety, achieve a work-life balance, and take various measures, thereby adding greater impetus to business.

Under the corporate motto of "Enjoy your work," which is the source of our corporate value, we seek to identify further routes for growth. In addition, in line with our basic management principle that "The MEC Group will contribute to the creation of a prosperous and diverse society and sustainable environment, inspired by an unconventional approach based on the principles of 'Visionary Technology,' 'Reliable Quality' and 'Meticulous Service,' thereby creating and fostering value at various interfaces through our global activities," we are implementing various measures under our medium-term management plan. Specifically, we are focusing on the following challenges.

### Guides for the Period to 2030

#### "Create and Transform"

Change the concept of "Made"

Change the concept of "Selling" and "Gaining"

### Company Vision

- Become a truly global company that creates new value with visionary technology
- Continue to be an R&D-based company
- Present an image as a visionary AI company

## Human resources and organizational goals

### (Human Resource image)

- Strive to develop human resources capable of self-reliance, self-discipline, and solidarity
- Be enthusiastic and continuously challenge oneself
- Acquire fundamental digital literacy

### (Organizations)

- Strive to recruit excellent human resources according to their roles, assign them appropriately, and prepare an environment where they can fulfill their potential

#### 1) Enhancing technology & marketing along with production & logistics

Most of the Group's customers have been manufacturers of electronic substrates and parts. We believe that enhanced technology-driven marketing will also contribute to faster product development. Through global marketing that more fully emphasizes our core technologies, we will strengthen our ability to respond to technological changes and develop applications for existing technologies. We will also work to enter new markets and create new businesses.

In regard to production and logistics, we will build a global production strategy to achieve overwhelming superiority through a synergy of our strengths in "superior human resources," "expansion of our global production network," "advanced product quality and chemical substance management," and "initiatives from the perspective of SDGs," and will strive to establish a stable system for procurement, production, and supply.

#### 2) Interconnection between management strategy and human resource strategy

We recognize that in order to be a company that is competitive and continues to create value for society, human resources are extremely important. We have established the Basic Human Capital Policy to create human value that contributes to management from short-, medium-, and long-term perspectives.

#### 3) Promoting the ESG strategy

The strategy for ESG, which stands for "environmental, social, and governance," is a cornerstone of the Company's business.

Based on the 2030 Vision, the Group has identified six CSR materialities (key issues) that are important to its business operations. Through these initiatives, the Group aims to contribute to the creation of a prosperous and enriched society and environment by creating interface value through

its business activities, while also taking into account the SDGs relevant to its operations. We believe that the results of our initiatives concerning the six material issues of “R&D for the Future,” “Appropriate Procurement, Production, and Logistics,” “Environmental Preservation,” “Quality and Safety,” “Utilization of Diverse Human Resources,” and “Strengthening our Management Foundation” will also lead to improved customer profits and productivity improvements.

Furthermore, we have identified climate-related issues as a management priority and will further strengthen our efforts to address environmental issues, including climate change.

As a chemical company, we will steadily promote ESG goals through our efforts to address these materialities and contribute to the sustainable development of society and the industry as a whole, as well as our customers.

By overcoming these challenges, the Group aims to establish leading or No.1 positions in multiple fields and to continue achieving sustainable growth.

(6) Status of the parent company and significant subsidiaries

1) Status of the parent company

N/A

2) Status of significant subsidiaries

Company Name	Share capital	Investment Ratio	Main Business
MEC TAIWAN COMPANY LTD.	NT\$200 million	100%	Materials for electronic substrates and parts
MEC FINE CHEMICAL (ZHUHAI)LTD.	HK\$8 million	100%	Materials for electronic substrates and parts
MEC CHINA SPECIALTY PRODUCTS (SUZHOU)CO.,LTD.	US\$4 million	100%	Materials for electronic substrates and parts
MEC EUROPE NV.	EUR 1 million	100%	Materials for electronic substrates and parts
MEC SPECIALTY CHEMICAL(THAILAND)CO.,LTD.	THB 215 million	100% (*1)	Materials for electronic substrates and parts

(\*1) MEC TAIWAN COMPANY LTD. has invested 0.009%.

(\*2) MEC (HONG KONG) LTD. is in the process of liquidation as of the end of the fiscal year under review. For this reason, the company is excluded from significant subsidiaries.

(7) Main businesses (as of December 31, 2025)

The Group positions materials for electronic substrates and parts as its main business. The product and merchandise classification and the main products and merchandise are as follows:

Product and Merchandise Classification		Main Products and Merchandise
Products	Chemicals for use in electronic substrates, Chemicals for use in electronic components	Adhesion improvers, Etching agents, Other surface processing agents
	Machinery for electronic substrates	Machinery for chemical treatment Various types of machinery for use before and after chemical treatment
Merchandise	Materials for electronic substrates	Copper foil Dry films
Other		Machinery repair

(8) Main offices and factories (as of December 31, 2025)

Name	Location
Head Office, R&D Center, and Amagasaki Factory of MEC COMPANY LTD.	Amagasaki, Hyogo
Higashi-hatsushima Office of MEC COMPANY LTD.	Amagasaki, Hyogo
Nagaoka Factory of MEC COMPANY LTD.	Nagaoka, Niigata
Tokyo Sales Office of MEC COMPANY LTD.	Tachikawa, Tokyo
Head Office and Factory of MEC TAIWAN COMPANY LTD.	Taoyuan, Taiwan
Head Office and Factory of MEC FINE CHEMICAL (ZHUHAI) LTD.	Zhuhai, China
Head Office and Factory of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.	Suzhou, China
Head Office and Factory of MEC EUROPE NV.	Ghent, Belgium
Head Office and Factory of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.	Ayutthaya, Thailand

(9) Number of Employees (as of December 31, 2025)

1) Employees of the Group

Number of Employees	Change from the End of the Previous Fiscal Year
470 persons	An increase of 23 people

Note: The number of employees shows the number of regular employees excluding part-time and fixed-term employees.

2) Employees of the Company

Number of Employees	Change from the End of the Previous Fiscal Year	Average Age	Average Years of Service
254 persons (173 men) (81 women)	An increase of 10 people	40.8 years old	11.6 years

Note: The number of employees shows the number of regular employees excluding part-time and fixed-term employees.

(10) Major borrowings (as of December 31, 2025)

N/A

2. Matters Concerning Company Shares (As of December 31, 2025)

(1) Total number of authorized shares	80,000,000
(2) Total number of issued shares	19,571,093 (Including 1,182,010 treasury shares)
(3) Number of shareholders	9,501
(4) Major shareholders	

Shareholder name	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan Ltd. (Trust Account)	1,981,900 shares	10.77%
Custody Bank of Japan, Ltd. (Trust Account)	1,758,626 shares	9.56%
Maeda Holdings Ltd.	1,199,000 shares	6.52%
Kazuo MAEDA	726,900 shares	3.95%
GOLDMAN SACHS INTERNATIONAL	694,430 shares	3.77%
MEC Customers' Shareholding Association	562,500 shares	3.05%
Kosaku Maeda	555,304 shares	3.01%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	457,200 shares	2.48%
BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/ LUXEMBOURG FUNDS/UCITS ASSETS	445,000 shares	2.41%
Goldman Sachs Japan Co., Ltd. BNYM	360,300 shares	1.95%

Notes: 1. The Company holds 1,182,010 treasury shares but is excluded from the above major shareholders.

2. Treasury shares are excluded when calculating the shareholding ratio.

(5) Shares issued to corporate officers as compensation for the execution of their duties during the fiscal year under review

Category	Number of Shares Issued (shares)	Recipient (persons)
Directors (excluding Audit and Supervisory Committee Members) (Of which, Outside Directors)	21,936 (-)	1 (-)
Director (Audit and Supervisory Committee Member) (Of which, Outside Directors)	- (-)	- (-)
Total	21,936	1

3. Matters Concerning New Share Acquisition Rights in the Company, etc.

N/A

4. Matters Concerning Officers

(1) Directors (as of December 31, 2025)

Position	Name	Responsibility and Significant Concurrent Positions
CEO & President	Kazuo MAEDA	Chief Executive Officer Representative Director of MEC TAIWAN COMPANY LTD. Director of MEC EUROPE NV. Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.
Director	Sadamitsu SUMITOMO	Executive Operating Officer, Global Operations Director of MEC TAIWAN COMPANY LTD. Representative Director of MEC FINE CHEMICAL (ZHUHAI) LTD. Representative Director of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. Director of MEC EUROPE NV. Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.
Director	Tetsuya TANIGUCHI	Executive Operating Officer, General Management of the Management & Planning Unit Director of MEC TAIWAN COMPANY LTD. Director of MEC FINE CHEMICAL (ZHUHAI) LTD. Director of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. Director of MEC EUROPE NV. Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.
Director	Lucinda LOHMAN-OOTA	Representative Director, InScribe Language Consulting Foreign Lawyer, Chuo Sogo LPC
Director (Full-time Audit and Supervisory Committee Member)	Mitsutoshi TAKAO	-
Director (Audit and Supervisory Committee Member)	Kaoru HASHIMOTO	Outside Auditor of Oie Sangyo Co., Ltd. Representative, Attorney-at-law, and Certified Public Accountant at Rui Law & Accounting Office Director of Juvenile Equal Opportunity
Director (Audit and Supervisory Committee Member)	Eiji MIYASHITA	-

- Notes: 1. Director Lucinda Lohman-Oota and Directors Mitsutoshi Takao, Kaoru Hashimoto, and Eiji Miyashita (Audit and Supervisory Committee Members) are independent Outside Directors and have been registered as independent officers with the Tokyo Stock Exchange.  
The Company has been holding monthly meetings of Independent Directors composed of four Outside Directors.
2. Directors Mitsutoshi Takao and Eiji Miyashita (Audit and Supervisory Committee Members) have long experience in the finance and accounting department of another company. Director Kaoru Hashimoto (Audit and Supervisory Committee Member) is a certified public accountant. They have considerable knowledge of finance and accounting.
3. The Audit and Supervisory Committee utilizes the framework for appointing its members to determine their annual roles and responsibilities. The Committee works with the Internal Audit Department to conduct on-site audits of all business facilities and to maintain audit quality. In addition, Audit and Supervisory Committee Members who serve as independent Outside Directors also participate in the Nomination and Compensation Advisory Committee, the ESG Committee, and other bodies, including the Board of Directors. Through these activities, they seek to fulfill their supervisory function.  
The monthly Audit and Supervisory Committee meetings are also attended by Outside Directors who are not Audit and Supervisory Committee Members and the Internal Audit Department as observers to share information and exchange opinions.
4. The Company has appointed Mitsutoshi Takao, Director (Audit and Supervisory Committee member), as a full-time Audit and Supervisory Committee member to strengthen the audit and supervisory functions of the Audit and Supervisory Committee, enhance information gathering, and ensure close cooperation with internal audit divisions.
5. Director Toshiko Nakagawa and Director Toshihiko Hojo resigned from their position due to expiration of their term of office at the conclusion of the 56th Ordinary General Meeting of Shareholders held on March 24, 2025.
6. In accordance with the provisions of paragraph 1 of Article 427 of the Companies Act, the Company and each of Ms. Lucinda Lohman-Oota, Mr. Mitsutoshi Takao, Ms. Kaoru Hashimoto, and Mr. Eiji Miyashita have entered into an agreement to limit their liability for damages as specified in paragraph 1 of Article 423 of the Companies Act.  
The maximum amount of liability for damages for each of the four persons under this agreement is 10 million yen or the amount stipulated in laws and regulations, whichever is higher.

## (2) Outline of liability for damages of Officers, etc.

The Company has concluded with an insurance company an insurance contract for liability for damages of Officers, etc. under paragraph 1 of Article 430-3 of the Companies Act. Under this insurance contract, damages incurred by the insured as a result of claims arising from actions taken in the course of their duties as officers are covered during the policy period. However, certain exclusions apply in cases involving damages as a result of an act of the insured despite knowing there has been a violation of law, which are not covered by the insurance.

The insured under the officer liability insurance contract include Directors, Auditors, Operating Officers, and management employees of the Company and its subsidiaries. All premiums, including special contract insurance premiums for all insured persons, are borne by the Company.

(3) Director compensation, etc. for the fiscal year under review

- 1) Matters concerning the policy for determining the details of compensation, etc. for individual Directors (excluding those who are Audit and Supervisory Committee members)

After receiving the report of the Nomination and Compensation Advisory Committee, which is composed of a majority of independent Outside Directors, the Company decided the policy for determining the details of compensation, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee members) at the Board of Directors meeting held on February 17, 2021.

In addition, regarding compensation for individual Directors for the fiscal year under review, the Board of Directors has confirmed that the method of determining Director compensation, as well as the details of the compensation, are consistent with the policy for making such determination and that the report from the Nomination and Compensation Advisory Committee has been respected.

a. Basic Policy

Compensation for Directors of the Company is governed by the following basic policy.

- (1) It should contribute to the realization of the management principle
- (2) The compensation plan should be transparent, fair, and reasonable
- (3) The compensation plan should reflect the Company's medium- to long-term management strategy and incorporate a mechanism to curb overemphasis on short-term orientation or irregularities
- (4) The monetary compensation standards and the compensation plan should enable the Company to secure and retain excellent human resources

In accordance with this basic policy, compensation for directors who concurrently serve as operating officers shall consist of fixed monetary compensation, single-year performance-based monetary compensation, medium- and long-term performance-based share compensation, and fixed share compensation, while compensation for Directors who do not serve as operating officers shall consist of fixed monetary compensation only.

b. Policy for determining the amount of fixed monetary compensation for each individual (including the policy for determining the timing and conditions for granting compensation, etc.)

Fixed monetary compensation, which is the basic compensation for Company Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors), is a fixed amount paid monthly and is determined in a comprehensive manner based on the Director's position and responsibilities, taking into consideration prevailing market levels, business performance, and balance with employee salaries.

- c. Policy for determining the details of performance-based compensation, etc. and non-monetary compensation, etc., and methods for calculating amounts and numbers

(including the policy for determining the timing and conditions for granting compensation, etc.)

The performance-based compensation, etc. for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) consists of single-year performance-based monetary compensation and medium- to long-term performance-based stock compensation.

For single-year performance-based monetary compensation, the number of months of payment is determined based on single-year performance indicators, and the amount of compensation is calculated from the basic amount for each position according to the number of months of payment.

For medium- to long-term performance-based stock compensation, the evaluation is determined based on the target achievement rate of the performance indicators set forth in the medium-term management plan, the amount of compensation is calculated from the basic amount for each position according to the evaluation, and stock points equivalent to the amount of compensation are granted.

Payment of performance-based monetary compensation will be made within three months from the conclusion of the Ordinary General Meeting of Shareholders for the relevant fiscal year, and medium- to long-term performance-based stock compensation shall be made within two months from the resignation of a Director by granting shares of the Company equivalent to the number of stock points.

Non-monetary compensation for Company Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) shall consist of medium- to long-term performance-based share compensation and fixed share compensation.

Medium- to long-term performance-based stock compensation is as described above.

For fixed share compensation, stock points equivalent to the amount of compensation determined for each position are granted.

Fixed share compensation is granted in the number of Company shares equivalent to the number of stock points, and are granted within two months after the retirement of the Director.

- d. Policy on determining the ratio of the amount of monetary compensation, performance-based compensation, etc. or the amount of non-monetary compensation, etc. to the amount of compensation, etc. for each individual Director

The ratio of compensation by category for Directors who are also Operating Officers is determined using companies of similar business scale to the Company and global standards as benchmarks.

- e. Matters concerning the determination of the details of compensation, etc. for each individual Director

Compensation amounts for each individual Director are determined by the Board of Directors, which calculates the amount of compensation using the rules and regulations for each position based on the deliberations and reports of the Nomination and Compensation Advisory Committee and the opinions of the Audit and Supervisory Committee.

- 2) Matters related to resolutions of the General Meeting of Shareholders regarding compensation, etc. for Directors

The compensation limit for Directors (excluding Audit and Supervisory Committee Members) was resolved to be an annual amount of 300 million yen (including no more than 50 million yen for Outside Directors; not including employee salaries for employees who are Directors) at the 53rd Ordinary General Meeting of Shareholders held on March 23, 2022. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) as of the close of this General Meeting of Shareholders is four (including 1 Outside Director).

The compensation limit for Directors who are members of the Audit and Supervisory Committee was resolved to be an annual amount of no more than 50 million yen at the 47th Ordinary General Meeting of Shareholders held on June 21, 2016. The number of Directors who are Audit and Supervisory Committee Members as of the close of this General Meeting of Shareholders is three.

The Company has introduced a medium- to long-term performance-based share compensation plan and a fixed share compensation plan for Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors), separately from the maximum amounts of compensation described above. Regarding the medium- to long-term performance-based share compensation plan and the fixed share compensation plan, a resolution was passed at the 53rd Ordinary General Meeting of Shareholders held on March 23, 2022, that the amount of annual compensation shall be no more than 53 million yen under the medium- to long-term performance-based share compensation plan and no more than 17 million yen under the fixed share compensation plan. The number of Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) as of the close of this General Meeting of Shareholders is three.

#### (4) Total compensation, etc. of Directors

Category	Total Compensation, etc. (millions of yen)	Total compensation, etc. by type (million yen)			Number of recipient Directors and other officers (persons)
		Basic compensation, etc.	Performance-based compensation	Non-monetary compensation, etc.	
Directors (excluding Audit and Supervisory Committee Members) (of whom, independent Outside Directors)	187 (8)	100 (8)	56 (-)	30 (-)	6 (2)
Director (Audit and Supervisory Committee Member) (of whom, independent Outside Directors)	31 (31)	31 (31)	- (-)	- (-)	3 (3)
Total	219	132	56	30	9

Notes: 1. The compensation for independent Outside Directors is a fixed monthly compensation.

2. Performance-based compensation, etc. is a single-year performance-based monetary compensation.

3. Non-monetary compensation, etc. consists of medium- to long-term performance-based share compensation and fixed share compensation.

4. The indicator for single-year performance-based monetary compensation is consolidated operating profit for the relevant fiscal year, and indicators for medium- to long-term performance-based share compensation are consolidated ROE, consolidated operating margin, and consolidated net sales. The reason for choosing these indicators is that they have been established as medium- to long-term target indicators in the medium-term management plan. The performance indicator related to performance-based monetary compensation for the fiscal year under review was consolidated operating profit of 5,748 million yen. In addition, the performance indicators related to performance-linked stock-based compensation were a consolidated ROE of 17.5%, consolidated operating margin of 27.4%, and consolidated net sales of 20,947 million yen.

(5) Matters concerning Outside Officers

1) Establishment of criteria to identify Outside Officers who are not independent

We have established the following strict criteria to identify Outside Officers who are not independent of the Company. The criteria enable us to verify that all Outside Officers are independent.

- a Has worked for an organization that is a major shareholder of the Company, or is a major shareholder holding 5% or more of the Company's voting rights.
- b Has worked for the main bank or major creditor of the Company.
- c Has worked for a major business counterparty of the Company or an organization for which the Company is a major business counterparty.
- d Has worked for the Company's audit corporation, law firm, or main securities firm.
- e Has received compensation such as consulting fees, attorneys' fees, or tax advisory fees from the Company in addition to executive compensation.
- f The corresponding period for the above a through e is within the past 5 years from the present time.
- g Is next of kin to a person listed in either of the following:
  - A) Persons listed in a through f.
  - B) An executive officer, non-executive officer, or employee of the Company or its subsidiaries or affiliates.

2) A relationship between organizations in which important concurrent positions are held and the Company

As a general rule for concurrent directorates of all Officers, the number of companies is limited to four including the Company for Non-Executive Officers, and two including the Company for Executive Officers. Officers with concurrent positions are as follows:

Category	Name	Significant Concurrent Positions	Relationship with the Company
Independent Outside Director	Lucinda LOHMAN-OOTA	Representative Director, InScribe Language Consulting Foreign Lawyer, Chuo Sogo LPC	No special relationship
Independent Outside Director (Audit and Supervisory Committee Member)	Kaoru HASHIMOTO	Outside Auditor of Oie Sangyo Co., Ltd. Representative, Attorney-at-law, and Certified Public Accountant at Rui Law & Accounting Office Director of Juvenile Equal Opportunity	No special relationship

3) Main activities during the fiscal year under review and summary of professional duties carried out in connection with expected roles

The attendance rate required of each Outside Director at Board of Directors meetings and the attendance rate required of each Outside Director who is an Audit and Supervisory Committee Member at Audit and Supervisory Committee meetings is at least 85%.

Category	Name	Summary of professional duties carried out in connection with expected roles
Independent Outside Director	Lucinda LOHMAN-OTA	<p>Since her appointment on March 24, 2025, she has attended all 13 Board of Directors meetings and the 13 Audit and Supervisory Committee meetings held during the fiscal year under review.</p> <p>She has provided recommendations and exercised supervision from an independent and objective standpoint based on her advanced expertise in legal affairs and insight into corporate governance and compliance. In addition, as a member of the ESG Committee, she attended all four ESG Committee meetings held during the fiscal year under review since her appointment, and actively provided recommendations on issues concerning the promotion of sustainability, improvement of corporate governance, and other matters.</p> <p>Accordingly, she fulfills the role expected by the Company by providing advice regarding the Group's management as a whole from an independent standpoint.</p>
Independent Outside Director (Audit and Supervisory Committee Member)	Mitsutoshi TAKAO	<p>He attended all of the 17 Board of Directors meetings and the 17 Audit and Supervisory Committee meetings held during the fiscal year under review.</p> <p>In addition to managing the Audit and Supervisory Committee as its Chairman, he uses his knowledge of overall management practices, including specialized knowledge of accounting and finance, and his wealth of insight cultivated as a manager of other companies to actively engage in identifying and making proposals on a wide range of management issues, as well as carrying out auditing and supervision.</p> <p>In addition, as the chairperson of the Nomination and Compensation Advisory Committee and a member of the ESG Committee, he attended all seven meetings of the Nomination and Compensation Advisory Committee and all five meetings of the ESG Committee held during the fiscal year under review, and actively provided recommendations on issues concerning executive compensation, promotion of sustainability, and improvement of corporate governance.</p> <p>Consequently, he fulfills the role expected by the Company by providing appropriate advice, auditing, and supervision for the continuous improvement of the Company's management, business execution, and governance.</p>

Category	Name	Summary of professional duties carried out in connection with expected roles
Independent Outside Director (Audit and Supervisory Committee Member)	Kaoru HASHIMOTO	<p>She attended all of the 17 Board of Directors meetings and the 17 Audit and Supervisory Committee meetings held during the fiscal year under review.</p> <p>She actively provided recommendations, along with carrying out supervision and auditing, from legal and accounting perspectives by utilizing her professional knowledge as a lawyer and a certified public accountant.</p> <p>In addition, as a member of the Nomination and Compensation Advisory Committee and the ESG Committee, she attended all seven meetings of the Nomination and Compensation Advisory Committee and all five meetings of the ESG Committee held during the fiscal year under review, and actively provided recommendations on issues concerning executive compensation, promotion of sustainability, and improvement of corporate governance.</p> <p>As a result, she fulfills the role expected by the Company by providing advice, auditing, and supervision of the Company's business execution from a legal and accounting perspective.</p>
Independent Outside Director (Audit and Supervisory Committee Member)	Eiji MIYASHITA	<p>He attended all of the 17 Board of Directors meetings and the 17 Audit and Supervisory Committee meetings held during the fiscal year under review.</p> <p>He has actively provided recommendations, along with carrying out supervision and auditing, based on his abundant experience in corporate management at other companies and a broad knowledge of finance and accounting.</p> <p>In addition, as a member of the ESG Committee, he attended all five ESG Committee meetings held during the fiscal year under review, and actively provided recommendations on issues concerning the promotion of sustainability, improvement of corporate governance, and other matters.</p> <p>As a result, he fulfills the role expected by the Company by providing advice, auditing, and supervision of the Group's management as a whole from an independent and objective perspective.</p>

## 5. Matters concerning the Accounting Auditor

(1) Name of accounting auditor: Deloitte Touche Tohmatsu LLC

(2) Compensation, etc. for the accounting auditor

Category	Compensation, etc.
Compensation, etc. to be paid by the Company	38 million yen
Total amount of money to be paid by the Company and its subsidiaries and other economic benefits	38 million yen

Notes: 1. In the audit contract entered into between the Company and the accounting auditor, the fees for an audit based on the Companies Act and an audit based on the Financial Instruments and Exchange Law are not clearly distinguished and cannot be distinguished in practice. Therefore, the compensation, etc. stated above that is to be paid by the Company is indicated as the total amount of these fees.

2. The Audit and Supervisory Committee has given consent to the compensation, etc. for the accounting auditor after obtaining the necessary documents and reports from Directors, the relevant departments of the Company, and the accounting auditor, and then reviewing the appropriateness and validity of the detailed audit plan performed by the accounting auditor, execution of the accounting auditor's duties, and the basis for the calculation of compensation estimates.

3. Of the Company's subsidiaries, the financial statements of MEC EUROPE NV., MEC (HONG KONG) Ltd., and MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD. were audited by an audit firm that is outside the network of the Company's accounting auditor. As audit fees for audits of other subsidiaries, the total amount to be paid to the accounting auditor in the same network as the Company's accounting auditor, Deloitte Touche Tohmatsu, is 21 million yen.

(3) Contents of non-audit services

N/A

(4) Policy for determining the dismissal or non-reappointment of the accounting auditor

The Audit and Supervisory Committee has a policy of establishing the criteria for selecting and evaluating accounting auditors in advance to confirm their independence and expertise and to receive reports from the Review Committee, which is chaired by the head of the Internal Audit Department.

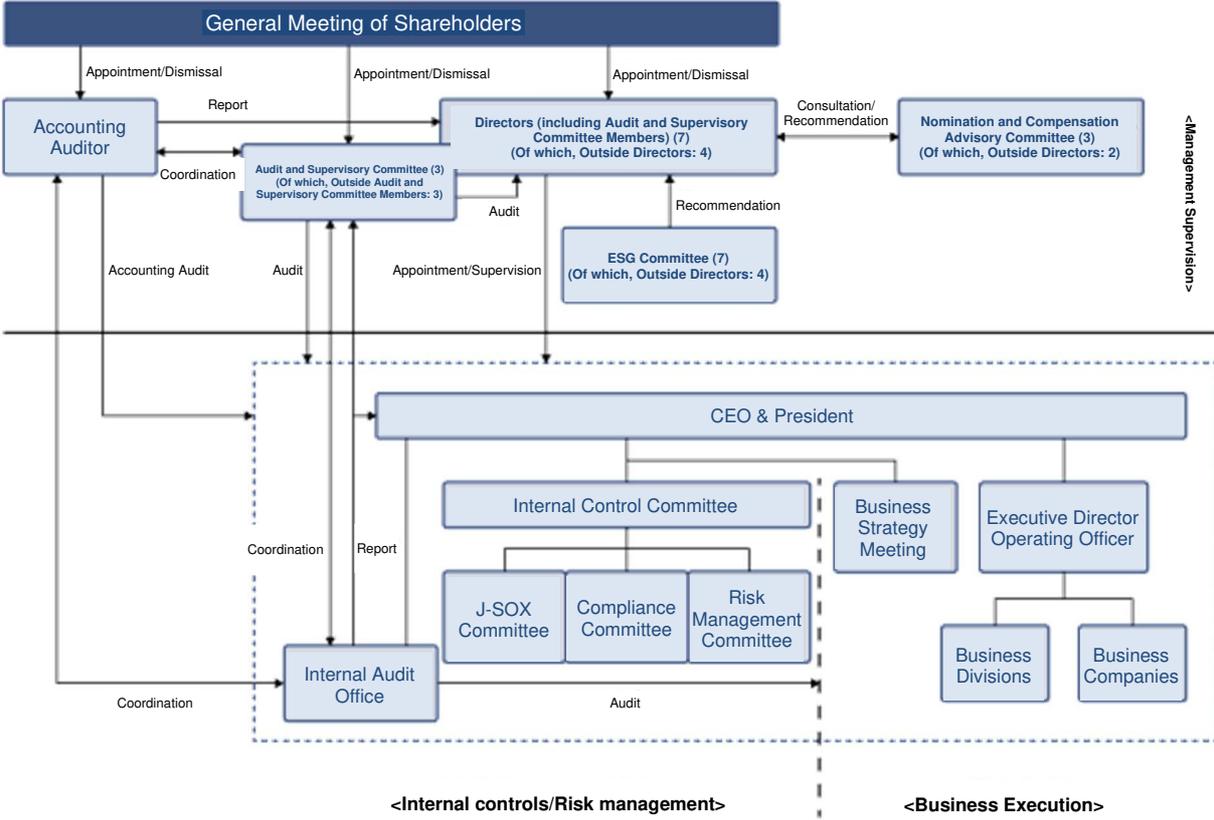
In addition, if the Audit and Supervisory Committee deems that the accounting auditor falls under any of the items listed in paragraph 1 of Article 340 of the Companies Act, it will dismiss the accounting auditor with the consent of all Audit and Supervisory Committee Members. In this case, an Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee shall, at the first General Meeting of Shareholders to be convened after the dismissal, report the fact that the accounting auditor has been dismissed and the reasons for the dismissal.

(5) Outline of the content of liability limitation agreements

N/A

## 6. Systems and Policies of the Company

[Group corporate governance]



(1) Systems to ensure the appropriateness of business operations of the Company and its subsidiaries and affiliates (hereinafter, referred to as the “MEC Group”)

An outline of the system to ensure Directors’ performance of their duties complies with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of the company’s business is as follows.

- 1) System to ensure that the performance of duties of the MEC Group's Directors and employees complies with laws and regulations and the Articles of Incorporation
  - (i) As the basis for the internal control and compliance systems of the MEC Group, the Company stipulates MEC Group's Charter of Corporate Behavior and Corporate Code of Conduct, as well as MEC Group's Internal Control, Internal Audit and J-SOX Regulations, and Compliance Regulations. The Company shall establish the Internal Control Committee and as its subordinate organization, the Compliance Committee, which are chaired by the President, and while promoting the building, maintenance, and improvement of the internal control system, the Company shall also develop the relevant regulations and guidelines, and implement employee education as necessary.
  - (ii) If the Directors discover a material matter involving serious legal violations or other compliance issues in the MEC Group, they shall report immediately to the Audit and Supervisory Committee Members and other Directors.
  - (iii) The Company shall establish the Internal Audit Department for the purpose of ensuring appropriate and efficient operations and auditing the development and operation of the internal control system to prevent misconduct.

The Internal Audit Department shall conduct internal audits according to the annual plan and report on the audit results to the Audit and Supervisory Committee, Directors, and other relevant organs.

- (iv) As the MEC Group's whistleblowing system for reporting facts relating to acts in violation of laws and regulations, acts in violation of corporate rules such as work rules, and misconduct such as sexual harassment, the Company shall establish a whistleblowing system. With it, one person from the Outside Directors, the head of the Internal Audit Department, and external lawyers shall be the direct recipients of the information. The Company ensures that it prevents the disadvantageous treatment of any whistleblower or other persons due to their reporting or cooperating with investigations.
- (v) If the Audit and Supervisory Committee finds that there is a problem with the operation of the Company's legal compliance system and internal reporting system, it shall express its opinion to the CEO & President and at the same time request the development of improvement measures.

- (vi) The Audit and Supervisory Committee shall hold meetings by requesting Outside Directors who are not Audit and Supervisory Committee Members and the Internal Audit Department to attend as observers at the Audit and Supervisory Committee meetings once a month, in principle, to report on audit results and other matters and exchange opinions.
  - (vii) The Company shall never engage in transactions with anti-social forces and organizations that threaten social order and safety, and shall coordinate with police-related administrative organs and our legal counsels, etc. where necessary, and take appropriate measures.
- 2) System to ensure that the duties of MEC Group's Directors are performed efficiently
- (i) In order to ensure that the duties of MEC Group's Directors are performed efficiently in accordance with basic management policies, the Board of Directors shall meet monthly and on an ad hoc basis as the occasion demands. With regard to important matters relating to the business strategy of the Company, discussions shall be held and results shall be made known to all at the business strategy meeting held once a month and composed of Directors and Operating Officers, etc., and at the company-wide policy meetings held twice a year and consisting of managers.
  - (ii) In order to enhance the supervisory function over the performance of duties by the Directors, Outside Directors appointed will account for a majority (or at least half) of the Board of Directors. At the same time, the Company shall enhance the Operating Officer System with the aim of separating supervision and execution.
  - (iii) The Company shall establish the Nomination and Compensation Advisory Committee and the ESG Committee, the majority of whose members are Outside Directors. These Committees shall nominate candidates and provide various recommendations to the Board of Directors based on multifaceted discussions.
  - (iv) In principle, the Outside Directors shall hold a meeting with the President and other Directors and senior executives twice a year to exchange opinions and information.
  - (v) In order to ensure the decisions made by the Board of Directors are carried out efficiently, the Company shall establish relevant internal regulations, and stipulate the details of the responsible persons, decision-making authorities, and operational procedures for each business activity.

- 3) System for the storage and management of information related to the performance of duties by Directors of the MEC Group
  - (i) The MEC Group shall establish matters concerning creating, storing, and managing minutes of important meetings such as the Board of Directors meetings and approval documents in the relevant internal regulations, based on which business processes shall be carried out.
  - (ii) In accordance with relevant internal regulations such as Information Security Management Regulations, the MEC Group shall protect information assets including personal information, and hold training on information security for all officers and employees on a regular basis.
  
- 4) Regulations and other systems for management of the risk of loss in the MEC Group
  - (i) The Company shall recognize the following risks as the main risks that arise in the Company's business activities: A risk of violation of laws, regulations, or the Articles of Incorporation; B quality risk; C environmental risk; D personal information protection and risk of lack of protection of specific personal information; E information leakage and security risk; F disaster risk; G supply-chain risk; and other risks. Based on this recognition, it shall develop an internal system in order to capture and manage the risks.
  - (ii) As the basic framework of risk management, the Company shall establish the Risk Management Committee chaired by the President which is a subordinate organization of the Internal Control Committee, as well as MEC Group Risk Management Regulations and related regulations, and establish a system where management responsibilities are set out for each individual risk.
  - (iii) The Company shall formulate a business continuity plan (BCP) and, if unforeseen circumstances arise, shall act quickly by setting up a task force headed by the President and obtaining the support of external experts where necessary, to prevent or minimize any damage.
  
- 5) System to ensure the appropriateness of business in each Group company
  - (i) In order to ensure the proper operation of the business in each Group company, relevant internal regulations shall be shared throughout the Group such as the group-wide management principle, the mission statement, and the Group Charter of Corporate Behavior. In addition, each company in the MEC Group shall formulate relevant regulations, rules, and guidelines, and implement employee training.

- (ii) In order to manage the business of each Group company, the Company shall establish the Regulations on Affiliate Management, based on which each Group company makes decisions and reporting. For important matters, group companies are managed by requiring resolution of the Company's Board of Directors for such matters.

In addition, business divisions shall oversee, and coordinate/cooperate with, business divisions of each Group company in their respective areas of responsibility.
  - (iii) If the Directors discover an important matter about legal violations or other compliance issues in a Group company, they shall report immediately to the Audit and Supervisory Committee and other Directors.
  - (iv) If a Group company recognizes there is a violation of laws or other compliance issues in the business management and management guidance provided by the Company, it shall report to the Audit and Supervisory Committee and the Internal Audit Department, which shall give their opinion to the CEO & President or request the development of improvement measures.
  - (v) To enhance the MEC Group's audit and internal control, the Company has established a policy whereby the Audit and Supervisory Committee and the Internal Audit Department both audit all business offices and divisions in Japan and abroad in principle. When conducting a survey on overseas Group companies, information shall be exchanged not only with the Group's Accounting Auditor but also with local accounting auditors.
- 6) System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the MEC Group to report to the Audit and Supervisory Committee, and other systems for reporting to the Audit and Supervisory Committee
- (i) With regard to the matters that Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees should report to the Audit and Supervisory Committee and the timing of such reporting, the said Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees shall report to the Audit and Supervisory Committee on important matters that affect the Company's business or financial performance each time they arise in accordance with relevant internal regulations. In addition, the Company shall ensure that the person who has submitted the report will not be treated disadvantageously as a result of his or her reporting.

- (ii) Notwithstanding the preceding paragraph, the Audit and Supervisory Committee may, whenever necessary, request reports from Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees.
- 7) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively
- (i) The Audit and Supervisory Committee and the Internal Audit Department, in principle, shall hold four meetings per year with the Accounting Auditor to exchange opinions and information in order to achieve cooperation and mutual checks and balances.
  - (ii) The Audit and Supervisory Committee may, when it deems it necessary in the practice of an audit, independently appoint a lawyer, certified public accountant, or other external experts. Any prepayment or reimbursement of expenses arising from the execution of each Audit and Supervisory Committee Member's duties shall be properly treated upon request from the Audit and Supervisory Committee Member.
- 8) Matters relating to the corresponding employee in cases where the Audit and Supervisory Committee requests the stationing of an employee (auxiliary employee) to assist them in their duties
- The Company shall establish regulations on assistance to the Audit and Supervisory Committee that set the procedures for appointing an auxiliary employee upon request by the Audit and Supervisory Committee.
- The secretariat to which such auxiliary employee belongs will be established in the Audit and Supervisory Committee in accordance with the provisions on assistance in the Audit and Supervisory Committee Regulations.
- 9) Matters concerning the independence of auxiliary employees from Directors (excluding Directors who are Audit and Supervisory Committee Members)
- To ensure the independence of auxiliary employees from Directors (excluding Audit and Supervisory Committee Members), the Board of Directors shall make decisions on personnel affairs (e.g., transfer, compensation) of auxiliary employees after obtaining the consent of the Audit and Supervisory Committee. Auxiliary employees who have received necessary orders for their auditing work from Audit and Supervisory Committee Members shall not receive orders or instructions related to the Audit and Supervisory Committee Members' orders from any Director (excluding Audit and Supervisory Committee Members) or employee.

- (2) Outline of the operational status of the system to ensure the appropriateness of the MEC Group's business operations
- 1) Operational status regarding the system to ensure compliance with laws and regulations and the Articles of Incorporation
- (i) During the fiscal year under review, the Company held two meetings of the Internal Control Committee, all of which were attended by all Directors, and two meetings of the Compliance Committee, held once each half-year. In either meeting, there was no identification of significant deficiencies that required disclosure.
- The Internal Audit Department has reported the annual audit plan approved by the Audit and Supervisory Committee to the Board of Directors, as well as the results of internal audits to the Audit and Supervisory Committee, the Board of Directors, and other organs on a case-by-case basis.
- (ii) The Company operated a global whistle-blowing system for the MEC Group to further enhance the whistle-blowing system. The operational status of the whistle-blowing system was reported at the Compliance Committee meeting.
- (iii) Outside Directors who are not Audit and Supervisory Committee Members and the head of the Internal Audit Department attend meetings of the Audit and Supervisory Committee held monthly, in principle, as observers and exchange opinions effectively with Directors who are Audit and Supervisory Committee Members.
- (iv) To ensure employees' understanding and compliance with the MEC Group's management policy and the Corporate Code of Conduct so that they can act as good corporate citizens, the Company provides thorough compliance education to all newly joined employees (including contract and temporary workers) with "Labor and Ethics Guidelines."
- (v) To encourage Directors, Operating Officers, and employees of Group companies to understand and act on the MEC Group's management principle and management policy including the Medium-term Management Plan with shared values, we provided dissemination and training programs to ensure these policies are fully understood and adopted.
- (vi) The Company conducts monitoring surveys on a regular basis for the purpose of understanding the compliance status of the entire company, and reports to the Compliance Committee.

- 2) Operational status regarding the system to ensure efficient execution of duties by Directors
- (i) The Company held 17 Board of Directors meetings during the fiscal year under review, and actively deliberated and discussed overseas risk management, overseas subsidiary projects, capital investment, and enhancement of corporate governance.
  - (ii) The Nomination and Compensation Advisory Committee held seven meetings and the ESG Committee held five meetings and made effective recommendations to the Board of Directors, focused on the deliberation of proposals for the election of directors, etc., and on issues such as executive compensation, overseas subsidiary management systems, sustainability-related matters, and organizational structure.
  - (iii) Opinion exchange meetings are held twice a year between Outside Directors, the CEO & President, and senior executives where active discussions take place mainly on themes relating to the basics of management.
  - (iv) The Company has delegated decisions on the execution of important operations to the CEO & President, and delegated authority properly to execute duties to contribute to the prompt execution of duties.

3) Operational status regarding the storage and management of information

The Company has established record-keeping periods for the minutes of the General Meeting of Shareholders, minutes of the Board of Directors meetings, financial statements, and the like, in accordance with laws and regulations, and stores archived records appropriately.

4) Operational status of risk management

Being engaged in an industry where chemicals are handled, the Company particularly focuses on safety and the risk assessment of chemicals. In addition, management risks are reviewed annually and verified at the Company-wide policy meetings held twice a year. Furthermore, the Risk Management Committee shares information and identifies and verifies deficiencies.

5) Operational status regarding the system to ensure the appropriateness of Group companies' business operations

The Audit and Supervisory Committee Members and the Internal Audit Department conducted audits of Group companies and exchanged information with local accounting auditors.

- 6) Operational status regarding audits by the Audit and Supervisory Committee
  - (i) Audit and Supervisory Committee Members attended discussions held by important bodies such as the Business Strategy Meeting and company-wide policy meetings and confirmed the status of the design and operation of the internal control system together with the results of on-site audits.
  - (ii) The Audit and Supervisory Committee held opinion and information exchange meetings six times with the Accounting Auditor and 16 times with the Internal Audit Office during the fiscal year under review, as well as attending meetings with the Accounting Division. The Audit and Supervisory Committee reports to the Board of Directors on the details of discussions with the Accounting Auditor each time a meeting takes place.

<Reference>

Major initiatives regarding Japan's Corporate Governance Code

- 1) Early disclosure of convening notices for general shareholder meetings and electronic voting

The Company strives to effectively secure shareholder rights including voting rights at general shareholder meetings.

In order to allow sufficient time for shareholders to exercise their voting rights, the Company publishes the convening notice of the general shareholders meeting electronically on the Company's website four weeks in advance in an effort to provide accurate information promptly and fairly.

The Company also introduced electronic voting in consideration of shareholders' convenience. Furthermore, for institutional investors, we participate in the voting platform operated by ICJ, Inc.
- 2) Introduction of a share compensation system

The Company introduced a share compensation system for Directors and Operating Officers to further align interests with shareholders, to contribute to enhancing medium- to long-term performance and to increase the corporate value of the Company.
- 3) Assessment of the Board of Directors and the Audit and Supervisory Committee

The Company has assessed the Board of Directors and the Audit and Supervisory Committee to ensure the effectiveness of these organs.

With regard to the assessment of the Board of Directors, the Company ensures the effectiveness of the Board of Directors by having all Directors conduct self-assessments. The results are used to improve subsequent operations and contents of the Board of Directors.

With regard to the assessment of the Audit and Supervisory Committee, self-assessment by Audit and Supervisory Committee Members as well as outside assessment by independent Outside Directors (excluding Audit and Supervisory Committee Members) and the head of the Internal Audit Department are conducted on selected items concerning auditing and supervision.

4) Sustainability initiatives

The Company has compiled information on its sustainability initiatives in its Sustainability Report, which is available on the Company's website.

<https://www.mec-co.com/en/sustainability/>

5) Disclosure of information in line with TCFD recommendations

The Company has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) and discloses information in line with the TCFD recommendations.

<https://www.mec-co.com/en/sustainability/esg/environment/tcf/tcf.d.php>

(3) Basic Policy on Company Control

1) Basic Policy Approach and Details

The Company believes that if an acquisition of a large number of the Company's shares is to be made for the purpose of controlling decisions on the Company's financial and business policies, the acceptance or rejection of such an acquisition should essentially be based on the judgment of individual shareholders. Therefore, the Company is not in a position to dismiss the significance or effect of the activation of corporate activities through the transfer of management control.

However, in the event of a corporate takeover by a party with an improper objective, such as the sole intention of selling out at a high price, we recognize that it is the responsibility of our Board of Directors to prevent damage to the Company's corporate value in order to protect the interests of our shareholders and other stakeholders. Therefore, in the event of a proposal for a large-scale acquisition of shares or a takeover, the Company believes it is necessary to fully examine the impact on its corporate value and the common interests of shareholders. This examination takes into account the acquiring party's business plan, past investment activities, and other relevant factors. The results of the Board of Directors' assessment are disclosed to shareholders.

In addition, the Company has not established in advance any measures (so-called “takeover defense measures”) to prepare for specific threats posed by large-scale acquisitions of the Company’s shares. However, it is the responsibility of the Board of Directors, entrusted by shareholders, to monitor the trading of the Company’s shares and changes in shareholders. If a party planning a large-scale acquisition of the Company’s shares appears, the Company will evaluate the acquisition proposal and business plan of the acquiring party with outside experts, and if the Company determines that the acquisition proposal or share purchase would be detrimental to the Company’s corporate value and the common interests of shareholders, the Company may determine whether countermeasures are necessary and the specifics of such countermeasures and implement such countermeasures.

## 2) Specific Details of Countermeasures

- (i) Special initiatives to contribute to the realization of the Basic Policy, such as effective utilization of the Company’s assets, formation of an appropriate corporate group, and others

The Company is taking the following measures to realize the above Basic Policy and to contribute to the common interests of shareholders.

- A. Enhancement of corporate value through the promotion of the Medium-Term Management Plan
  - a. Strengthening of sales capabilities in major world markets
  - b. Improvement and strengthening of product lineup from cutting-edge substrates to general-purpose substrates
  - c. Expansion of business opportunities by reducing environmental impact
  - d. Cultivation of new business fields by refining technologies for bonding metals and resins, etc.
  - e. Continuous improvement of consolidated ROE with a medium- to long-term target of 15%
- B. Proactive return of profits to shareholders, medium- and long-term investments for sustainable growth
  - a. Proactive return of profits to shareholders with a basic policy of a consolidated payout ratio of at least 35% and a consolidated dividend on equity ratio (DOE) of at least 4.0%
  - b. Investment of approximately 10% or more of net sales in up-front R&D expenses
  - c. Investment in production facilities, etc. to achieve the same level of quality worldwide in response to demand in various markets around the world

- (ii) Efforts to prevent decisions concerning the Company's financial and business policies from being controlled by parties deemed inappropriate in light of the Basic Policy

The Company will take appropriate measures against parties who intend to acquire large quantities of shares of the Company's stock to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, such as requesting the provision of necessary and sufficient information to enable shareholders to judge whether a large-scale acquisition is appropriate, disclosing the opinions of the Board of Directors, and ensuring that shareholders have sufficient time to consider the acquisition.

- 3) Judgment and Reasoning of the Board of Directors Concerning the Initiatives Set Forth in the Preceding Item

Each of the initiatives mentioned in the previous item is being implemented to sustainably enhance the Company's corporate value and the common interests of shareholders. Therefore, the Company's Board of Directors has determined that each of them meets the following requirements.

- (i) It is in line with the Basic Policy described in Item 1.
- (ii) It is not detrimental to the common interests of shareholders.
- (iii) Its purpose is not to maintain the status of the Company's officers.

#### (4) Policy related to determining dividends of surplus

- 1) Policy on determining dividends of surplus

The Company places great importance on fulfilling its responsibilities to all stakeholders, including shareholders, and is promoting capital strategy for sustainable growth through dialogue with stakeholders. With regard to growth strategy, the Company's basic policy is to continue growth investments by expanding and effectively utilizing internal reserves to further develop the Company's strengths in order to increase corporate competitiveness and shareholder value. This policy reflects the expanding business opportunities to provide the Company's products and services amid the ongoing digitalization of society as a whole. The Company's basic dividend policy is to maintain a consolidated dividend payout ratio of at least 35% and a consolidated dividend on equity (DOE) of at least 4.0%, while taking into consideration the Company's operating results and financial position.

2) Appropriation of surplus for the term under review

With regard to the appropriation of retained earnings brought forward of 8,798,565,955 yen, we based our decision on the above-mentioned basic policy and set the dividend to thank our shareholders for their continued support. By a resolution of the Board of Directors meeting held on February 13, 2026, the year-end dividend was set at 71 yen per share. Adding this to the interim dividend of 25 yen that has already been paid, the annual dividend comes to 96 yen per share. The total amount of the year-end dividend is 1,305,624,893 yen. In addition, the balance of 7,492,941,062 yen will be retained earnings carried forward to the next fiscal year.

## Consolidated Balance Sheet

(As of December 31, 2025)

(Thousands of yen)

ASSETS		LIABILITIES	
Current assets:	20,069,346	Current liabilities:	4,629,395
Cash and deposits	10,345,999	Notes and accounts payable – trade	1,131,846
Notes and accounts receivable – trade	7,172,904	Electronically recorded obligations – operating	340,323
Electronically recorded monetary claims – operating	438,384	Accounts payable – other	570,264
Merchandise and finished goods	820,928	Accrued expenses	194,406
Work in process	237,885	Income taxes payable	1,417,949
Raw materials and supplies	804,007	Provision for bonuses	454,161
Other	258,349	Provision for bonuses for directors (and other officers)	56,029
Allowance for doubtful accounts	-9,113	Accounts payable – facilities	110,080
Non-current assets:	16,355,518	Other	354,332
Property, plant, and equipment	11,853,354	Non-current liabilities:	1,323,400
Buildings and structures	4,272,025	Deferred tax liabilities	1,016,392
Machinery, equipment and vehicles	1,247,179	Retirement benefit liability	14,656
Tools, furniture, and fixtures	497,656	Provision for share-based payments	137,803
Land	3,728,236	Other	154,546
Right-of-use assets	57,927	Total liabilities	5,952,795
Construction in progress	2,050,330	<b>NET ASSETS</b>	
Intangible assets	142,029	Shareholders' equity	26,115,693
Investments and other assets	4,360,134	Share capital	594,142
Investment securities	2,213,895	Capital surplus	446,358
Retirement benefit assets	1,593,540	Retained earnings	27,428,552
Deferred tax assets	10,466	Treasury shares	-2,353,360
Other	542,231	Accumulated other comprehensive income	4,356,374
		Valuation difference on available-for-sale securities	884,356
		Foreign currency translation adjustment	3,133,199
		Accumulated remeasurements of defined benefit plans	338,818
		Total net assets	30,472,068
Total assets	36,424,864	Total liabilities and net assets	36,424,864

## Consolidated Statement of Income

( From January 1, 2025, to  
December 31, 2025 )

(Thousands of yen)

Item	Amount	
Net sales		20,947,752
Cost of sales		7,970,529
Gross profit		12,977,222
Selling, general and administrative expenses		7,229,208
Operating profit		5,748,013
Non-operating income		
Interest income	30,170	
Dividend income	31,098	
Trial product income	7,364	
Gain on investments in investment partnerships	13,528	
Foreign exchange gains	208,177	
Other	27,560	317,900
Non-operating expenses		
Interest expenses	6,251	
Other	8,156	14,407
Ordinary profit		6,051,506
Extraordinary income		
Subsidy income	546,447	
Gain on reversal of foreign currency translation adjustment	23,448	
Gain on sales of non-current assets	4,362	574,257
Extraordinary losses		
Loss on sales of non-current assets	344	
Loss on retirement of non-current assets	152,183	152,527
Income before income taxes		6,473,236
Income taxes – current	2,123,680	
Income taxes – deferred	-679,052	1,444,627
Net income		5,028,609
Profit attributable to owners of parent		5,028,609

## Consolidated statement of changes in equity

( From January 1, 2025, to  
December 31, 2025 )

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity:
Balance at the beginning of the current period	594,142	541,273	24,163,977	-2,031,602	23,267,790
Changes during period					
Dividends of surplus	-	-	-936,016	-	-936,016
Profit attributable to owners of parent	-	-	5,028,609	-	5,028,609
Purchase of treasury shares	-	-	-	-1,292,474	-1,292,474
Disposal of treasury shares	-	-	-	47,784	47,784
Cancellation of treasury shares	-	-94,914	-828,017	922,932	-
Changes during period other than shareholders' equity (net amount)	-	-	-	-	-
Total changes during period	-	-94,914	3,264,575	-321,757	2,847,903
Balance at the end of the current period	594,142	446,358	27,428,552	-2,353,360	26,115,693

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the current period	496,822	2,799,596	333,064	3,629,483	26,897,274
Changes during period					
Dividends of surplus	-	-	-	-	-936,016
Profit attributable to owners of parent	-	-	-	-	5,028,609
Purchase of treasury shares	-	-	-	-	-1,292,474
Disposal of treasury shares	-	-	-	-	47,784
Cancellation of treasury shares	-	-	-	-	-
Changes in items other than shareholders' equity (net amount)	387,534	333,603	5,753	726,891	726,891
Total changes during period	387,534	333,603	5,753	726,891	3,574,794
Balance at the end of the current period	884,356	3,133,199	338,818	4,356,374	30,472,068

## Notes to Consolidated Financial Statements

### 1. Notes to Basis for Presenting Consolidated Financial Statements

#### (1) Matters concerning the scope of consolidation

Number and name of consolidated subsidiaries

- Number of consolidated subsidiaries: 6 companies
- Names of consolidated subsidiaries: MEC TAIWAN COMPANY 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.

MEC (HONG KONG) LTD. was excluded from the scope of consolidation from the end of the fiscal year under review due to its reduced materiality as a result of the distribution of residual assets for liquidation. Please note that the statement of income for the fiscal year under review has been prepared on a consolidated basis.

#### (2) Matters concerning the fiscal year, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, MEC INDIA SPECIALTY CHEMICALS PRIVATE LTD. has a fiscal year ending March 31. In preparing the consolidated financial statements, the Company uses financial statements based on a provisional settlement of accounts conducted as of the consolidated balance sheet date.

The fiscal year end of other consolidated subsidiaries is the same as the consolidated fiscal year end.

(3) Matters concerning accounting policy

1) Valuation standards and methods for significant assets

A. Valuation standards and methods for investment securities

Bonds held to maturity ..... Amortized cost method (straight-line method)

Other investment securities

- Securities other than non-marketable stocks etc.

Fair value method based on market prices, etc. as of the closing date (unrealized gains and losses are accounted for as a component of net assets, and the cost of sales is determined by the moving-average method)

- Non-marketable stocks etc.

Cost method using the moving average method

Investments in investment partnerships are accounted for based on the most recent financial statements of the partnerships, taking into account the net value of the partnership's equity interest.

B. Derivatives ..... Market value method

C. Valuation standards and methods for inventories

- Merchandise, finished goods (chemicals), work in process, raw materials, and supplies

The cost method using the weighted-average method is used (the amount on the balance sheet is calculated based on the method of book value devaluation based on a decline in profitability).

- Finished goods (machinery) ..... The cost method using the specific identification method is used (the amount on the balance sheet is calculated based on the method of book value devaluation based on a decline in profitability).

- 2) Depreciation and amortization method for significant depreciable assets
  - A. Property, plant, and equipment..... The straight-line method is used.  
The main service lives are as follows.
 

Buildings and structures .....	Between 7 and 50 years
Machinery, equipment and vehicles .....	Between 4 and 10 years
Tools, furniture, and fixtures .....	Between 3 and 10 years
  - B. Intangible assets..... The straight-line method is used.
  
- 3) Basis for significant provisions
  - A. Allowance for doubtful accounts ··· In order to prepare for losses on bad debts such as accounts receivable, the estimated noncollectable amount is recorded based on the actual rate of bad debts for general receivables and the possibility of collection of specific receivables such as loans with the possibility of default.
  - B. Provision for bonuses ..... ·· To provide for the payment of bonuses to employees and executive officers who are not directors, an amount accrued for the consolidated fiscal year under review out of the estimated amount to be paid is recorded.
  - C. Provision for bonuses for directors (and other officers)
    - To provide for the payment of bonuses to Directors of the Company, an amount is recorded based on the estimated amount to be paid in the consolidated fiscal year under review.
  - D. Provision for share-based payments
    - To provide for the payment of bonuses to directors and executive officers of the Company, an amount accrued for the consolidated fiscal year under review is recorded based on the estimated amount of payment as of the end of the consolidated fiscal year under review.

4) Basis for recording revenue and expenses

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

For sales of finished products (chemicals) and merchandise (materials), the Company considers the customer to have acquired control over the products and the performance obligation to be satisfied once the products have been delivered to the customer in accordance with the terms of the contract or when the risk burden is transferred to the customer in accordance with the terms of trade stipulated in international trade agreements such as Incoterms, etc. The Company recognizes revenue when such performance obligations have been satisfied. However, in accordance with the alternative treatment in Paragraph 98 of the "Guidelines on the Accounting Standard for Revenue Recognition," the Company recognizes revenue at the time of shipment for domestic transactions involving products and other goods if there is a normal period from the time of shipment to the time when control of the products and other goods is transferred to the customer.

For sales of finished products (machinery), revenue is recognized when the products have been received and inspected by the customer.

Regarding sales of merchandise (materials) where the Group has determined that it is acting as an agent, revenue is recognized at the net amount of the gross consideration received from the customer minus the amount paid to the supplier.

The consideration for the transaction does not include a significant financial component because it is received primarily within one year of satisfaction of the performance obligation.

5) Other significant matters that form the basis for the preparation of Consolidated Financial Statements

A. Accounting method for retirement benefit plans

In calculating retirement benefit obligations, the projected benefit obligation is attributed to periods up to the end of the consolidated fiscal year under review using the benefit formula method.

Prior service cost is amortized using the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time the cost is incurred.

Actuarial gains and losses are amortized on a declining-balance basis over a fixed period of 10 years, which is within the average remaining service period of employees at the time of occurrence of each consolidated fiscal year, and are recognized in expense beginning in the fiscal year following the year in which they arise.

B. Basis for conversion of significant assets or liabilities denominated in foreign currencies to Japanese currency

Monetary assets and liabilities denominated in foreign currencies are converted into Japanese yen at the spot exchange rate prevailing on the consolidated balance sheet date, with exchange differences recognized as gains or losses. Assets and liabilities of foreign consolidated subsidiaries are converted into Japanese yen at the spot exchange rate in substance on the balance sheet date of each consolidated subsidiary, while revenues and expenses are converted at the average exchange rate over the period, with translation differences included in the foreign currency translation adjustments under net assets.

2. Notes on changes to accounting policies

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

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 Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) have been applied from the beginning of the fiscal year under review. There is no impact on the consolidated financial statements.

3. Notes on significant accounting estimates

N/A

4. Notes on the consolidated balance sheet

(1) Assets pledged as collateral

Buildings and structures	115,270 thousand yen
Land	38,712 thousand yen
<hr/>	
Total	153,983 thousand yen

There are no liabilities corresponding to the above assets pledged as collateral.

(2) Accumulated depreciation of property, plant and equipment	8,613,266 thousand yen
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5. Notes on the consolidated statement of changes in equity

(1) Class and total number of shares issued and outstanding at the end of the consolidated fiscal year under review

Common shares 19,571,093 shares

(2) Matters concerning dividends

1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
February 14, 2025 Board of Directors Meeting	Common shares	472,229	Retained earnings	25	December 31, 2024	March 4, 2025
August 8, 2025 Board of Directors Meeting	Common shares	463,787	Retained earnings	25	June 30, 2025	September 2, 2025

Notes: 1. The total amount of dividends resolved by the Board of Directors on February 14, 2025, includes dividends of 4,108 thousand yen for the Company's shares held by the "Stock Grant Trust Account for Directors" and the "Stock Grant Trust Account for Executive Officers."

2. The total amount of dividends resolved by the Board of Directors on August 8, 2025, includes dividends of 3,210 thousand yen for the Company's shares held by the "Stock Grant Trust Account for Directors" and the "Stock Grant Trust Account for Executive Officers."

2) Dividends whose record date falls in the consolidated fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
February 13, 2026 Board of directors' meeting	Common shares	1,305,624	Retained earnings	71	December 31, 2025	March 4, 2026

Note: The total amount of dividends resolved by the Board of Directors on February 13, 2026, includes dividends of 9,118 thousand yen for the Company's shares held by the "Stock Grant Trust Account for Directors" and the "Stock Grant Trust Account for Executive Officers."

## 6. Notes to Financial Instruments

### 1. Matters concerning the status of financial instruments

#### (1) Policy regarding financial instruments

The Company group's policy is to limit the management of funds to short-term deposits, etc., and to borrow funds from banks and other financial institutions. Derivatives are forward exchange contracts for the purpose of avoiding risk from future exchange rate fluctuations within the scope of the balance of receivables and payables denominated in foreign currencies, and the Group has a policy of not engaging in speculative transactions.

#### (2) Description of financial instruments and their risks

Trade receivables such as notes and accounts receivable – trade and electronically recorded monetary claims – operating are exposed to customer credit risk.

Investment securities are exposed to the risk of market price fluctuations.

Trade payables such as notes and accounts payable – trade, electronically recorded obligations – operating, accounts payable – other, income taxes payable, and accrued expenses, as well as non-trade payables such as accounts payable – facilities are mostly due within four months. Although some are denominated in foreign currencies and are exposed to foreign exchange risk, most of those are due within two months.

Trade payables, non-trade payables, and borrowings are exposed to liquidity risk, but the Group manages this risk by preparing monthly funding plans for each company.

Derivatives are forward exchange contracts for the purpose of hedging the risk of foreign currency exchange fluctuations related to receivables and payables denominated in foreign currencies.

#### (3) Risk management system for financial instruments

##### 1) Credit risk management

In accordance with credit management rules, the Group manages due dates and remaining balances for each business partner and monitors the credit status of major business partners every fiscal year.

Derivatives are conducted by the Company's Accounting and Finance Division, and the results of each transaction are reported to the officer in charge of the transaction. The Company recognizes that there is little risk of counterparty default in using derivatives, since they are all highly creditworthy banks in Japan.

##### 2) Market risk management

Regarding investment securities, the Company periodically monitors the market value and financial conditions of the issuer (counterparty company), and for those other than bonds held to maturity, the Company continuously reviews its holdings taking into account the Company's relationship with the counterparty company.

Derivatives are managed in accordance with the investment guidelines and are reported every six months at the Board of Directors' meeting.

##### 3) Management of liquidity risk related to the procurement of funds

The Group manages this risk by preparing and updating monthly funding plans for each company.

(4) Supplementary explanation of matters concerning the market value of financial instruments

Variable factors are incorporated in calculating the fair value of financial instruments; therefore, the fair value may fluctuate as a result of the adoption of different assumptions.

2. Matters concerning the market value of financial instruments

Amounts reported on the consolidated balance sheet, market values, and the difference between the two as of December 31, 2025 (the consolidated balance sheet date for the consolidated fiscal year under review) are as follows.

(Thousands of yen)

	Amount reported on the consolidated balance sheet	Market value	Difference
Investment securities			
Bonds held to maturity	200,000	181,650	-18,350
Other investment securities (*2)	1,660,255	1,660,255	-
Total assets	1,860,255	1,841,905	-18,350

(\*1) Cash and deposits, notes and accounts receivable – trade, electronically recorded monetary claims – operating, notes and accounts payable – trade, electronically recorded obligations – operating, accounts payable – other, income taxes payable, accrued expenses, and accounts payable – facilities are omitted because they are cash items and their fair value approximates their book value due to their short maturities.

(\*2) Non-marketable stocks, etc. are not included in “Investment securities other securities.”

The amounts reported in the consolidated balance sheets for such financial instruments are as follows.

(Thousands of yen)

Category	Consolidated fiscal year under review
Unlisted stocks	-
Investments in investment partnerships	353,639

Investments in investment partnerships are not subject to market value method disclosure in accordance with paragraph 24-16 of the “Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

3. Matters concerning the breakdown, etc. of the fair value of financial instruments by level

The fair value of financial instruments is broken down into the following three levels based on the observability and materiality of the inputs used to calculate their fair value.

Level 1 fair value: The fair value calculated based on quoted market prices for the assets or liabilities in question that are formed in an active market, which are among the inputs used to calculate the observable fair value

Level 2 fair value: Fair value measured using observable inputs other than quoted prices included in Level 1.

Level 3 fair value: Fair value measured using unobservable inputs.

When multiple inputs that have a significant effect on the calculation of fair value are used, of the levels to which each of those inputs belongs, the fair value is classified into the level with the lowest priority in the calculation of fair value.

(1) Financial instruments recorded on the consolidated balance sheets at fair value

Category	Fair value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other investment securities				
Shares	1,660,255	-	-	1,660,255
Total assets	1,660,255	-	-	1,660,255

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

Category	Fair value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Bonds held to maturity				
Government bonds, municipal bonds, etc.	-	181,650	-	181,650
Other	-	-	-	-
Total assets	-	181,650	-	181,650

Note: Explanation of valuation techniques used to calculate fair value and inputs related to the calculation of fair value

Investment securities

Listed stocks are valued using quoted market prices. Because listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. On the other hand, because the bonds held by the Company are traded infrequently and are not considered quoted prices in an active market, their fair value is classified as Level 2 fair value.

7. Notes on tax effect accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by major cause

Deferred tax assets	
Provision for bonuses	136,997 thousand yen
Enterprise tax payable	80,036 thousand yen
Social insurance premiums	20,911 thousand yen
Loss on valuation of inventories	15,021 thousand yen
Unrealized gains on inventories	320,336 thousand yen
Retirement benefits for directors (and other officers) payable	4,506 thousand yen
Tax loss carried forward (Note)	19,551 thousand yen
Provision for share-based payments	29,970 thousand yen
Impairment losses	188,907 thousand yen
Other	25,637 thousand yen
Subtotal	841,876 thousand yen
Valuation allowance for tax loss carryforwards	-19,551 thousand yen
Valuation allowance for total future deductible temporary differences	-189,092 thousand yen
Total deferred tax assets	633,233 thousand yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	-406,109 thousand yen
Retained earnings of overseas subsidiaries	-703,395 thousand yen
Retirement benefit assets	-493,979 thousand yen
Other	-35,673 thousand yen
Total deferred tax liabilities	-1,639,159 thousand yen
Net deferred tax liabilities	-1,005,926 thousand yen

Net deferred tax liabilities of -1,005,926 thousand yen are included in the following items of the consolidated balance sheets.

Non-current assets – deferred tax assets	10,466 thousand yen
Non-current liabilities – deferred tax liabilities	-1,016,392 thousand yen

Note: Tax loss carryforwards and their deferred tax assets by carryforward period

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Tax loss carryforwards (a)	16,650	-	2,900	-	-	-	19,551 thousand yen
Valuation allowance	-16,650	-	-2,900	-	-	-	-19,551 thousand yen
Deferred tax assets	-	-	-	-	-	-	-

(a) Tax loss carryforwards are calculated by applying the statutory effective tax rate.

(2) Breakdown of the difference between the statutory tax rate and the effective tax rate after tax effect accounting is applied

	Consolidated fiscal year under review (December 31, 2025)
Statutory tax rate	30.6%
(adjustments)	
Permanent differences such as entertainment expenses, etc.	1.4%
Per capita inhabitant tax	0.1%
Tax credit for experimentation and research expenses, etc.	-3.4%
Foreign tax credit	-4.0%
Foreign withholding tax	1.9%
Tax effect on undistributed earnings of overseas subsidiaries	0.1%
Increase or decrease in valuation provision	-1.8%
Retained earnings of overseas subsidiaries	1.3%
Difference in foreign tax rates	-2.0%
Controlled foreign company taxation	-2.4%
Other	0.5%
Effective income tax rate after tax effect accounting is applied	22.3%

(3) Revision to the amount of deferred tax assets and deferred tax liabilities due to changes in the tax rate for income taxes  
Under the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025), which was enacted by the Diet on March 31, 2025, the Defense Special Corporate Tax will be imposed in consolidated fiscal years beginning on or after April 1, 2026.

As a result, the effective statutory tax rate has been changed from 30.6% to 31.5% for the calculation of deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in or after the fiscal years beginning on or after January 1, 2027. The impact that this change has on the Company is immaterial.

8. Notes on revenue recognition

(1) Decomposition of revenue from contracts with customers

Consolidated fiscal year under review (From January 1, 2025, to December 31, 2025)

(Thousands of yen)

	Reportable segments						Total
	Japan	Taiwan	Zhuhai (China)	Suzhou (China)	Thailand	Europe	
Pharmaceuticals	7,488,402	3,887,138	2,780,493	3,951,539	1,102,924	1,001,298	20,211,797
Machinery	308,808	-	-	-	3,811	-	312,620
Materials	10,631	-	-	1,570	-	391,788	403,990
Other	19,343	-	-	-	-	-	19,343
Revenue from contracts with customers	7,827,186	3,887,138	2,780,493	3,953,110	1,106,736	1,393,086	20,947,752
Net sales to external customers	7,827,186	3,887,138	2,780,493	3,953,110	1,106,736	1,393,086	20,947,752

Note: Since the consolidated subsidiary MEC (HONG KONG) LTD. is in the process of liquidation, the name of the reportable segment previously called “Hong Kong (Hong Kong, Zhuhai)” has been changed to “Zhuhai (China),” and the name of the reportable segment previously called “China (Suzhou)” has been changed to “Suzhou (China)” beginning from the fiscal year under review. This change is a change in the names of the reportable segments and has no impact on the information by operating segment.

(2) Information that provides a basis for understanding revenue from contracts with customers

Information that forms the basis for understanding revenue from contracts with customers is described in “(4) Basis for recording revenue and expenses” under “(3) Matters concerning accounting policy” in “1 Notes to Basis for Presenting Consolidated Financial Statements.”

(3) Information concerning the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the consolidated fiscal year under review to be recognized in the following fiscal year or later

1) Contract liabilities consist primarily of payments received from customers prior to the delivery of products and are included in other current liabilities in the consolidated balance sheet.

The breakdown of contract liabilities for the consolidated fiscal year under review is as follows.

Contract liabilities (balance at the beginning of the period)	36,316 thousand yen
Contract liabilities (balance at the end of the period)	14,914 thousand yen

There were no contract assets in the current consolidated fiscal year.

2) Transaction price assigned to remaining performance obligations

This information is omitted because there are no material contracts whose initially anticipated contract terms exceed one year.

9. Notes on retirement benefit plans

(1) Outline of retirement benefit plan used

The Company has established a defined benefit corporate pension plan (cash balance plan) under the Defined Benefit Corporate Pension Act and a defined contribution pension plan.

Some of the Company's consolidated subsidiaries have defined contribution plans and defined benefit plans. Under these defined benefit plans, retirement benefit liability and retirement benefit expenses are calculated using the simplified method.

(2) Defined benefit plans

1) Reconciliation of the beginning and ending balances of the projected retirement benefit liabilities (excluding plans to which the simplified method is applied as stated in 3) above)

Balance of projected retirement benefit liabilities at the beginning of the period	1,020,301 thousand yen
Service cost	88,839 thousand yen
Interest cost	20,406 thousand yen
Actuarial gain (loss) arising during the period	36,929 thousand yen
Retirement benefit plan payments	-50,978 thousand yen
<u>Balance of projected retirement benefit liabilities at the end of the period</u>	<u>1,115,497 thousand yen</u>

2) Reconciliation of the beginning and ending balances of pension plan assets (excluding plans to which the simplified method is applied as stated in 3) above)

Balance of pension plan assets at the beginning of the period	2,394,939 thousand yen
Expected return on plan assets	26,344 thousand yen
Actuarial gain (loss) arising during the period	150,397 thousand yen
Employer's contribution	122,848 thousand yen
Retirement benefit plan payments	-50,986 thousand yen
<u>Balance of pension plan assets at the end of the period</u>	<u>2,643,544 thousand yen</u>

3) Reconciliation for the balance of retirement benefit liability at the beginning of the period to the balance at the end of the period for plans that use the simplified method

Balance of retirement benefit liability at the beginning of the period	-43,012 thousand yen
Retirement benefit expenses	-6,225 thousand yen
Retirement benefit plan payments	-702 thousand yen
Other	-896 thousand yen
<u>Balance of retirement benefit liability at the end of the period</u>	<u>-50,837 thousand yen</u>

4) Reconciliation between retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet to the balance of retirement benefit obligations and retirement benefit plan assets at the end of the fiscal year	
Funded defined benefit plans	1,153,140 thousand yen
Pension plan assets	-2,746,681 thousand yen
	<u>-1,593,540 thousand yen</u>
Unfunded defined benefit plans	14,656 thousand yen
Net liabilities and assets recorded in the consolidated balance sheet	<u>-1,578,883 thousand yen</u>
Retirement benefit liability	14,656 thousand yen
Retirement benefit assets	-1,593,540 thousand yen
Net liabilities and assets recorded in the consolidated balance sheet	<u>-1,578,883 thousand yen</u>
5) Retirement benefit expenses and their breakdown	
Service cost	88,839 thousand yen
Interest cost	20,406 thousand yen
Expected return on plan assets	-26,344 thousand yen
Amortization of actuarial gain or loss	-98,833 thousand yen
Retirement benefit expenses calculated by the simplified method	-6,225 thousand yen
Retirement benefit expenses related to defined benefit plans	<u>-22,157 thousand yen</u>
6) Remeasurements of defined benefit plans	
The breakdown of items recognized in remeasurements of defined benefit plans (before income taxes and tax effects) is as follows:	
Actuarial gain or loss	-14,635 thousand yen
Total	<u>-14,635 thousand yen</u>
7) Accumulated remeasurements of defined benefit plans	
The components of accumulated remeasurements of defined benefit plans (before income taxes and tax effects) are as follows:	
Unrecognized actuarial gain or loss	-494,409 thousand yen
Total	<u>-494,409 thousand yen</u>

8) Matters concerning pension plan assets

- Breakdown of major components of pension plan assets

The following is a breakdown of the major categories as a percentage of total pension plan assets.

Bonds	30%
Shares	40%
General account	21%
Other	9%
<hr/>	
Total	100%

- Method for setting the expected long-term rate of return

To determine the expected long-term rate of return on pension plan assets, the current and projected allocation of plan assets and the current and expected long-term rates of return for the various assets that make up the plan assets are considered.

9) Matters concerning the basis of actuarial calculations

Main actuarial assumptions (shown as a weighted average) as of the end of the consolidated fiscal year under review

Discount rate	2.5%
Expected long-term rate of return	1.1%

(3) Defined contribution plans

The required contribution to the defined contribution plan of the Company and its consolidated subsidiaries is 167,700 thousand yen.

10. Notes on Per Share Information

(1) Net assets per share	1,668.73 yen
(2) Profit per share	272.14 yen

11. Significant subsequent events

N/A

## Non-consolidated Balance Sheet

(As of December 31, 2025)

(Thousands of yen)

ASSETS		LIABILITIES	
Current assets:	11,244,683	Current liabilities:	3,359,014
Cash and deposits	5,894,605	Notes payable – trade	35,664
Notes receivable – trade	10,901	Electronically recorded obligations – operating	340,323
Electronically recorded monetary claims – operating	438,384	Accounts payable – trade	413,706
Accounts receivable – trade	3,785,379	Accounts payable – other	316,992
Merchandise and finished goods	304,732	Accrued expenses	174,985
Raw materials and supplies	557,923	Income taxes payable	1,255,830
Prepaid expenses	15,815	Deposits received	91,167
Accounts receivable – other	65,739	Provision for bonuses	447,997
Other	171,202	Provision for bonuses for directors (and other officers)	56,029
Non-current assets:	16,475,767	Electronically recorded obligations – facilities	117,350
Property, plant, and equipment	8,962,262	Accounts payable – facilities	108,968
Buildings	3,168,627	Non-current liabilities:	627,815
Structures	191,223	Deferred tax liabilities	465,459
Machinery and equipment	546,454	Asset retirement obligations	587
Vehicles	15,457	Provision for share-based payments	137,803
Tools, furniture, and fixtures	203,712	Other	23,964
Land	2,821,838	Total liabilities	3,986,829
Construction in progress	2,014,948	<b>NET ASSETS</b>	
Intangible assets	97,605	Shareholders' equity	22,849,264
Leasehold interests in land	29,380	Share capital	594,142
Software	66,728	Capital surplus	446,358
Other	1,497	Legal capital surplus	446,358
Investments and other assets	7,415,898	Retained earnings	24,162,123
Investment securities	2,213,895	Legal retained earnings	63,557
Shares of subsidiaries and associates	3,115,247	Other retained earnings	24,098,565
Investments in capital	5	General reserve	15,300,000
Long-term loans receivable from subsidiaries and associates	553,040	Retained earnings brought forward	8,798,565
Long-term prepaid expenses	484,757	Treasury shares	-2,353,360
Prepaid pension costs	1,033,637	Valuation and translation adjustments:	884,356
Other	15,316	Valuation difference on available-for-sale securities	884,356
		Total net assets	23,733,621
<b>Total assets</b>	<b>27,720,451</b>	<b>Total liabilities and net assets</b>	<b>27,720,451</b>

## Non-consolidated Statement of Income

( From January 1, 2025, to  
December 31, 2025 )

(Thousands of yen)

Item	Amount	
Net sales		13,515,663
Cost of sales		4,599,874
Gross profit		8,915,789
Selling, general and administrative expenses		4,613,903
Operating profit		4,301,885
Non-operating income		
Interest and dividend income	2,690,209	
Trial product income	7,364	
Foreign exchange gains	210,473	
Other	22,695	2,930,743
Non-operating expenses		
Other	7,907	7,907
Ordinary profit		7,224,721
Extraordinary income		
Subsidy income	546,447	
Gain on sales of non-current assets	923	547,370
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	68,333	
Loss on retirement of non-current assets	137,049	205,383
Profit before income taxes		7,566,708
Income taxes – current	1,790,635	
Income taxes – deferred	9,204	1,799,839
Profit		5,766,868

## Statement of Changes in Equity

( From January 1, 2025, to  
December 31, 2025 )

(Thousands of yen)

	Shareholders' equity							
	Share capital	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 the beginning of the current period	594,142	446,358	94,914	541,273	63,557	15,300,000	4,795,731	20,159,288
Changes during period								
Dividends of surplus	-	-	-	-	-	-	-936,016	-936,016
Profit	-	-	-	-	-	-	5,766,868	5,766,868
Purchase of treasury shares	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-94,914	-94,914	-	-	-828,017	-828,017
Changes during period other than shareholders' equity (net amount)	-	-	-	-	-	-	-	-
Total changes during period	-	-	-94,914	-94,914	-	-	4,002,834	4,002,834
Balance at the end of the current period	594,142	446,358	-	446,358	63,557	15,300,000	8,798,565	24,162,123

	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 the beginning of the current period	-2,031,602	19,263,102	496,822	496,822	19,759,925
Changes during period					
Dividends of surplus	-	-936,016	-	-	-936,016
Profit	-	5,766,868	-	-	5,766,868
Purchase of treasury shares	-1,292,474	-1,292,474	-	-	-1,292,474
Disposal of treasury shares	47,784	47,784	-	-	47,784
Cancellation of treasury shares	922,932	-	-	-	-
Changes during period other than shareholders' equity (net amount)	-	-	387,534	387,534	387,534
Total changes during period	-321,757	3,586,162	387,534	387,534	3,973,696
Balance at the end of the current period	-2,353,360	22,849,264	884,356	884,356	23,733,621

## Notes to Non-Consolidated Financial Statements

### 1. Notes on significant accounting policies

#### (1) Valuation standards and methods for assets

##### 1) Valuation standards and methods for investment securities

Shares of subsidiaries ..... Cost method using the moving average method

Bonds held to maturity ..... Amortized cost method (straight-line method)

Other investment securities

- Securities other than non-marketable stocks etc.

Fair value method based on market prices, etc. as of the fiscal year end (unrealized gains and losses are accounted for as a component of net assets, and the cost of sales is determined by the moving-average method)

- Non-marketable stocks etc.

Cost method using the moving average method

Investments in investment partnerships are accounted for based on the most recent financial statements of the partnerships, taking into account the net value of the partnership's equity interest.

##### 2) Valuation standards and methods for inventories

- Merchandise, finished goods (chemicals), raw materials, and supplies

The weighted-average cost method is applied (the amount on the balance sheet is calculated based on the method of book value devaluation based on a decline in profitability).

- Finished goods (machinery) ..... The specific identification method is applied (the amount on the balance sheet is calculated based on the method of book value devaluation based on a decline in profitability).

#### (2) Depreciation and amortization method for non-current assets

##### 1) Property, plant, and equipment..... The straight-line method is used.

Buildings ..... Between 15 and 50 years

Structures ..... Between 7 and 45 years

Machinery and equipment ..... Between 4 and 10 years

Vehicles ..... Between 4 and 6 years

Tools, furniture, and fixtures ..... Between 4 and 6 years

##### 2) Intangible assets..... The straight-line method is used.

However, software is amortized over an internal useful life of 5 years.

##### 3) Long-term prepaid expenses ..... They are amortized on a straight-line basis.

(3) Basis for Provisions

- 1) Allowance for doubtful accounts ··· In order to prepare for losses on bad debts such as accounts receivable, the estimated noncollectable amount is recorded based on the actual rate of bad debts for general receivables and the possibility of collection of specific receivables such as loans with the possibility of default.
- 2) Provision for bonuses·········· To provide for the payment of bonuses to employees and executive officers who are not directors, an amount accrued for the fiscal year under review out of the estimated amount to be paid is recorded.
- 3) Provision for bonuses for directors (and other officers)  
·· To provide for the payment of bonuses to Directors of the Company, an amount is recorded based on the estimated amount to be paid in the fiscal year under review.
- 4) Provision for share-based payments·· To provide for the payment of bonuses to directors and executive officers, an amount accrued for the fiscal year under review is recorded based on the estimated amount of payment as of the end of the fiscal year under review.

(4) Basis for recording revenue and expenses

The Company's main business is the sale of products and goods, mainly chemicals for electronic substrates and components, machinery for electronic substrates, and materials for electronic substrates.

For sales of finished products (chemicals) and merchandise (materials), the Company considers the customer to have acquired control over the products and the performance obligation to be satisfied once the products have been delivered to the customer in accordance with the terms of the contract or when the risk burden is transferred to the customer in accordance with the terms of trade stipulated in international trade agreements such as Incoterms, etc. The Company recognizes revenue when such performance obligations have been satisfied. However, in accordance with the alternative treatment in Paragraph 98 of the "Guidelines on the Accounting Standard for Revenue Recognition," the Company recognizes revenue at the time of shipment for domestic transactions involving products and other goods if there is a normal period from the time of shipment to the time when control of the products and other goods is transferred to the customer.

For sales of finished products (machinery), revenue is recognized when the products have been received and inspected by the customer.

Regarding sales of merchandise (materials) where the Company has determined that it is acting as an agent, revenue is recognized at the net amount of the gross consideration received from the customer minus the amount paid to the supplier.

The consideration for the transaction does not include a significant financial component because it is received primarily within one year of satisfaction of the performance obligation.

(5) Other significant matters that form the basis for the preparation of Financial Statements

- 1) Hedge accounting procedure ..... The allocation method is applied to forward exchange contracts that meet the requirements for the allocation method.
- 2) Accounting method for retirement benefit plans
  - .. Unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits are accounted for differently from the accounting methods used in the consolidated financial statements.

2. Notes on changes to accounting policies

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

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022) and the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) have been applied from the beginning of the fiscal year under review. There is no impact on the financial statements.

3. Notes on significant accounting estimates

N/A

4. Notes on the balance sheet

- |  |                        |
|--|------------------------|
| (1) Accumulated depreciation of property, plant and equipment  | 5,874,644 thousand yen |
| (2) Receivables from and payables to subsidiaries and affiliated companies (excluding those shown separately)        |                        |
| Short-term receivables   | 1,156,305 thousand yen |
| Short-term payables  | 8,617 thousand yen     |
| (3) The amounts of direct reduction of property, plant and equipment related to government subsidies are as follows. |                        |
| Buildings  | 1,776 thousand yen     |
| Machinery and equipment  | 14,150 thousand yen    |

5. Notes on the statement of income

- |   |                        |
|---|------------------------|
| (1) Transactions with affiliated companies  |                        |
| Net sales                                   | 5,688,477 thousand yen |
| Operating expenses                          | 81,032 thousand yen    |
| Non-operating transactions                  | 2,657,531 thousand yen |
| (2) Total research and development expenses | 1,379,055 thousand yen |

6. Notes on the statement of changes in equity

Type and number of treasury shares at the end of the fiscal year under review

Common shares 1,310,436 shares

Note: The Company contributed 128,426 shares to The Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the stock compensation plan for directors and the stock compensation plan for executive officers, and these are treated as treasury shares in the financial statements.

7. Notes on tax effect accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Deferred tax assets)

Provision for bonuses	136,997 thousand yen
Loss on valuation of inventories	10,842 thousand yen
Enterprise tax payable	80,036 thousand yen
Social insurance premiums	20,911 thousand yen
Retirement benefits for directors (and other officers) payable	4,506 thousand yen
Impairment losses	188,907 thousand yen
Shares of subsidiaries and associates	130,002 thousand yen
Provision for share-based payments	29,970 thousand yen
Excess depreciation	14,664 thousand yen
Other	3,864 thousand yen
Subtotal	620,704 thousand yen
Valuation allowance	-319,094 thousand yen
Total	301,610 thousand yen

(Deferred tax liabilities)

Valuation difference on available-for-sale securities	-406,109 thousand yen
Prepaid pension costs	-325,285 thousand yen
Other	-35,673 thousand yen
Total	-767,069 thousand yen
Net deferred tax liabilities	-465,459 thousand yen

- (2) Breakdown of major factors in the difference between the statutory tax rate and the effective tax rate after tax effect accounting is applied

Statutory tax rate	30.6%
(adjustments)	
Permanent differences such as entertainment expenses, etc.	1.0%
Dividend income from foreign subsidiaries	-10.5%
Per capita inhabitant tax	0.1%
Tax credit for experimentation and research expenses, etc.	-2.9%
Foreign tax credit	-3.4%
Foreign withholding tax	1.6%
Controlled Foreign Company taxation	7.2%
Other	0.1%
Effective income tax rate after tax effect accounting is applied	<u>23.8%</u>

- (3) Revision to the amount of deferred tax assets and deferred tax liabilities due to changes in the tax rate for income taxes  
Under the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025), which was enacted by the Diet on March 31, 2025, the Defense Special Corporate Tax will be imposed in consolidated fiscal years beginning on or after April 1, 2026.

As a result, the effective statutory tax rate has been changed from 30.6% to 31.5% for the calculation of deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in or after the fiscal years beginning on or after January 1, 2027. The impact that this change has on the Company is immaterial.

8. Notes on related-party transactions

Type	Name of company, etc.	Percentage of voting rights, etc. held (%)	Relationship with related parties	Transaction details	Transaction amount (thousand yen)	Item	Balance at the end of period (thousand yen)
Subsidiary	MEC TAIWAN COMPANY LTD.	Ownership Direct 100.0	Manufacture and sale of chemicals for electronic substrates	Sale of chemicals and raw materials for electronic substrates (Note 1)	2,335,767	Accounts receivable – trade	540,058
Subsidiary	MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO.,LTD.	Ownership Direct 100.0	Manufacture and sale of chemicals for electronic substrates	Sale of chemicals and raw materials for electronic substrates (Note 1, Note 2)	1,545,860	Accounts receivable – trade	145,708
Subsidiary	MEC FINE CHEMICAL(ZHUHAI)LTD.	Ownership Direct 100.0	Manufacture and sale of chemicals for electronic substrates	Sale of chemicals and raw materials for electronic substrates (Note 1, Note 3)	1,249,274	Accounts receivable – trade	109,717
Subsidiary	MEC SPECIALTY CHEMICAL (THAILAND) CO.,LTD.	Ownership Direct 100.0 (Note 4)	Manufacture and sale of chemicals for electronic substrates	Sale of chemicals and raw materials for electronic substrates (Note 1, Note 5) Receipt of interest on loans (Note 6)	430,839 684,480 18,659	Accounts receivable – trade Long-term loans receivable Current portion of loans receivable Accrued interest	141,864 553,040 131,440 3,785

Transaction terms and policies, etc. for determining transaction terms

Note 1: Prices and other transaction terms are determined by presenting the Company's suggested prices based on market conditions and negotiating prices as necessary.

Note 2: Although some of the sales of chemicals to MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. are technically transactions between the Company and a third party, in substance they are transactions between the Company and MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD. through third parties.

Note 3: Although some of the sales of chemicals to MEC FINE CHEMICAL (ZHUHAI) LTD. are technically transactions between the Company and a third party, in substance they are transactions between the Company and MEC FINE CHEMICAL (ZHUHAI) LTD. through third parties.

Note 4: MEC TAIWAN COMPANY LTD. has invested 0.009%.

Note 5: Although some of the sales of chemicals to MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD. are technically transactions between the Company and a third party, in substance they are transactions between the Company and MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD. through third parties.

Note 6: The interest rate for the loan of funds is determined based on market interest rates.

9. Notes on revenue recognition

The information that forms the basis for understanding revenue from contracts with customers is identical to the information presented in “Notes to Consolidated Financial Statements, 8. Notes on Revenue Recognition,” and therefore, notes have been omitted.

10. Notes on Per Share Information

(1) Net assets per share	1,299.71 yen
(2) Profit per share	312.09 yen

11. Significant subsequent events

N/A

## Map to the venue for the general meeting of shareholders

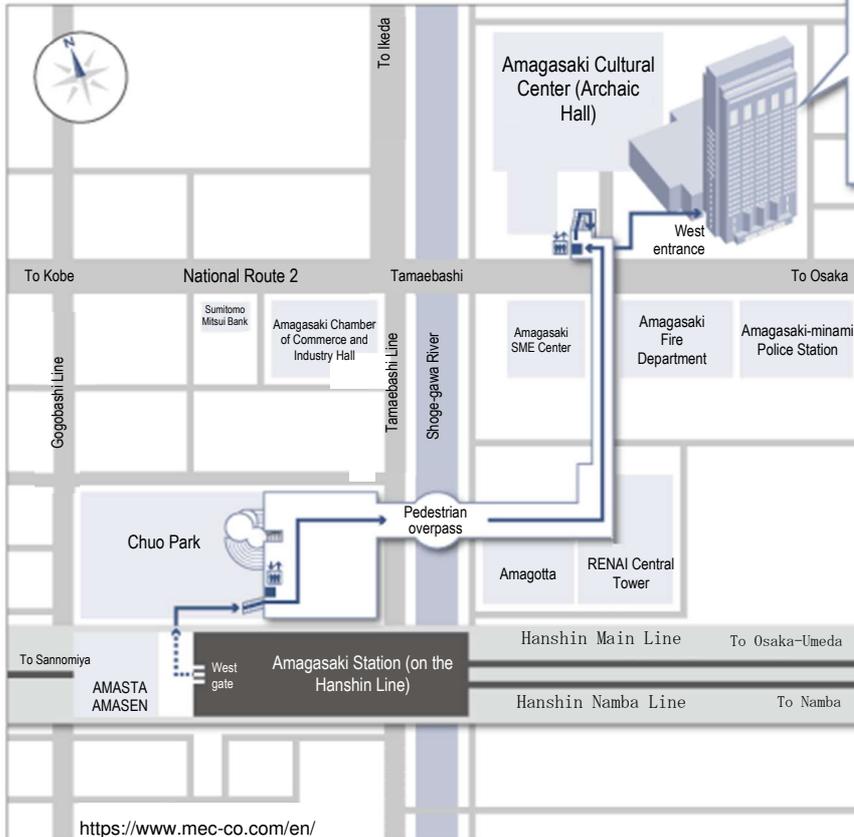
### Venue

2-7-1, Showa-dori, Amagasaki, Hyogo  
**3rd floor, HO-OH, Miyako Hotel Amagasaki**

\* Please use public transport to get to the venue since there is no parking lot dedicated for the Meeting.



Venue for the General Meeting of Shareholders  
**Miyako Hotel Amagasaki**



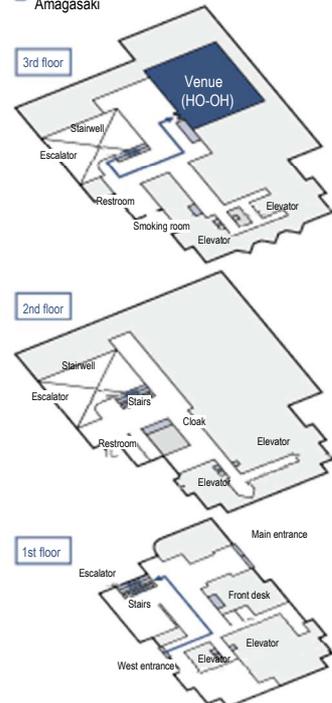
<https://www.mec-co.com/en/>

### Access

#### Amagasaki Station (on the Hanshin Line)

Exit the West gate and proceed north. Approx. six minutes on foot via a pedestrian overpass from the Chuo Park

### Floor map of Miyako Hotel Amagasaki



MEC COMPANY LTD.  
<https://www.mec-co.com/en/>

