

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

***For the second quarter and six months ended September 30, 2021***

**(ENGLISH TRANSLATION)**

**NOTE:**

This document is an excerpt translation of the Quarterly Report (“Shihanki Houkokusho”) of Meiko Electronics Co., Ltd. (the “Company”), for the second quarter and six months ended September 30, 2021, 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 November 11, 2021.

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 second quarter (July 1, 2021 – September 30, 2021), and those for the six months ended September 30, 2021, 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<br>U.S. dollars |  |
|--|-----------------|--------------------|------------------------------|--|
|  | March 31, 2021  | September 30, 2021 | September 30, 2021           |  |
| <b>Assets</b>                          |                 |                    |                              |  |
| Current assets                         |                 |                    |                              |  |
| Cash and deposits                      | ¥ 12,371        | ¥ 12,864           | \$ 114,910                   |  |
| Notes and accounts receivable-trade    | 29,504          | 34,340             | 306,744                      |  |
| Merchandise and finished goods         | 6,254           | 8,895              | 79,458                       |  |
| Work in process                        | 6,954           | 6,665              | 59,534                       |  |
| Raw materials and supplies             | 8,951           | 10,280             | 91,830                       |  |
| Other                                  | 2,451           | 3,047              | 27,212                       |  |
| Allowance for doubtful accounts        | (147)           | (150)              | (1,344)                      |  |
| Total current assets                   | 66,338          | 75,941             | 678,344                      |  |
| Non-current assets                     |                 |                    |                              |  |
| Property, plant and equipment          |                 |                    |                              |  |
| Buildings and structures, net          | 23,672          | 23,763             | 212,263                      |  |
| Machinery, equipment and vehicles, net | 32,562          | 35,149             | 313,969                      |  |
| Land                                   | 1,488           | 1,488              | 13,294                       |  |
| Construction in progress               | 7,258           | 6,194              | 55,330                       |  |
| Other, net                             | 3,807           | 3,470              | 30,992                       |  |
| Total property, plant and equipment    | 68,787          | 70,064             | 625,848                      |  |
| Intangible assets                      | 928             | 962                | 8,597                        |  |
| Investments and other assets           | *1 5,987        | *1 6,101           | *1 54,500                    |  |
| Total non-current assets               | 75,702          | 77,127             | 688,945                      |  |
| Total assets                           | ¥ 142,040       | ¥ 153,068          | \$ 1,367,289                 |  |

|  | Millions of yen |         |                    |         | Thousands of<br>U.S. dollars |           |
|--|-----------------|---------|--------------------|---------|------------------------------|-----------|
|  | March 31, 2021  |         | September 30, 2021 |         | September 30, 2021           |           |
| Liabilities  |                 |         |                    |         |                              |           |
| Current liabilities                                    |                 |         |                    |         |                              |           |
| Notes and accounts payable-trade                       | ¥               | 20,466  | ¥                  | 22,122  | \$                           | 197,602   |
| Short-term borrowings                                  | *3              | 20,834  | *3                 | 29,553  | *3                           | 263,985   |
| Current portion of long-term borrowings                | *3              | 8,304   | *3                 | 7,362   | *3                           | 65,760    |
| Income taxes payable                                   |                 | 225     |                    | 530     |                              | 4,735     |
| Provision for bonuses                                  |                 | 733     |                    | 853     |                              | 7,623     |
| Provision for bonuses for directors and other officers |                 | 43      |                    | —       |                              | —         |
| Other  |                 | 8,577   |                    | 9,051   |                              | 80,853    |
| Total current liabilities                              |                 | 59,182  |                    | 69,471  |                              | 620,558   |
| Non-current liabilities                                |                 |         |                    |         |                              |           |
| Long-term borrowings                                   | *3              | 38,226  | *3                 | 35,017  | *3                           | 312,788   |
| Provision for retirement benefits for directors        |                 | 216     |                    | 216     |                              | 1,928     |
| Provision for share awards                             |                 | —       |                    | 62      |                              | 554       |
| Provision for share awards for directors               |                 | —       |                    | 11      |                              | 96        |
| Retirement benefit liability                           |                 | 2,767   |                    | 2,745   |                              | 24,523    |
| Other  |                 | 1,038   |                    | 1,219   |                              | 10,886    |
| Total non-current liabilities                          |                 | 42,247  |                    | 39,270  |                              | 350,775   |
| Total liabilities                                      |                 | 101,429 |                    | 108,741 |                              | 971,333   |
| Net assets   |                 |         |                    |         |                              |           |
| Shareholders' equity                                   |                 |         |                    |         |                              |           |
| Share capital  |                 | 12,889  |                    | 12,889  |                              | 115,127   |
| Capital surplus  |                 | 6,464   |                    | 6,700   |                              | 59,854    |
| Retained earnings                                      |                 | 17,649  |                    | 21,318  |                              | 190,423   |
| Treasury shares  |                 | (745)   |                    | (1,924) |                              | (17,182)  |
| Total shareholders' equity                             |                 | 36,257  |                    | 38,983  |                              | 348,222   |
| Accumulated other comprehensive income                 |                 |         |                    |         |                              |           |
| Valuation difference on available-for-sale securities  |                 | 39      |                    | 37      |                              | 328       |
| Deferred gains or losses on hedges                     |                 | 250     |                    | (6)     |                              | (54)      |
| Foreign currency translation adjustment                |                 | 4,128   |                    | 5,389   |                              | 48,138    |
| Remeasurements of defined benefit plans                |                 | (256)   |                    | (230)   |                              | (2,051)   |
| Total accumulated other comprehensive income           |                 | 4,161   |                    | 5,190   |                              | 46,361    |
| Non-controlling interests                              |                 | 193     |                    | 154     |                              | 1,373     |
| Total net assets                                       |                 | 40,611  |                    | 44,327  |                              | 395,956   |
| Total liabilities and net assets                       | ¥               | 142,040 | ¥                  | 153,068 | \$                           | 1,367,289 |

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**  
**For the Six Months Ended September 30, 2021**  
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

|   | Millions of yen                        |  | Thousands of U.S. dollars              |  |
|---|--|--|--|--|
|   | Six months ended<br>September 30, 2020 | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2021 |  |
| Net sales   | ¥ 53,236                               | ¥ 69,471                               | \$ 620,553                             |  |
| Cost of sales                                     | 46,500                                 | 57,310                                 | 511,928                                |  |
| Gross profit                                      | 6,736                                  | 12,161                                 | 108,625                                |  |
| Selling, general and administrative expenses      | *1 4,921                               | *1 6,611                               | *1 59,049                              |  |
| Operating profit                                  | 1,815                                  | 5,550                                  | 49,576                                 |  |
| Non-operating income                              |  |  |  |  |
| Interest income                                   | 30                                     | 22                                     | 198                                    |  |
| Dividend income                                   | 2                                      | 13                                     | 118                                    |  |
| Insurance claim income                            | —                                      | 78                                     | 693                                    |  |
| Foreign exchange gains                            | —                                      | 91                                     | 812                                    |  |
| Other   | 413                                    | 153                                    | 1,370                                  |  |
| Total non-operating income                        | 445                                    | 357                                    | 3,191                                  |  |
| Non-operating expenses                            |  |  |  |  |
| Interest expenses                                 | 302                                    | 327                                    | 2,922                                  |  |
| Foreign exchange losses                           | 933                                    | —                                      | —                                      |  |
| Other   | 465                                    | 232                                    | 2,074                                  |  |
| Total non-operating expenses                      | 1,700                                  | 559                                    | 4,996                                  |  |
| Ordinary profit                                   | 560                                    | 5,348                                  | 47,771                                 |  |
| Extraordinary income                              |  |  |  |  |
| Gain on sale of non-current assets                | 3                                      | 3                                      | 24                                     |  |
| Gain on sale of investment securities             | —                                      | 10                                     | 88                                     |  |
| Total extraordinary income                        | 3                                      | 13                                     | 112                                    |  |
| Extraordinary losses                              |  |  |  |  |
| Loss on sale and retirement of non-current assets | 42                                     | 59                                     | 524                                    |  |
| Loss on disaster                                  | 25                                     | 24                                     | 211                                    |  |
| Business restructuring expenses                   | 223                                    | —                                      | —                                      |  |
| Loss related to COVID-19                          | —                                      | *2 628                                 | *2 5,612                               |  |
| Other   | 1                                      | 18                                     | 164                                    |  |
| Total extraordinary losses                        | 291                                    | 729                                    | 6,511                                  |  |
| Profit before income taxes                        | 272                                    | 4,632                                  | 41,372                                 |  |
| Income taxes                                      | 120                                    | 482                                    | 4,303                                  |  |
| Profit  | 152                                    | 4,150                                  | 37,069                                 |  |
| Loss attributable to non-controlling interests    | (43)                                   | (40)                                   | (361)                                  |  |
| Profit attributable to owners of parent           | ¥ 195                                  | ¥ 4,190                                | \$ 37,430                              |  |

**Consolidated Statements of Comprehensive Income**  
**For the Six Months Ended September 30, 2021**  
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

|  | Millions of yen                        |  | Thousands of U.S. dollars              |  |
|--|--|--|--|--|
|  | Six months ended<br>September 30, 2020 | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2021 |  |
| Profit   | ¥ 152                                  | ¥ 4,150                                | \$ 37,069                              |  |
| Other comprehensive income                                     |  |  |  |  |
| Valuation difference on available-for-sale securities          | 9                                      | (3)                                    | (25)                                   |  |
| Deferred gains or losses on hedges                             | 99                                     | (256)                                  | (2,289)                                |  |
| Foreign currency translation adjustment                        | (435)                                  | 1,263                                  | 11,282                                 |  |
| Remeasurements of defined benefit plans, net of tax            | 19                                     | 26                                     | 232                                    |  |
| Total other comprehensive income                               | (308)                                  | 1,030                                  | 9,200                                  |  |
| Comprehensive income   | (156)                                  | 5,180                                  | 46,269                                 |  |
| Comprehensive income attributable to                           |  |  |  |  |
| Comprehensive income attributable to owners of parent          | ¥ (108)                                | ¥ 5,219                                | \$ 46,617                              |  |
| Comprehensive income attributable to non-controlling interests | (48)                                   | (39)                                   | (348)                                  |  |

**(3) Consolidated Statements of Cash Flows**  
**For the Six Months Ended September 30, 2021**  
Meiko Electronics Co., Ltd. and its consolidated subsidiaries

|   | Millions of yen                        |  | Thousands of<br>U.S. dollars           |
|---|--|--|--|
|   | Six months ended<br>September 30, 2020 | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2021 |
| <b>Cash flows from operating activities</b>                                   |  |  |  |
| Profit before income taxes  | ¥ 272                                  | ¥ 4,632                                | \$ 41,372                              |
| Depreciation  | 3,656                                  | 3,777                                  | 33,742                                 |
| Amortization of goodwill  | 20                                     | 20                                     | 181                                    |
| Increase (decrease) in allowance for doubtful accounts                        | 8                                      | (0)                                    | (4)                                    |
| Increase (decrease) in provision for bonuses                                  | 78                                     | 118                                    | 1,054                                  |
| Increase (decrease) in provision for bonuses for directors and other officers | (40)                                   | (43)                                   | (384)                                  |
| Increase (decrease) in provision for retirement benefits for directors        | (1)                                    | —                                      | —                                      |
| Increase (decrease) in provision for share awards                             | —                                      | 62                                     | 554                                    |
| Increase (decrease) in provision for share awards for directors               | —                                      | 11                                     | 96                                     |
| Increase (decrease) in retirement benefit liability                           | 47                                     | 4                                      | 36                                     |
| Interest and dividend income  | (32)                                   | (35)                                   | (317)                                  |
| Interest expenses   | 302                                    | 327                                    | 2,922                                  |
| Insurance claim income  | —                                      | (78)                                   | (693)                                  |
| Foreign exchange losses (gains)   | 395                                    | (173)                                  | (1,542)                                |
| Loss (gain) on sale and retirement of property, plant and equipment           | 39                                     | 56                                     | 500                                    |
| Loss (gain) on sale of investment securities                                  | —                                      | (10)                                   | (88)                                   |
| Loss on disaster  | 25                                     | 24                                     | 211                                    |
| Business restructuring expenses   | 223                                    | —                                      | —                                      |
| Loss related to COVID-19  | —                                      | 628                                    | 5,612                                  |
| Decrease (increase) in trade receivables                                      | (986)                                  | (4,983)                                | (44,510)                               |
| Decrease (increase) in inventories  | (609)                                  | (3,365)                                | (30,058)                               |
| Increase (decrease) in trade payables   | (1,614)                                | 1,318                                  | 11,773                                 |
| Decrease (increase) in other assets   | (102)                                  | (278)                                  | (2,487)                                |
| Increase (decrease) in other liabilities                                      | 99                                     | 1,316                                  | 11,757                                 |
| Other, net  | 415                                    | 10                                     | 86                                     |
| <b>Subtotal</b>   | <b>2,195</b>                           | <b>3,338</b>                           | <b>29,813</b>                          |
| Interest and dividends received   | 31                                     | 37                                     | 335                                    |
| Interest paid   | (310)                                  | (335)                                  | (2,996)                                |
| Proceeds from insurance income  | —                                      | 78                                     | 693                                    |
| Payments for business restructuring expenses                                  | (134)                                  | —                                      | —                                      |
| Payments for loss related to COVID-19   | (108)                                  | (513)                                  | (4,586)                                |
| Income taxes refund (paid)  | (365)                                  | (261)                                  | (2,319)                                |
| <b>Net cash provided by (used in) operating activities</b>                    | <b>1,309</b>                           | <b>2,344</b>                           | <b>20,940</b>                          |
| <b>Cash flows from investing activities</b>                                   |  |  |  |
| Purchase of property, plant and equipment                                     | (5,466)                                | (4,620)                                | (41,270)                               |
| Proceeds from sale of property, plant and equipment                           | 569                                    | 4                                      | 39                                     |
| Purchase of intangible assets   | (132)                                  | (108)                                  | (969)                                  |
| Purchase of investment securities   | (109)                                  | (100)                                  | (895)                                  |
| Proceeds from sale of investment securities                                   | —                                      | 11                                     | 102                                    |
| Purchase of insurance funds   | (1)                                    | (1)                                    | (11)                                   |
| Proceeds from maturity of insurance funds                                     | 25                                     | —                                      | —                                      |
| Other, net  | (588)                                  | 87                                     | 783                                    |
| <b>Net cash provided by (used in) investing activities</b>                    | <b>¥ (5,702)</b>                       | <b>¥ (4,727)</b>                       | <b>\$ (42,221)</b>                     |

|  | Millions of yen                        |  | Thousands of<br>U.S. dollars           |
|--|--|--|--|
|  | Six months ended<br>September 30, 2020 | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2021 |
| Cash flows from financing activities   |  |  |  |
| Net increase (decrease) in short-term borrowings   | ¥ 6,709                                | ¥ 8,541                                | \$ 76,296                              |
| Proceeds from long-term borrowings   | 42,608                                 | —                                      | —                                      |
| Repayments of long-term borrowings   | (43,875)                               | (4,152)                                | (37,086)                               |
| Repayments of lease obligations  | (296)                                  | (189)                                  | (1,690)                                |
| Purchase of treasury shares  | —                                      | (956)                                  | (8,537)                                |
| Proceeds from disposal of treasury shares  | —                                      | 0                                      | 3                                      |
| Dividends paid   | (393)                                  | (520)                                  | (4,655)                                |
| Net cash provided by (used in) financing activities  | 4,753                                  | 2,724                                  | 24,331                                 |
| Effect of exchange rate change on cash and cash equivalents                                      | (109)                                  | 152                                    | 1,358                                  |
| Net increase (decrease) in cash and cash equivalents   | 251                                    | 493                                    | 4,408                                  |
| Cash and cash equivalents at beginning of period   | 13,646                                 | 12,122                                 | 108,278                                |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 229                                    | —                                      | —                                      |
| Cash and cash equivalents at end of period   | <sup>*1</sup> ¥ 14,126                 | <sup>*1</sup> ¥ 12,615                 | <sup>*1</sup> \$ 112,686               |



## 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 ¥111.95 to \$1, the approximate rate of exchange at September 30, 2021. 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.

### Changes in Accounting Policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of the first quarter ended June 30, 2021. Accordingly, revenue is recognized at the time control of the promised goods or services is transferred to the customer and at the price expected to be received in exchange for said goods or services. By applying the alternative treatment set forth in paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, if the period from the time of shipment to the time of transfer of control of said goods or services is a normal period for domestic sales of goods or services, revenue is recognized at the time of shipment.

The application of the Accounting Standard for Revenue Recognition, etc. is carried out in accordance with the transitional treatment set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. Therefore, the cumulative impact of when the new accounting policies are applied retrospectively to before the beginning of the first quarter ended June 30, 2021, is added to or deducted from retained earnings at the beginning of the quarter, and the new accounting policies are applied to said beginning balance.

This has no impact on the profit/loss of the six months ended September 30, 2021. Furthermore, this has no impact on the beginning balance of retained earnings.

In accordance with the transitional treatment set forth in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the breakdown information of revenue generated from contracts with customers pertaining to the six months ended September 30, 2020, is not stated.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. have been applied since the beginning of the first quarter ended June 30, 2021. Accordingly, new accounting policies set forth by said Accounting Standard, etc. will be applied in the future in accordance with the transitional treatment set forth in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This has no impact on quarterly consolidated financial statements.

### 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, 2022, and multiplying profit before income taxes for the period under review by this estimated effective tax rate.

### Additional Information

(Accounting Estimates Relating to the Spread of the Novel Coronavirus (COVID-19))

There are no material changes in assumptions including the future spread and timing of subsidence of COVID-19 that were stated in “Accounting Estimates Relating to the Spread of the Novel Coronavirus (COVID-19)” from “Additional Information” of the annual report for the fiscal year ended March 31, 2021.

## 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, 2021  | September 30, 2021 | September 30, 2021        |       |
| Investments and other assets..... | ¥ 112           | ¥ 113              | \$                        | 1,008 |

2 Discounted notes receivable-trade are summarized below:

|  | Millions of yen |                    | Thousands of U.S. dollars |     |
|--|-----------------|--------------------|---------------------------|-----|
|  | March 31, 2021  | September 30, 2021 | September 30, 2021        |     |
| Discounted notes receivable-trade..... | ¥ 45            | ¥ 27               | \$                        | 239 |

\*3 Financial covenants

Consolidated fiscal year ended March 31, 2021

Of short-term borrowings and long-term borrowings (including borrowings scheduled for repayment within one year), ¥54,753 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 2.5 or less for the fiscal year ended March 31, 2021, 2.3 or less for the fiscal year ending March 31, 2022, 2.1 or less for the fiscal year ending March 31, 2023, 1.9 or less for the fiscal year ending March 31, 2024, and 1.7 or less for the fiscal year ending March 31, 2025.

Six months ended September 30, 2021

Of short-term borrowings and long-term borrowings (including borrowings scheduled for repayment within one year), ¥55,922 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 2.5 or less for the fiscal year ended March 31, 2021, 2.3 or less for the fiscal year ending March 31, 2022, 2.1 or less for the fiscal year ending March 31, 2023, 1.9 or less for the fiscal year ending March 31, 2024, and 1.7 or less for the fiscal year ending March 31, 2025.

## Consolidated Statements of Income

\*1 Main items and corresponding amounts recorded as selling, general and administrative expenses are shown below:

|  | Millions of yen                        |  | Thousands of<br>U.S. dollars           |
|--|--|--|--|
|  | Six months ended<br>September 30, 2020 | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2021 |
| Salaries and allowances                      | ¥ 1,048                                | ¥ 1,153                                | \$ 10,298                              |
| Provision for bonuses                        | 171                                    | 208                                    | 1,859                                  |
| Provision of allowance for doubtful accounts | 5                                      | (0)                                    | (2)                                    |
| Provision for share awards                   | —                                      | 68                                     | 604                                    |
| Provision for share awards for directors     | —                                      | 11                                     | 96                                     |
| Retirement benefit expenses                  | 52                                     | 58                                     | 522                                    |
| Research and development expenses            | 368                                    | 1,243                                  | 11,105                                 |

\*2 Loss related to COVID-19

Six months ended September 30, 2020

Not applicable

Six months ended September 30, 2021

In response to requests by the governments of China, Vietnam, etc. concerning COVID-19, the Company booked a loss related to COVID-19 of ¥464 million, an amount equivalent to fixed costs (personnel expenses, depreciation, etc.) incurred while operations were suspended at overseas subsidiaries, and ¥164 million for infection control measures under extraordinary losses.

## Consolidated Statements of Cash Flows

\*1 The relationship between cash and cash equivalents as of September 30, 2021, and the amounts shown on the Consolidated Balance Sheets are shown below:

|  | Millions of yen                        |  | Thousands of<br>U.S. dollars           |
|--|--|--|--|
|  | Six months ended<br>September 30, 2020 | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2021 |
| Cash and deposits                            | ¥ 14,373                               | ¥ 12,864                               | \$ 114,910                             |
| Time deposits with tenors exceeding 3 months | (247)                                  | (249)                                  | (2,224)                                |
| Cash and cash equivalents                    | ¥ 14,126                               | ¥ 12,615                               | \$ 112,686                             |

## Total Shareholders' Equity

Six months ended September 30, 2020

### 1 Cash dividends paid

Resolution

Board meeting on May 25, 2020

|   |                   |
|---|-------------------|
| Type of shares .....                    | Common shares     |
| Total dividends (Millions of yen) ..... | 393               |
| Dividend per share (Yen).....           | 15.00             |
| Record date.....                        | March 31, 2020    |
| Effective date.....                     | June 10, 2020     |
| Dividend resource.....                  | Retained earnings |

### 2 Of the dividends whose record date falls during the six months ended September 30, 2020, those dividends whose effective date fell after the last day of the second quarter

Not applicable

Six months ended September 30, 2021

### 1 Cash dividends paid

Resolution

Board meeting on May 24, 2021

|   |                   |
|---|-------------------|
| Type of shares .....                    | Common shares     |
| Total dividends (Millions of yen) ..... | 521               |
| Dividend per share (Yen).....           | 20.00             |
| Record date.....                        | March 31, 2021    |
| Effective date.....                     | June 10, 2021     |
| Dividend resource.....                  | Retained earnings |

### 2 Of the dividends whose record date falls during the six months ended September 30, 2021, those dividends whose effective date will fall after the last day of the second quarter

Resolution

Board meeting on November 5, 2021

|   |                    |
|---|--------------------|
| Type of shares .....                    | Common shares      |
| Total dividends (Millions of yen) ..... | 517                |
| Dividend per share (Yen).....           | 20.00              |
| Record date.....                        | September 30, 2021 |
| Effective date.....                     | November 30, 2021  |
| Dividend resource.....                  | Retained earnings  |

Note: Total dividends 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).

### 3 Significant changes in shareholders' equity

In accordance with a resolution of the Board of Directors on March 22, 2021, the Company acquired 314,000 treasury shares during the six months ended September 30, 2021. In accordance with a resolution of the Board of Directors on the same day, it also disposed of 109,500 treasury shares through a third-party allotment to the Custody Bank of Japan, Ltd. (Trust Account E) on April 16, 2021, following the introduction of an Employee Stock Ownership Plan (J-ESOP). Furthermore, in accordance with a resolution of the Board of Directors on August 6, 2021, the Company disposed of 32,800 treasury shares through a third-party allotment to the Custody Bank of Japan, Ltd. (Trust Account) on August 24, 2021, following the introduction of a Board Benefit Trust. The 140,200 Company shares remaining in the trust have been booked as treasury shares.

This has resulted in increases of ¥236 million in capital surplus and of ¥1,179 million in treasury shares to ¥6,700 million and ¥1,924 million, respectively, as of September 30, 2021.

### 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                                 |  |
|---|--|
|   | Six months ended<br>September 30, 2021 |
| Japan   | 22,929                                 |
| China   | 17,373                                 |
| Vietnam   | 8,558                                  |
| Asia  | 11,524                                 |
| North America                                   | 6,929                                  |
| Europe  | 2,145                                  |
| Other   | 13                                     |
| Revenue generated from contracts with customers | 69,471                                 |
| Other revenue                                   | —                                      |
| Sales to external customers                     | 69,471                                 |

### Per Share Information

The basis for calculating profit per share is shown below:

| Item   | Six months ended<br>September 30, 2020 | Six months ended<br>September 30, 2021 |
|--|--|--|
| Profit per share (Yen)   | 7.44                                   | 161.72                                 |
| Basis for calculation  |  |  |
| Profit attributable to owners of parent (Millions of yen)                                | 195                                    | 4,190                                  |
| Amounts not attributable to common shareholders<br>(Millions of yen)                     | —                                      | —                                      |
| Profit attributable to owners of parent pertaining to<br>common shares (Millions of yen) | 195                                    | 4,190                                  |
| Average number of common shares outstanding for the period<br>(Shares)                   | 26,173,893                             | 25,911,140                             |

- Notes
1. Diluted profit per share is not disclosed, as there were no diluted shares.
  2. The average number of common shares outstanding for the period that was used to calculate profit per share has been calculated by including Company shares held as trust assets of the Board Benefit Trust and Employee Stock Ownership Plan (J-ESOP) in deductible treasury shares. The average number of treasury shares for the period that were deducted to calculate profit per share was 106,904 for the six months ended September 30, 2021.

### Significant Subsequent Events

Not applicable

## 2 Other

### (1) Dividends of surplus

With regard to interim dividends for the fiscal year ending March 31, 2022, the Board of Directors passed a resolution at its meeting on November 5, 2021 to pay interim dividends to shareholders who are recorded in the shareholder registry as of September 30, 2021 as follows:

|  |                   |
|--|-------------------|
| 1) Total dividends   | 517 million yen   |
| 2) Dividend per share  | 20.00 yen         |
| 3) Effective date of claim for payment and payment commencement date | November 30, 2021 |

Note: Total dividends 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) Litigation

Legal action was brought against Meiko Tech Co., Ltd., a consolidated subsidiary of the Company, by Hohsen Corp. on September 27, 2017. According to the complaint, Hohsen Corp. had been demanding compensation for losses totaling ¥291 million from the Company's subsidiary, etc. on the grounds that it suffered such losses due to fictitious trades that were carried out at Hohsen Corp. under the direction of a former executive of the Company's subsidiary. Said demand was dismissed on March 17, 2021. Hohsen Corp. has appealed against the decision, and the case is currently pending.

The Company recognizes that there are no obligations or grounds to respond to the demand claimed by the plaintiff, and intends to make such claims in the litigation.