

**Quarterly Consolidated Financial Statements  
Included in the Quarterly Report  
Meiko Electronics Co., Ltd.  
and its consolidated subsidiaries**

*For the third quarter and nine months ended December 31, 2023*

**(ENGLISH TRANSLATION)**

**NOTE:**

This document is an excerpt translation of the Quarterly Report (“Shihanki Houkokusho”) of Meiko Electronics Co., Ltd. (the “Company”), for the third quarter and nine months ended December 31, 2023, filed with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan pursuant to the Financial Instruments and Exchange Act of Japan on February 9, 2024.

Please note that the quarterly consolidated financial statements in this document are a translation of the reviewed quarterly consolidated financial statements presented in Japanese. The translation of the quarterly consolidated financial statements and notes has NOT been audited by KPMG AZSA LLC, who reviewed the original Japanese figures.

The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. The final decision and responsibility for investments rests solely with the reader of this document.

## **Financial Information**

### **1 Basis of preparation of the quarterly consolidated financial statements**

The quarterly consolidated financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

### **2 Review reports**

The quarterly consolidated financial statements of the Company for the third quarter (October 1, 2023 – December 31, 2023), and those for the nine months ended December 31, 2023, were reviewed by KPMG AZSA LLC, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

# 1 Consolidated Financial Statements

## (1) Consolidated Balance Sheets

Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2023	December 31, 2023	December 31, 2023	December 31, 2023
<b>Assets</b>				
Current assets				
Cash and deposits	¥ 17,584	¥ 23,029	\$	162,373
Notes and accounts receivable - trade	35,989	*2 38,297	*2	270,017
Electronically recorded monetary claims - operating	2,920	*2 4,762	*2	33,577
Merchandise and finished goods	9,929	9,552		67,349
Work in process	7,044	8,095		57,073
Raw materials and supplies	15,658	17,976		126,741
Other	2,952	6,226		43,895
Allowance for doubtful accounts	(171)	(26)		(181)
Total current assets	91,905	107,911		760,844
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	26,456	36,643		258,360
Machinery, equipment and vehicles, net	44,752	45,838		323,186
Land	2,553	2,548		17,965
Construction in progress	18,315	18,428		129,928
Other, net	3,462	3,615		25,494
Total property, plant and equipment	95,538	107,072		754,933
Intangible assets				
Goodwill	6,304	5,796		40,869
Other	696	766		5,397
Total intangible assets	7,000	6,562		46,266
Investments and other assets	*1 7,952	*1 8,087	*1	57,023
Total non-current assets	110,490	121,721		858,222
Total assets	¥ 202,395	¥ 229,632	\$	1,619,066

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2023	December 31, 2023	December 31, 2023	December 31, 2023
<b>Liabilities</b>				
<b>Current liabilities</b>				
Notes and accounts payable - trade	¥ 22,794	*2 ¥ 29,845	*2 \$ 210,431	
Short-term borrowings	*4 29,663	*4 37,734	*4 266,048	
Current portion of long-term borrowings	*4 7,200	*4 8,900	*4 62,751	
Income taxes payable	1,020	954	6,730	
Provision for bonuses	1,201	868	6,120	
Provision for bonuses for directors	55	3	22	
Other	11,740	10,996	77,524	
<b>Total current liabilities</b>	<b>73,673</b>	<b>89,300</b>	<b>629,626</b>	
<b>Non-current liabilities</b>				
Long-term borrowings	*4 38,467	*4 40,050	*4 282,380	
Provision for retirement benefits for directors	216	216	1,522	
Provision for share awards	173	230	1,620	
Provision for share awards for directors	36	52	364	
Retirement benefit liability	4,126	3,680	25,949	
Other	1,229	1,210	8,533	
<b>Total non-current liabilities</b>	<b>44,247</b>	<b>45,438</b>	<b>320,368</b>	
<b>Total liabilities</b>	<b>117,920</b>	<b>134,738</b>	<b>949,994</b>	
<b>Net assets</b>				
<b>Shareholders' equity</b>				
Share capital	12,889	12,889	90,873	
Capital surplus	13,700	13,700	96,599	
Retained earnings	35,568	41,517	292,724	
Treasury shares	(2,176)	(2,168)	(15,289)	
<b>Total shareholders' equity</b>	<b>59,981</b>	<b>65,938</b>	<b>464,907</b>	
<b>Accumulated other comprehensive income</b>				
Valuation difference on available-for-sale securities	13	58	407	
Deferred gains or losses on hedges	55	(49)	(349)	
Foreign currency translation adjustment	17,426	21,745	153,319	
Remeasurements of defined benefit plans	(154)	(44)	(308)	
<b>Total accumulated other comprehensive income</b>	<b>17,340</b>	<b>21,710</b>	<b>153,069</b>	
<b>Non-controlling interests</b>	<b>7,154</b>	<b>7,246</b>	<b>51,096</b>	
<b>Total net assets</b>	<b>84,475</b>	<b>94,894</b>	<b>669,072</b>	
<b>Total liabilities and net assets</b>	<b>¥ 202,395</b>	<b>¥ 229,632</b>	<b>\$ 1,619,066</b>	

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**  
**For the Nine Months Ended December 31, 2023**  
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	U.S. dollars Nine months ended December 31, 2023
Net sales	¥ 125,256	¥ 133,534	\$ 941,510
Cost of sales	104,957	110,951	782,286
Gross profit	20,299	22,583	159,224
Selling, general and administrative expenses	12,321	14,245	100,432
Operating profit	7,978	8,338	58,792
Non-operating income			
Interest income	112	403	2,840
Dividend income	6	13	95
Foreign exchange gains	2,041	1,728	12,182
Other	417	260	1,833
Total non-operating income	2,576	2,404	16,950
Non-operating expenses			
Interest expenses	720	816	5,752
Share issuance costs	314	—	—
Other	132	146	1,038
Total non-operating expenses	1,166	962	6,790
Ordinary profit	9,388	9,780	68,952
Extraordinary income			
Gain on sale of non-current assets	1	58	415
Gain on sale of investment securities	—	19	133
Gain on liquidation of subsidiaries and associates	42	—	—
Gain on termination of retirement benefit plan	—	6	40
Total extraordinary income	43	83	588
Extraordinary losses			
Loss on sale and retirement of non-current assets	141	62	438
Loss on disaster	60	—	—
Business restructuring expenses	16	—	—
Total extraordinary losses	217	62	438
Profit before income taxes	9,214	9,801	69,102
Income taxes	2,180	2,036	14,354
Profit	7,034	7,765	54,748
Profit (loss) attributable to non-controlling interests	(88)	84	592
Profit attributable to owners of parent	¥ 7,122	¥ 7,681	\$ 54,156

**Consolidated Statements of Comprehensive Income**  
**For the Nine Months Ended December 31, 2023**  
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	¥ 7,034	¥ 7,765	\$ 54,748	
Other comprehensive income				
Valuation difference on available-for-sale securities	2	44	312	
Deferred gains or losses on hedges	155	(104)	(736)	
Foreign currency translation adjustment	3,098	4,328	30,517	
Remeasurements of defined benefit plans, net of tax	17	111	780	
Total other comprehensive income	3,272	4,379	30,873	
Comprehensive income	10,306	12,144	85,621	
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent	¥ 10,375	¥ 12,051	\$ 84,968	
Comprehensive income attributable to non-controlling interests	(69)	93	653	

## **Notes to the Consolidated Financial Statements**

### Matters concerning Going Concern Assumption

Not applicable

### Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Meiko Electronics Co., Ltd. (the “Company”) have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and have been made at the rate of ¥141.83 to \$1, the approximate rate of exchange at December 31, 2023. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

### Specific Accounting Treatments Adopted in Preparing the Quarterly Consolidated Financial Statements

#### (Computation of Tax Expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after the adoption of tax-effect accounting that is applicable to profit before income taxes for the fiscal year ending March 31, 2024, and multiplying profit before income taxes for the period under review by this estimated effective tax rate.

## Consolidated Balance Sheets

\*1 Amount of allowance for doubtful accounts directly deducted from the amount of assets

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2023	December 31, 2023	December 31, 2023	
Investments and other assets	¥ 31	¥ 817	\$	5,763

\*2 Accounting treatment for notes, etc., maturing on December 31, 2023

Notes, etc., maturing on the final day of a quarterly reporting period are accounted for as if they had been settled on the final day of the period.

As the final day of the third quarter was a bank holiday, the following notes, etc., that matured on that day were accounted for as though they had been settled on the maturity date, December 31, 2023.

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2023	December 31, 2023	December 31, 2023	
Notes receivable - trade	¥ —	¥ 187	\$	1,321
Electronically recorded monetary claims - operating	—	666		4,694
Notes payable - trade	—	4		28
Electronically recorded obligations - operating	—	47		329

3 Discounted electronically recorded monetary claims - operating are summarized below:

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2023	December 31, 2023	December 31, 2023	
Discounted electronically recorded monetary claims - operating	¥ 15	¥ 14	\$	102

\*4 Financial covenants

Consolidated fiscal year ended March 31, 2023

Of short-term borrowings and long-term borrowings (including borrowings scheduled for repayment within one year), ¥56,600 million have financial covenants attached under which the breaching of any of the following will require the accelerated repayment of the obligation in the corresponding funding agreement (when there is more than one covenant, the one with stricter conditions is stated).

- (1) Two consecutive ordinary losses shall not be recorded in the consolidated statements of income for each fiscal year.
- (2) The total amount of net assets recorded in the consolidated balance sheet as of the close of each fiscal year shall be at least the higher of: (i) ¥20,589 million; or (ii) 75% of the total amount of net assets recorded in the consolidated balance sheet as of the close of the immediately preceding fiscal year.
- (3) The total amount of interest-bearing debt recorded in the consolidated balance sheet as of the close of each fiscal year shall be no more than the amount of net sales recorded in the consolidated statement of income for the same fiscal year, divided by 12 and multiplied by 8.
- (4) The total amount of interest-bearing debt recorded in the consolidated balance sheet as of the close of each fiscal year divided by the amount of total net assets less the amount of foreign currency translation adjustment shall be maintained at 2.1 or less for the fiscal year ended March 31, 2023, 1.9 or less for the fiscal year ending March 31, 2024, 1.7 or less for the fiscal year ending March 31, 2025, 1.6 or less for the fiscal year ending March 31, 2026, and 1.5 or less for the fiscal year ending March 31, 2027.
- (5) The adjusted-interest-bearing-debt-to-EBITDA ratio, which is calculated by the following formula, shall be maintained at 5 or less as of the last days of the fiscal year ending March 31, 2025 and onward.  
Formula: Total adjusted interest-bearing debt for the fiscal year in question (the fiscal year ending March 31, 2025 for the first examination) ÷ (average EBITDA of the last three periods)  
“EBITDA” refers to operating income or loss recorded in the consolidated statement of income plus depreciation.

Nine months ended December 31, 2023

Of short-term borrowings and long-term borrowings (including borrowings scheduled for repayment within one year), ¥63,500 million have financial covenants attached under which the breaching of any of the following will require the accelerated repayment of the obligation in the corresponding funding agreement (when there is more than one covenant, the one with stricter conditions is stated).

- (1) Two consecutive ordinary losses shall not be recorded in the consolidated statements of income for each fiscal year.
- (2) The total amount of net assets recorded in the consolidated balance sheet as of the close of each fiscal year shall be at least 75% or higher of the total amount of net assets recorded in the consolidated balance sheet as of the close of the immediately preceding fiscal year.
- (3) The total amount of interest-bearing debt recorded in the consolidated balance sheet as of the close of each fiscal year shall be no more than the amount of net sales recorded in the consolidated statement of income for the same fiscal year, divided by 12 and multiplied by 8.
- (4) The total amount of interest-bearing debt recorded in the consolidated balance sheet as of the close of each fiscal year divided by the amount of total net assets less the amount of foreign currency translation adjustment shall be maintained at 2.1 or less for the fiscal year ended March 31, 2023, 1.9 or less for the fiscal year ending March 31, 2024, 1.7 or less for the fiscal year ending March 31, 2025, 1.6 or less for the fiscal year ending March 31, 2026, and 1.5 or less for the fiscal year ending March 31, 2027.
- (5) The adjusted-interest-bearing-debt-to-EBITDA ratio, which is calculated by the following formula, shall be maintained at 5 or less as of the last days of the fiscal year ending March 31, 2025 and onward.  
Formula: Total adjusted interest-bearing debt for the fiscal year in question (the fiscal year ending March 31, 2025 for the first examination) ÷ (average EBITDA of the last three periods)  
“EBITDA” refers to operating income or loss recorded in the consolidated statement of income plus depreciation.

Consolidated Statements of Cash Flows

No consolidated statements of cash flows were prepared for the nine months ended December 31, 2023.

Depreciation (including amortization related to intangible assets, excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2023, are shown below:

	Millions of yen		Thousands of U.S. dollars	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Nine months ended December 31, 2023	
Depreciation.....	¥ 7,134	¥ 8,241	\$ 58,105	
Amortization of goodwill.....	196	507	3,577	

## Total Shareholders' Equity

Nine months ended December 31, 2022

### 1 Cash dividends paid

#### Resolution

Board meeting on May 23, 2022

Type of shares .....	Common shares
Total dividends (Millions of yen) .....	645
Dividend per share (Yen).....	25.00
Record date.....	March 31, 2022
Effective date.....	June 10, 2022
Dividend resource.....	Retained earnings

#### Resolution

Board meeting on November 4, 2022

Type of shares .....	Common shares
Total dividends (Millions of yen) .....	696
Dividend per share (Yen).....	27.00
Record date.....	September 30, 2022
Effective date.....	November 30, 2022
Dividend resource.....	Retained earnings

Notes: 1. Total dividends by a resolution of the Board of Directors on May 23, 2022, include ¥3 million in dividends on Company shares held as trust assets of the Board Benefit Trust and the Employee Stock Ownership Plan (J-ESOP).

2. Total dividends by a resolution of the Board of Directors on November 4, 2022, include ¥4 million in dividends on Company shares held as trust assets of the Board Benefit Trust and the Employee Stock Ownership Plan (J-ESOP).

2 Of the dividends whose record date falls during the nine months ended December 31, 2022, those dividends whose effective date fell after the last day of the third quarter

Not applicable

### 3 Significant change in shareholders' equity

At a meeting of the Board of Directors on September 21, 2022, the Company resolved to issue Series 1 Non-convertible preferred stock in the aggregate amount of ¥7,000 million by third-party allotment, and to reduce all of the increased parts of share capital and legal capital surplus, respectively, due to the incorporation of the payment on the payment date as effective date. On October 25, 2022, the total issue price of Series 1 Non-convertible preferred stock issued by third-party allotment was paid by Development Bank of Japan Inc. On the same day, share capital and legal capital surplus were reduced by ¥3,500 million, respectively, in accordance with the provisions of Article 447, paragraphs 1 and 3 of the Companies Act, and Article 448, paragraphs 1 and 3 of the same act. The total amount reduced was transferred to other capital surplus.

As a result, capital surplus increased by ¥7,000 million during the nine months ended December 31, 2022, and capital surplus was ¥13,700 million as of December 31, 2022.

Nine months ended December 31, 2023

1 Cash dividends paid

Resolution

Board meeting on May 29, 2023

Type of shares .....	Common shares
Total dividends (Millions of yen) .....	722
Dividend per share (Yen).....	28.00
Record date.....	March 31, 2023
Effective date.....	June 13, 2023
Dividend resource.....	Retained earnings

Resolution

Board meeting on May 29, 2023

Type of shares .....	Series 1 Non-convertible preferred stock
Total dividends (Millions of yen) .....	156
Dividend per share (Yen).....	2,233,660.00
Record date.....	March 31, 2023
Effective date.....	June 13, 2023
Dividend resource.....	Retained earnings

Resolution

Board meeting on November 6, 2023

Type of shares .....	Common shares
Total dividends (Millions of yen) .....	696
Dividend per share (Yen).....	27.00
Record date.....	September 30, 2023
Effective date.....	November 30, 2023
Dividend resource.....	Retained earnings

Resolution

Board meeting on November 6, 2023

Type of shares .....	Series 1 Non-convertible preferred stock
Total dividends (Millions of yen) .....	158
Dividend per share (Yen).....	2,256,164.40
Record date.....	September 30, 2023
Effective date.....	November 30, 2023
Dividend resource.....	Retained earnings

- Notes: 1. Total dividends on common shares by a resolution of the Board of Directors on May 29, 2023, include ¥4 million in dividends on Company shares held as trust assets of the Board Benefit Trust and the Employee Stock Ownership Plan (J-ESOP).
2. Total dividends on common shares by a resolution of the Board of Directors on November 6, 2023, include ¥4 million in dividends on Company shares held as trust assets of the Board Benefit Trust and the Employee Stock Ownership Plan (J-ESOP).

- 2 Of the dividends whose record date falls during the nine months ended December 31, 2023, those dividends whose effective date will fall after the last day of the third quarter  
Not applicable

### Segment Information

As the Group's businesses are primarily in PCB design, manufacturing, sales, and ancillary operations, the description of other businesses is omitted as they are of little significance.

### Revenue Recognition

The regional breakdown of revenue generated from contracts with customers is as follows:

	Millions of yen	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Japan	44,457	55,582
China	29,904	25,213
Vietnam	15,221	18,911
Asia	18,309	15,018
North America	13,635	15,698
Europe	3,729	3,110
Other	1	2
Revenue generated from contracts with customers	125,256	133,534
Other revenue	—	—
Sales to external customers	125,256	133,534

### Per Share Information

The basis for calculating profit per share is shown below:

Item	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit per share (Yen)	275.12	290.25
Basis for calculation		
Profit attributable to owners of parent (Millions of yen)	7,122	7,681
Amounts not attributable to common shareholders (Millions of yen)	67	237
[Of which, preferred dividend (Millions of yen)]	[67]	[237]
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	7,055	7,444
Average number of common shares outstanding for the period (Shares)	25,641,794	25,645,293

Notes: 1. Diluted profit per share is not disclosed, as there were no diluted shares.

2. The Company shares remaining in the trust which are booked as treasury shares in shareholders' equity, includes treasury shares deducted when calculating the average number of shares for the period that were used to calculate profit per share. The average number of treasury shares for the period that were deducted to calculate profit per share was 138,387 shares for the nine months ended December 31, 2022, and 134,768 shares for the nine months ended December 31, 2023.

## Significant Subsequent Events

(Disposal of Treasury Shares by Third-Party Allotment in Connection with Additional Contribution to Employee Stock Ownership Plan (J-ESOP))

At the meeting of the Board of Directors on February 6, 2024, the Company resolved to dispose of its treasury shares by a third-party allotment as described below.

### 1 Purpose and reasons for the disposal

The Company introduced the Employee Stock Ownership Plan (J-ESOP) (hereinafter referred to as the “Plan,” with the trust established under the trust agreement concluded with Mizuho Trust & Banking Co., Ltd. in relation to the Plan, hereinafter referred to as the “Trust”) based on the resolution of the Board of Directors meeting on February 22, 2021.

Upon the continuation of the Plan, the Company has decided to make an additional contribution of money to the Trust in order for the Trust to acquire shares that are expected to be necessary for future benefits, and to dispose of treasury shares by a third-party allotment to Trust Account E established at Custody Bank of Japan, Ltd. (a re-trustee re-entrusted by Mizuho Trust & Banking Co., Ltd., the trustee of the Trust) in order for the Trust to hold and dispose of the Company’s shares for the operation of the Plan.

### 2 Outline of the disposal

(1) Disposal date: February 22, 2024

(2) Class and number of shares to be disposed: 220,800 shares of common stock

(3) Disposal value: ¥4,215 per share

(4) Total amount of disposal: ¥930,672,000

(5) Disposal method: Disposal by third-party allotment

(6) Expected allottee: Custody Bank of Japan, Ltd. (Trust Account E)

## 2 Other

Dividends of surplus

With regard to interim dividends for the fiscal year ending March 31, 2024, the Board of Directors passed a resolution at its meeting on November 6, 2023 to pay interim dividends to shareholders who are recorded in the shareholder registry as of September 30, 2023 as follows:

### 1) Total dividends

Common shares	696 million yen
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Series 1 Non-convertible preferred stock	158 million yen
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### 2) Dividend per share

Common shares	27.00 yen
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Series 1 Non-convertible preferred stock	2,256,164.40 yen
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### 3) Effective date of claim for payment and payment commencement date

November 30, 2023

Note: Total dividends on common shares include ¥4 million in dividends on Company shares held as trust assets of the Board Benefit Trust and the Employee Stock Ownership Plan (J-ESOP).