

# Contribute to Digital Society

 **MEC COMPANY LTD.**

Securities Code: 4971

March 29, 2025



Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Briefing session for shareholders 2025

# Contents

- FYE12/2024 Summary
- About MEC
- Future Trends
- Medium-term Management Plan  
(2025–2027)

# FYE12/2024 Summary

---

## Business environment

In fiscal 2024, the electronics industry has seen strong investments continuing in advanced areas, particularly with data centers benefiting from growth associated with generative AI. Additionally, there are signs of a gradual recovery in demand within traditional areas starting in the second half of 2024. From a medium to long-term perspective, the megatrend of digital technology advancements driven by the communications revolution is expected to be steadfast, and as a result, investment in this area is likely to continue.

## Summary of financial results

### **YoY increase in sales and operating income**

Sales and operating income reach new record highs

## Major chemical

CZ : The growing demand for products used in advanced package substrates, such as those associated with generative AI, and the recovery, albeit weak, in demand for products used in general-purpose servers and personal computers.

V-Bond : Experienced steady growth, especially in applications for automotive and satellite-related substrates.

EXE : Increase completed inventory adjustments for relate electronic equipment.

SF : Increase demand for related electronic equipment.



# FYE12/2024 Results

Unit : million yen

|                         | FYE12/2023 | FYE12/2024 |         |       |
|-------------------------|------------|------------|---------|-------|
|                         |            | Results    | YOY (%) |       |
| Net sales               | 14,020     | 18,234     | 4,214   | 30.1% |
| Operating income        | 2,492      | 4,562      | 2,069   | 83.0% |
| Operating profit margin | 17.8%      | 25.0%      | 7.2ppt  | -     |
| Ordinary income         | 2,683      | 4,682      | 1,999   | 74.5% |
| Net income              | 2,304      | 2,291      | -13     | -0.6% |
| Net income per share    | 122.29     | 122.38     | -       | -     |

# Corporate Profile

(As of December 31, 2024)

|                        |   |
|------------------------|---|
| Company name           | MEC COMPANY LTD.  |
| Head quarters location | 3-4-1, Kuise Minamishimmachi, Amagasaki, Hyogo 660-0822, JAPAN  |
| Date of establishment  | May 1, 1969   |
| Business activities    | R&D, production and sales of chemicals, equipment and related materials used in the production of PCBs and electronic components. |
| Presentative           | Kazuo Maeda, President and CEO  |
| Capital                | 594,142,400 JPY   |
| Net sales              | 18,234 million JPY (Consolidated)   |
| Stock listing          | Tokyo Stock Exchange Prime Market<br>Securities code: 4971  |
| Number of employees    | 480 persons (Consolidated)<br>277 persons (Non-consolidated)  |



# Shareholder Composition

|                               | Jun. 2023 | %    | Dec. 2023 | %    | Jun. 2024 | %    | Dec. 2024 | %    |
|-------------------------------|-----------|------|-----------|------|-----------|------|-----------|------|
| <b>Individuals</b>            | 5,139,472 | 25.6 | 5,551,958 | 27.7 | 4,494,753 | 22.4 | 5,449,991 | 27.2 |
| <b>Financial institutions</b> | 7,682,329 | 38.3 | 6,466,029 | 32.2 | 7,222,629 | 36.0 | 7,001,229 | 34.9 |
| <b>Domestic corporations</b>  | 1,633,196 | 8.1  | 1,605,916 | 8.0  | 1,594,803 | 7.9  | 1,589,729 | 7.9  |
| <b>Foreign corporations</b>   | 3,807,883 | 19.0 | 4,841,354 | 24.1 | 5,050,026 | 25.2 | 4,530,395 | 22.6 |
| <b>Securities companies</b>   | 626,371   | 3.1  | 423,924   | 2.1  | 526,970   | 2.6  | 317,837   | 1.6  |

\*% is rounded to the second decimal place.

\*Does not include treasury stock.



# Company Name

---

## Machinery Electronics Chemistry

Taking on society with integrated technology that combines "Mechanical," "Electronic," and "Chemical" engineering



# Motto, Management Philosophy

---

***Enjoy Your Work***

**Visionary Technology**

**Reliable Quality**


**Meticulous Service**

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.



# What is MEC ?

---

 MEC develops and sells chemicals used in the manufacture of printed circuit boards and parts.

 R&D personnel are 1/3 of non-consolidated employees.

 Melt the surface of metal (Mainly copper) and add value.

 Exclusive share in the process of melting copper for organic package substrates in semiconductor manufacturing (back-end process).

 We can provide products of the same quality at any production site around the world.

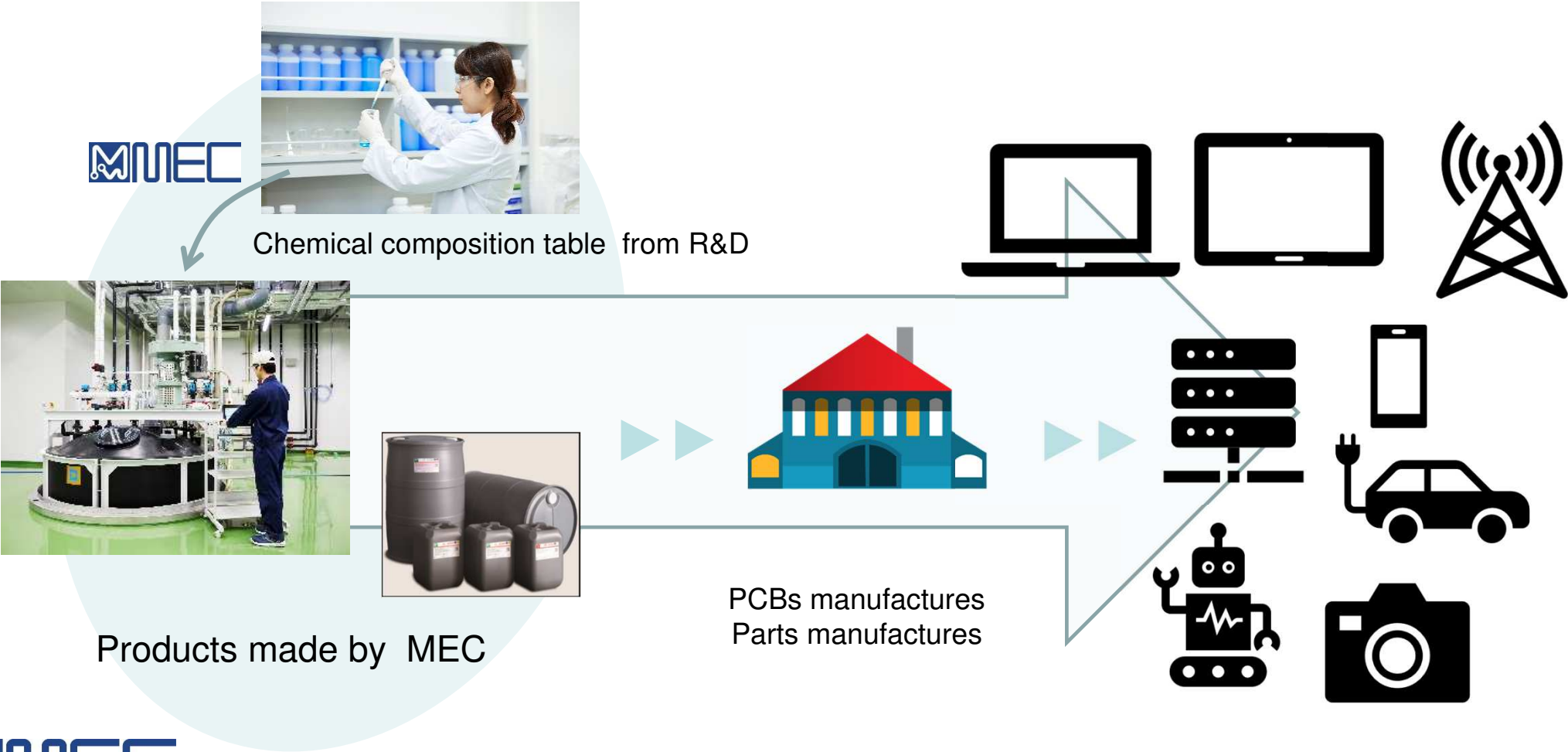


**It's not a substrate manufacturer  
It doesn't carry out plating**



Briefing session for shareholders 2025

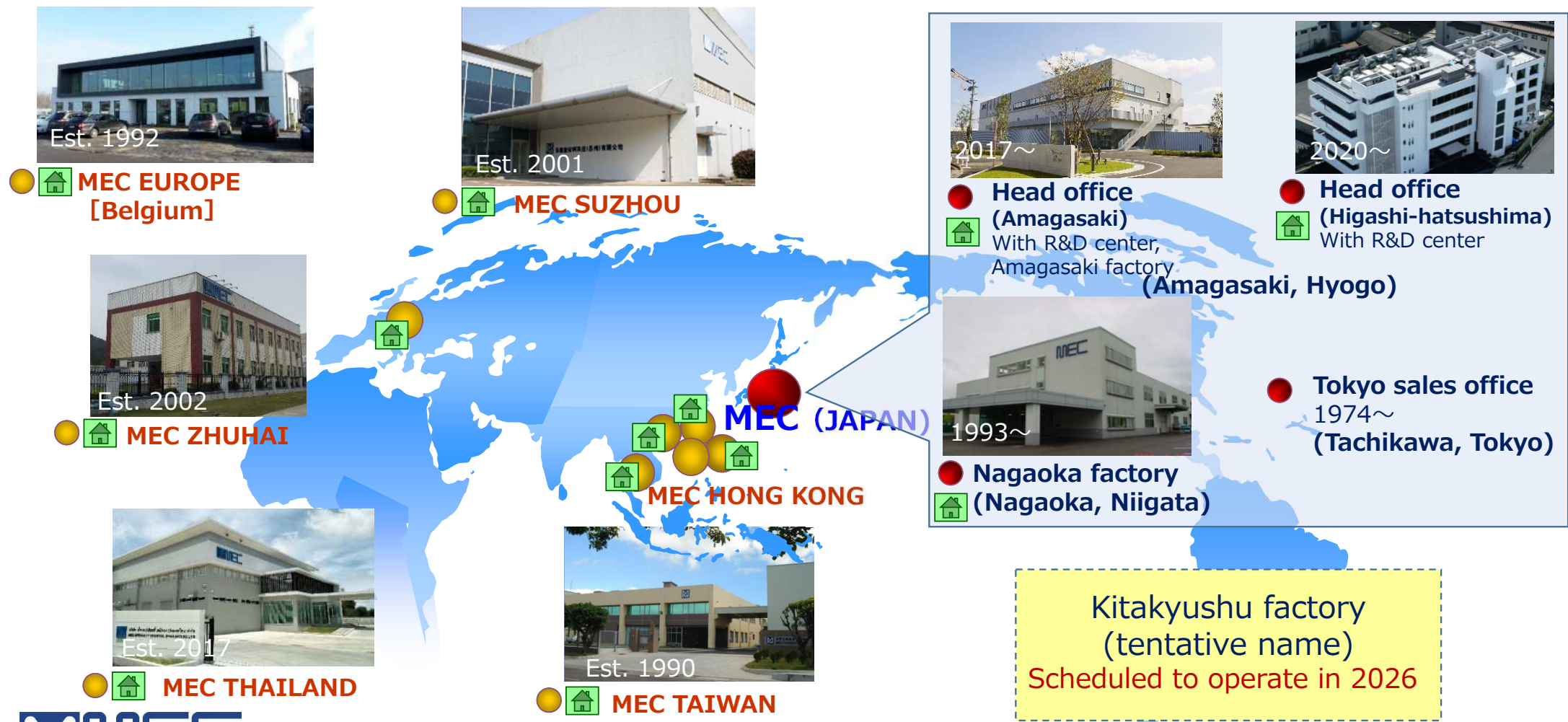
# MEC's Chemicals Bring Abundance into Life



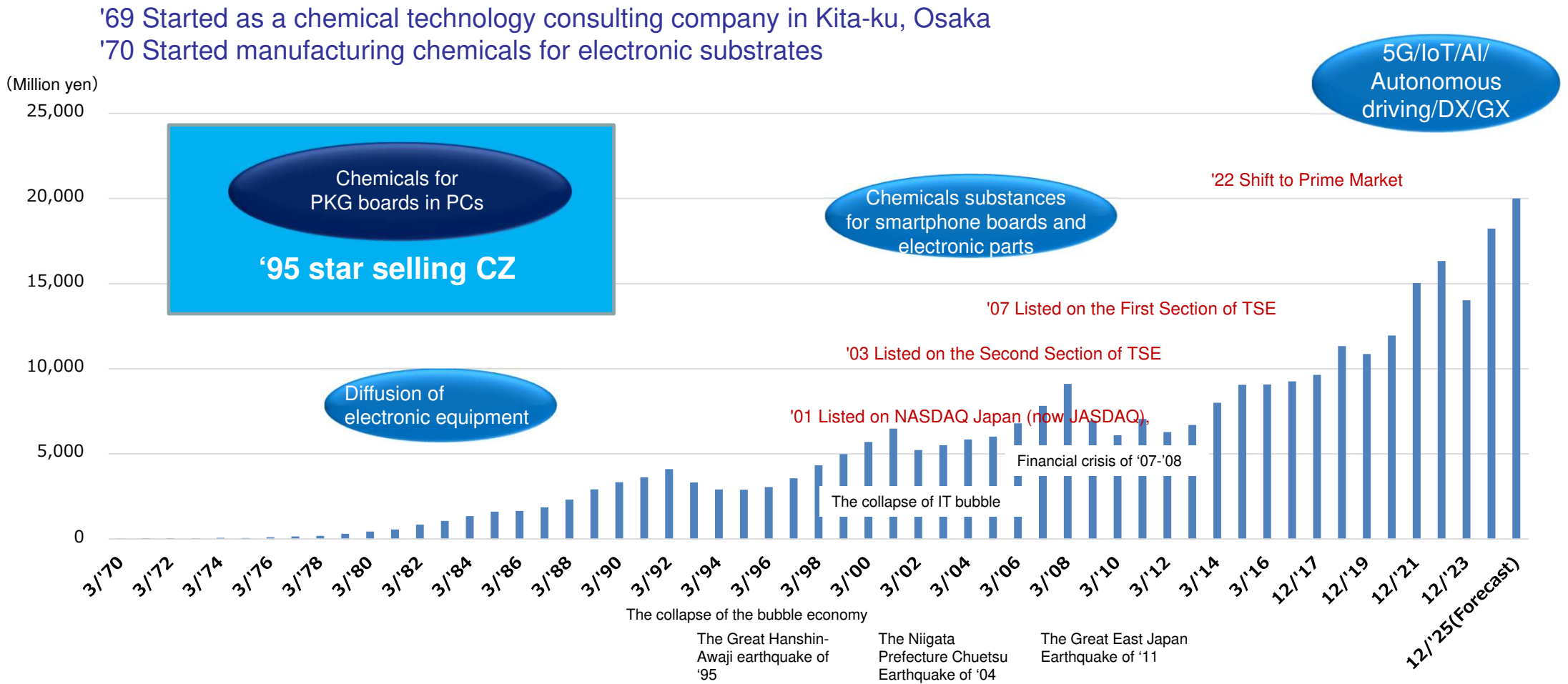
# Bases

● Overseas subsidiary

🏠 Factory



# MEC Sales Trend



# MEC's Core Technologies

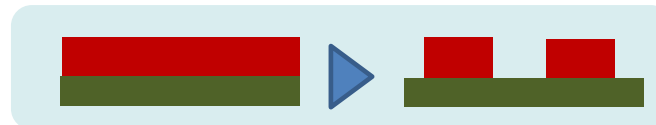
## Creating and Fostering Value at Various Interfaces

- Roughen the surface, and physically improve adhesion

CZ, V-Bond



- Pattern formation  
EXE



- Selective etching  
SF



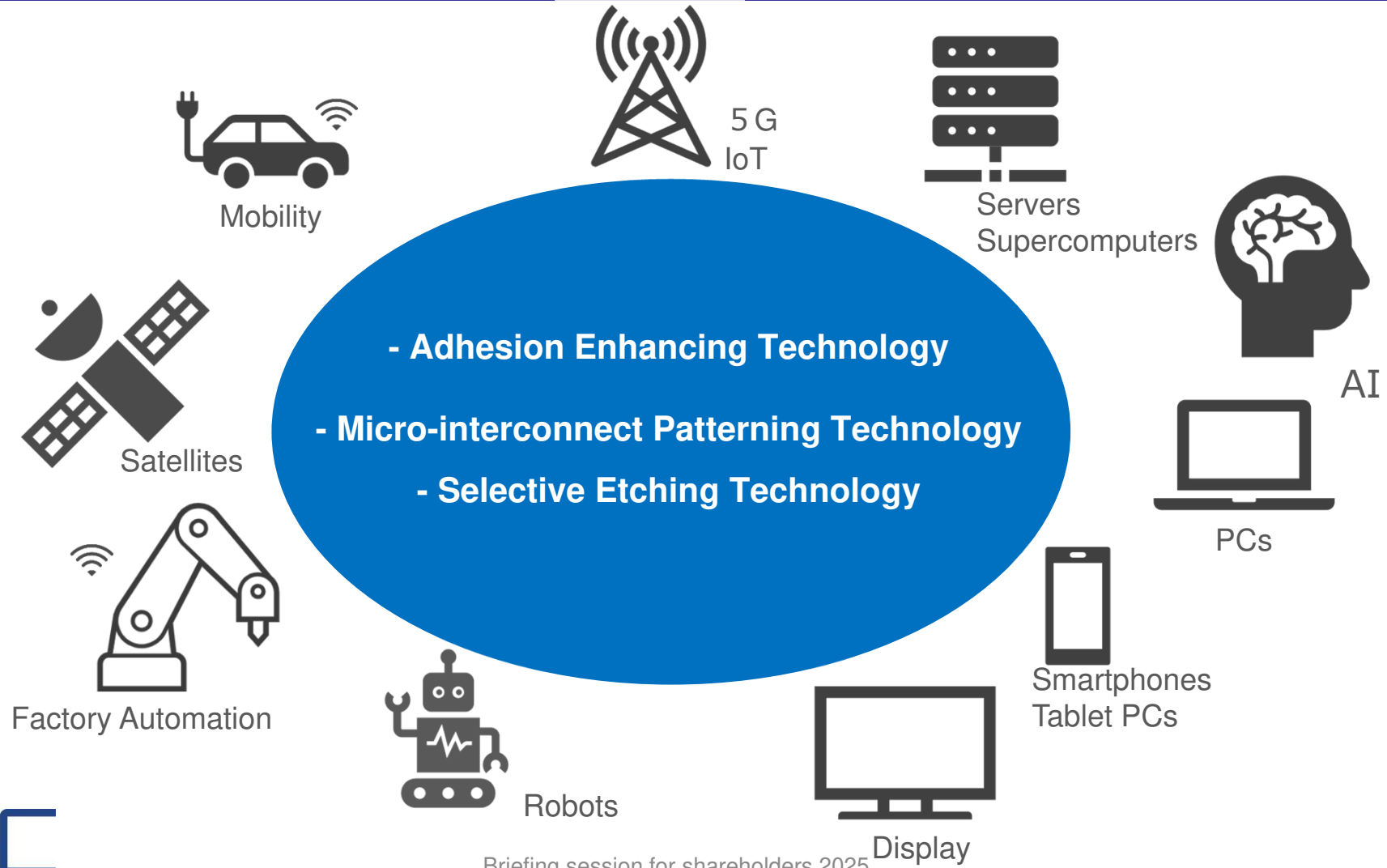
- Treat the surface, and chemically improve adhesion



# Examples of Major Chemical Applications and Final Products

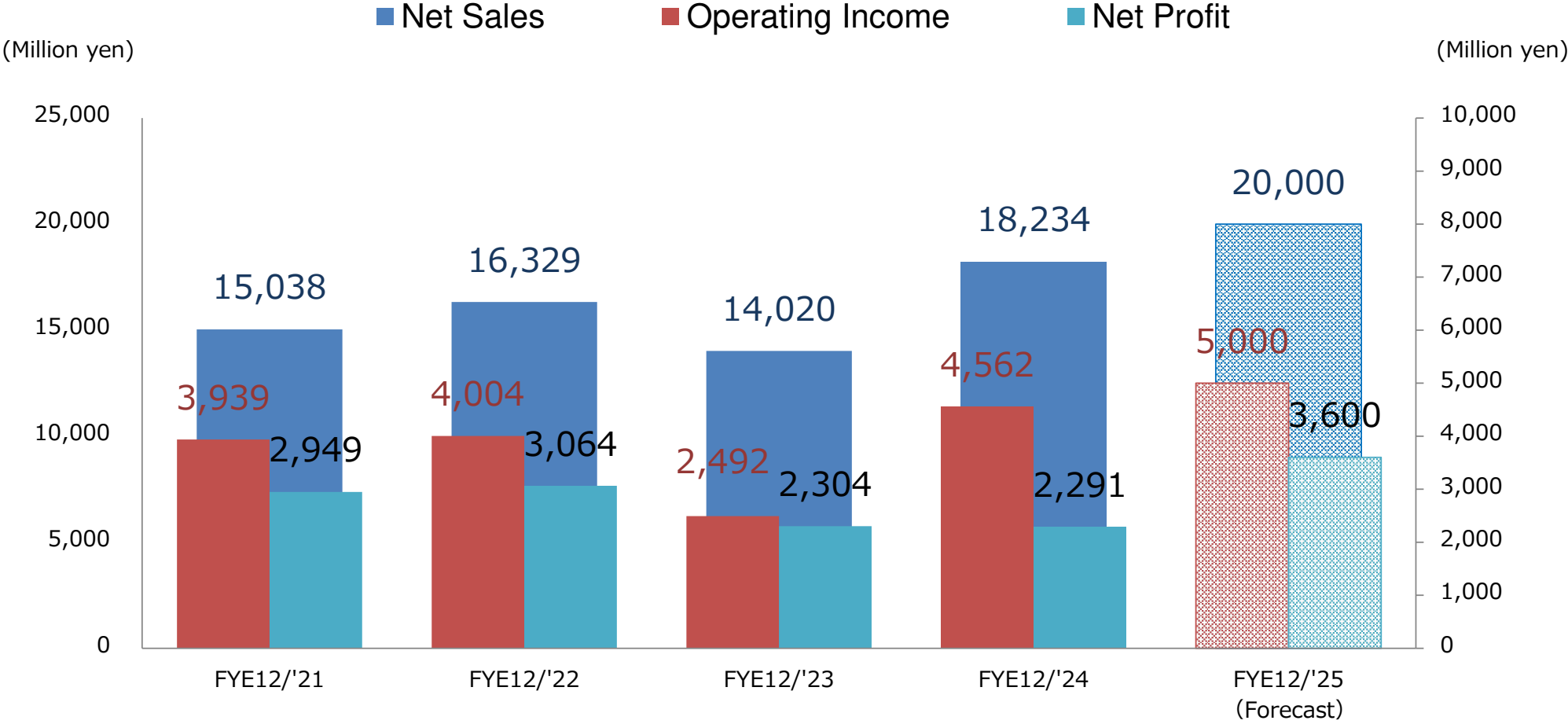
| Major chemical  | Characteristic  | Final products   |
|---|---|--|
| Super-roughening type<br>adhesive enhancement<br><b>CZ series</b>       | Adhesion improver mainly for PKG substrates.<br>A copper surface treatment agent that enhances adhesion between copper and resin.                                     | Infrastructure (5G-related, data centers, etc.) and high-function devices (PCs, smartphones, tablet PCs, etc.) |
| Adhesion improvers for<br>multilayer substrates<br><b>V-Bond series</b> | Adhesion improver mainly for multilayer substrates.<br>A copper surface treatment agent that enhances adhesion between copper and resin. Not used for PKG substrates. | Smartphones, cars, etc.  |
| Anisotropic etchant<br><b>EXE series</b>                                | Etching agent for COF substrates.<br>Fine wiring can be formed through subtraction.   | TV and PC monitors, etc.   |
| Selective etchant<br><b>SF series</b>                                   | Etching agent with selectivity to copper.   | Tablet PCs, etc.   |

# Fields where MEC can Play an Active Role



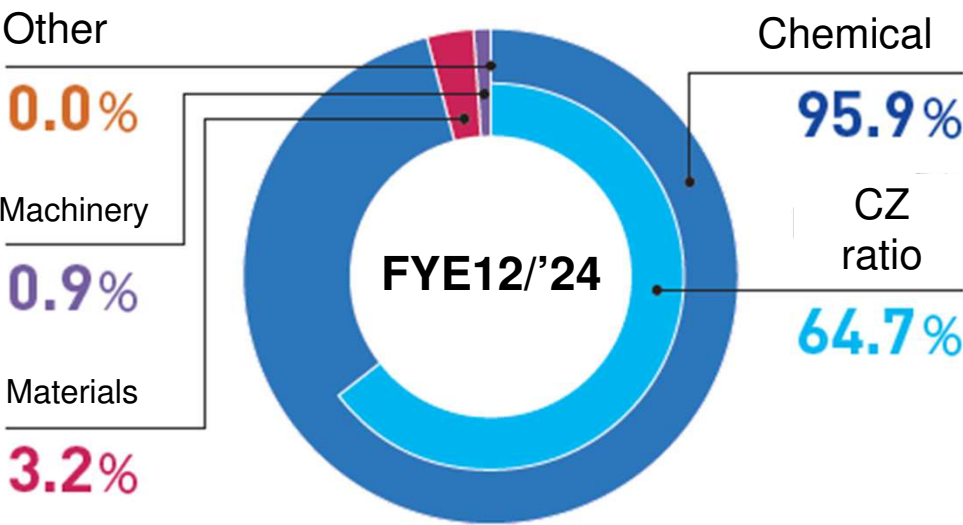


# Consolidated Full-year Performance Trends

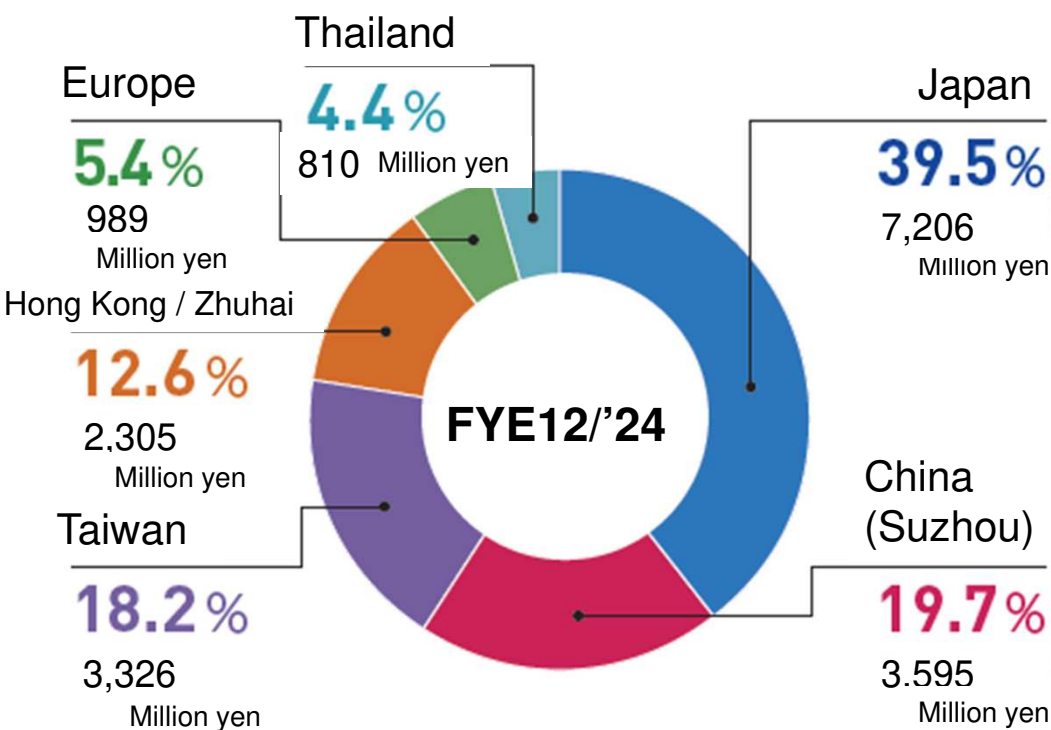


# Sales Composition

Percentage of sales by item



Sales and ratio by regional segment



# Growth Keywords and Steps to Sales Expansion

## Next-generation communication network

- 5G/6G, CPO, Satellite Communication etc.

## IoT · AI

- Everything is connected to the internet
- DX, Edge AI, Medical Care etc.

## Next-generation mobility

- Driving assist system
- EV(Electric Vehicle)

Increase in global demand  
for semiconductors

Huge investment by  
semiconductor manufacturers

Huge investment by PKG  
board manufacturer

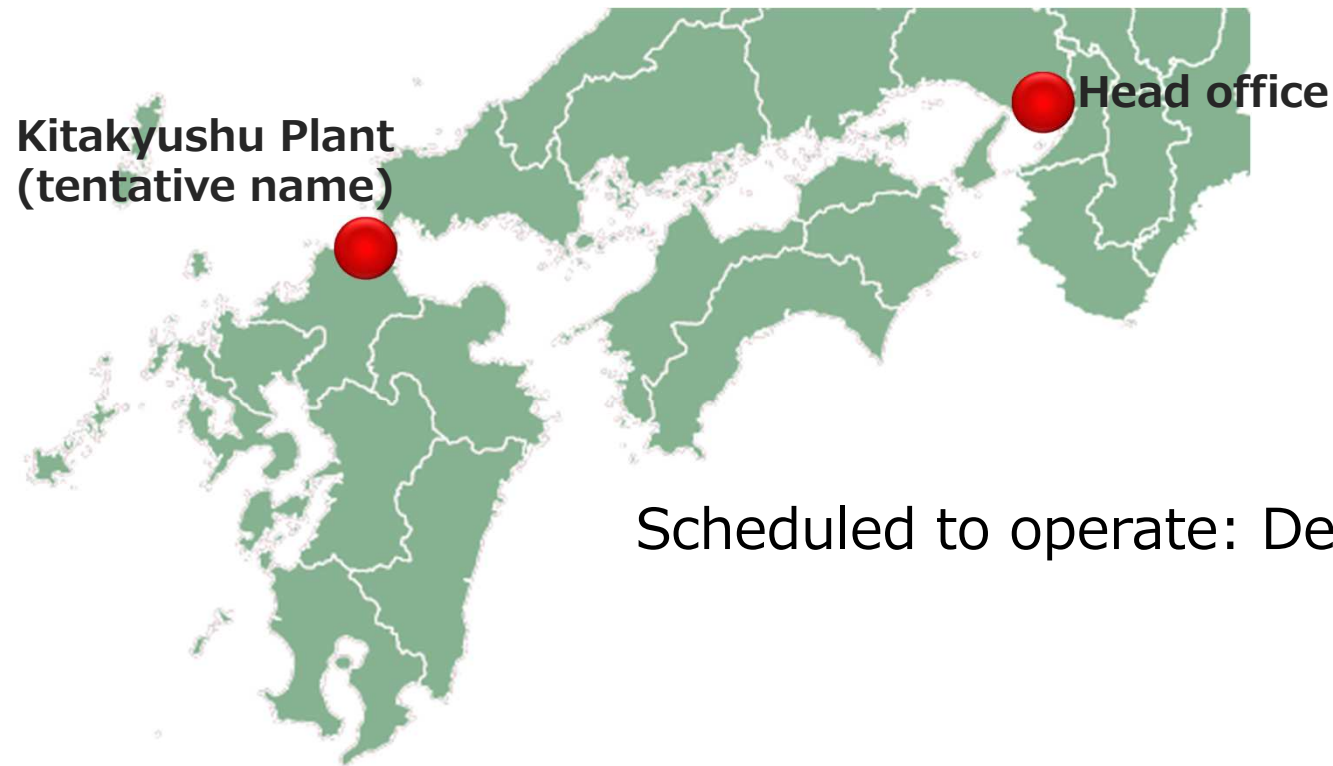
Sales expansion for MEC

# The New Base

---

## Kitakyushu Plant (tentative name)

Koyomachi, Wakamatsu-ku, Kitakyushu City, Fukuoka Prefecture



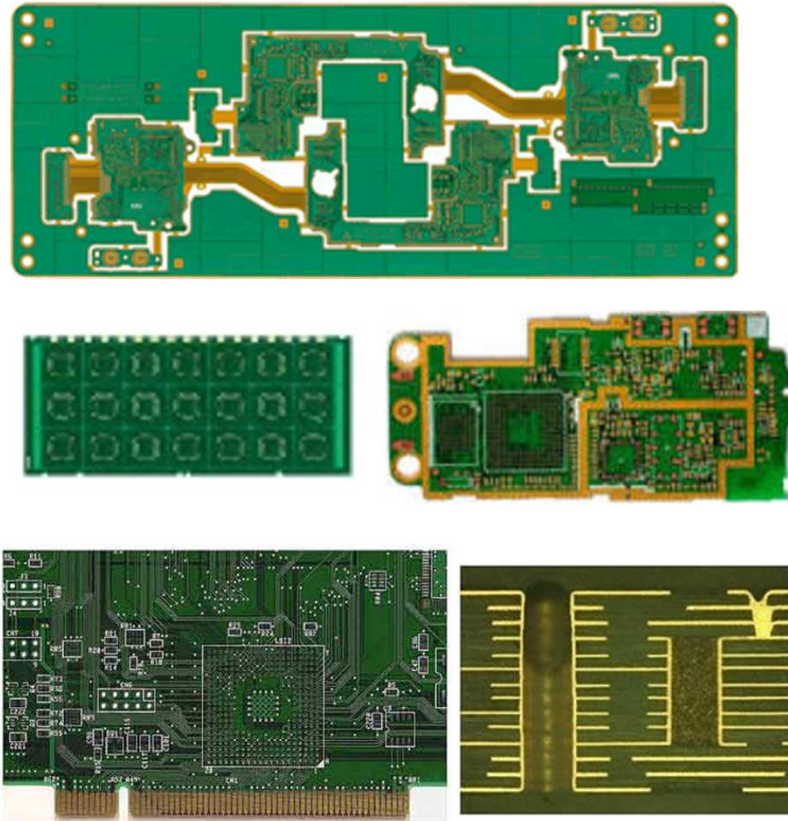
Scheduled to operate: December 2026

# What is PCBs ?

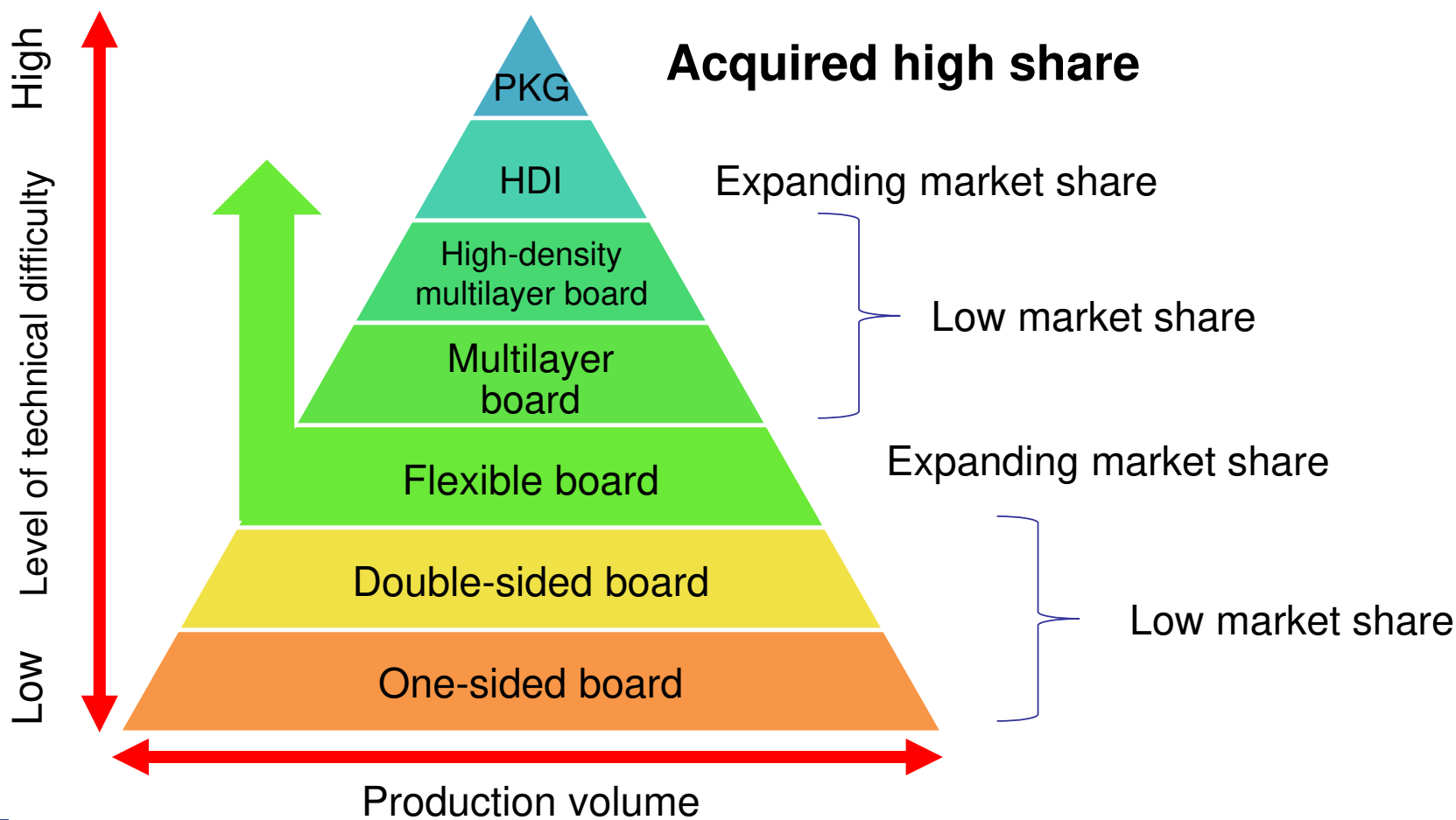
---

PCBs are used in all fields: household appliances, communication equipment, medical equipment, airplanes, automobiles and industrial equipment.

MEC develops and provides chemicals and machines used during the manufacturing process of PCBs which are essential to our living.



# Areas in Which MEC has Strengths

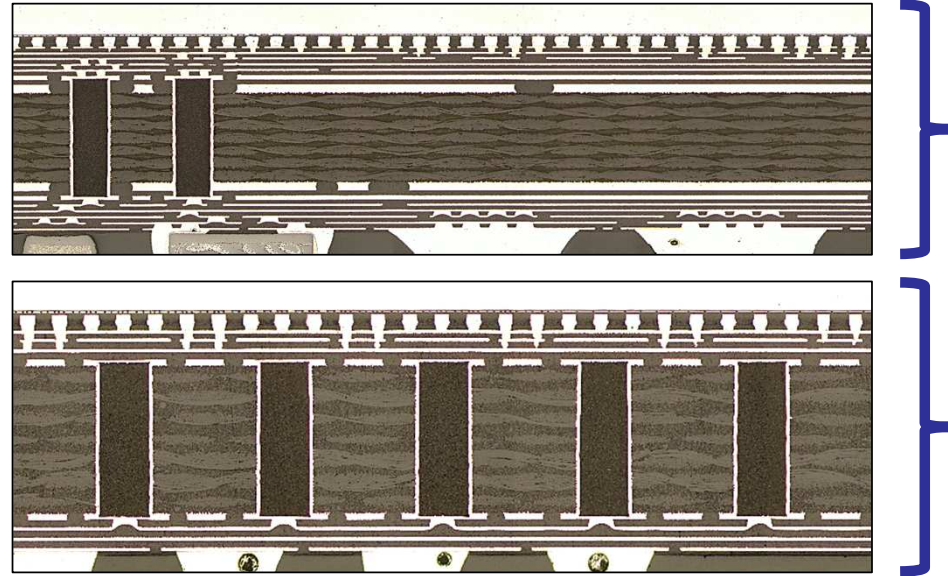
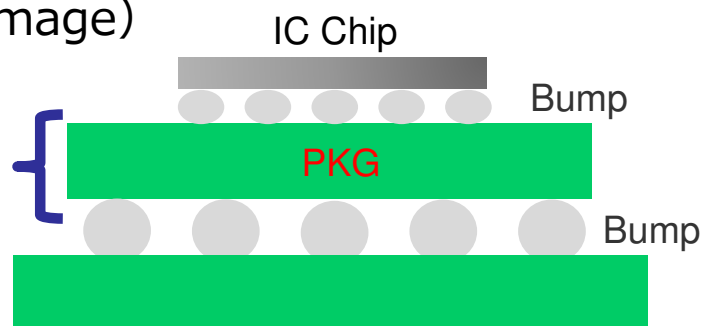




# Package Substrate (PKG)



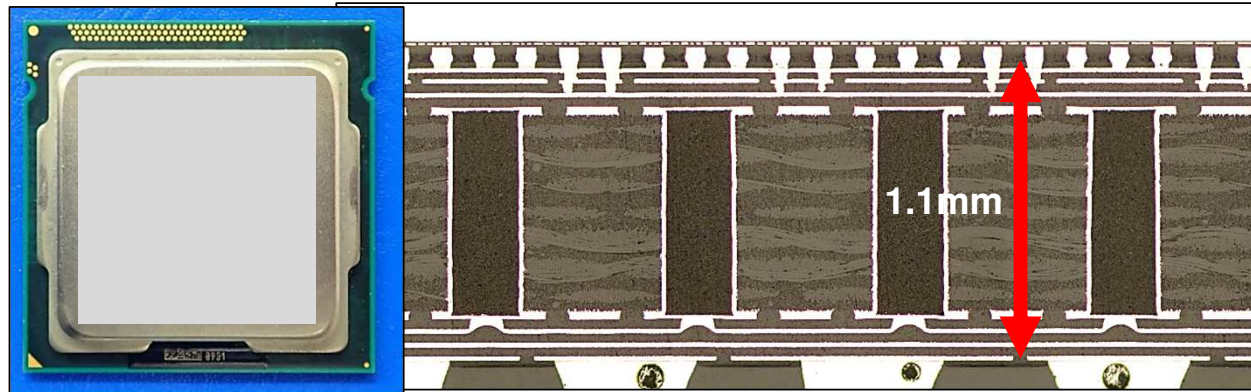
(Image)



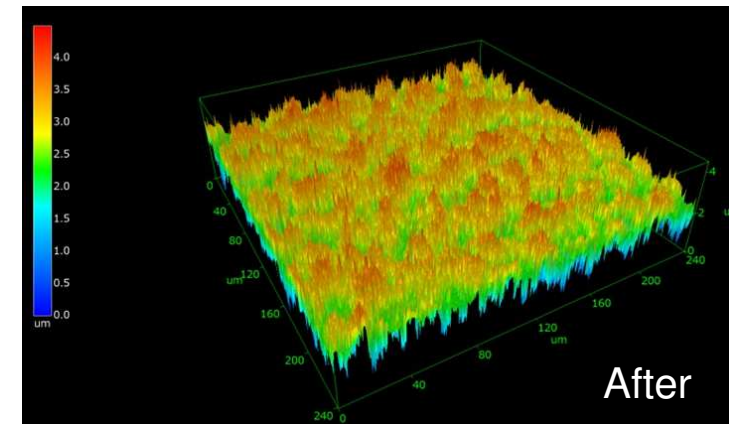
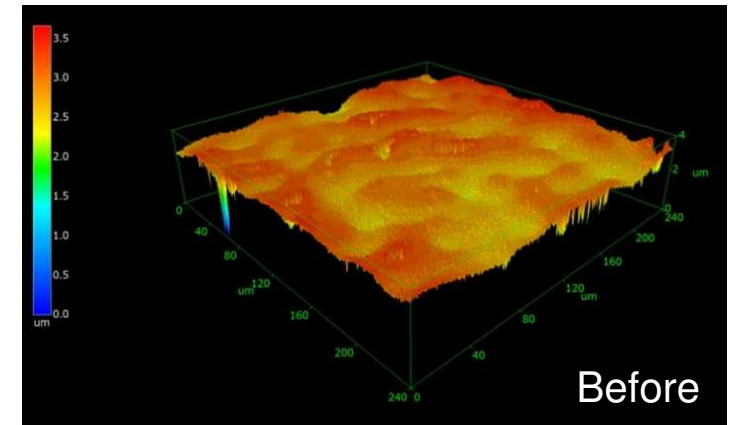
Semiconductors follow the **nm** rule  
Electronic substrates follow the **μm** rule  
 $1 \text{ mm} = 1,000 \text{ } \mu\text{m}$   
 $1 \text{ mm} = 1,000,000 \text{ nm}$



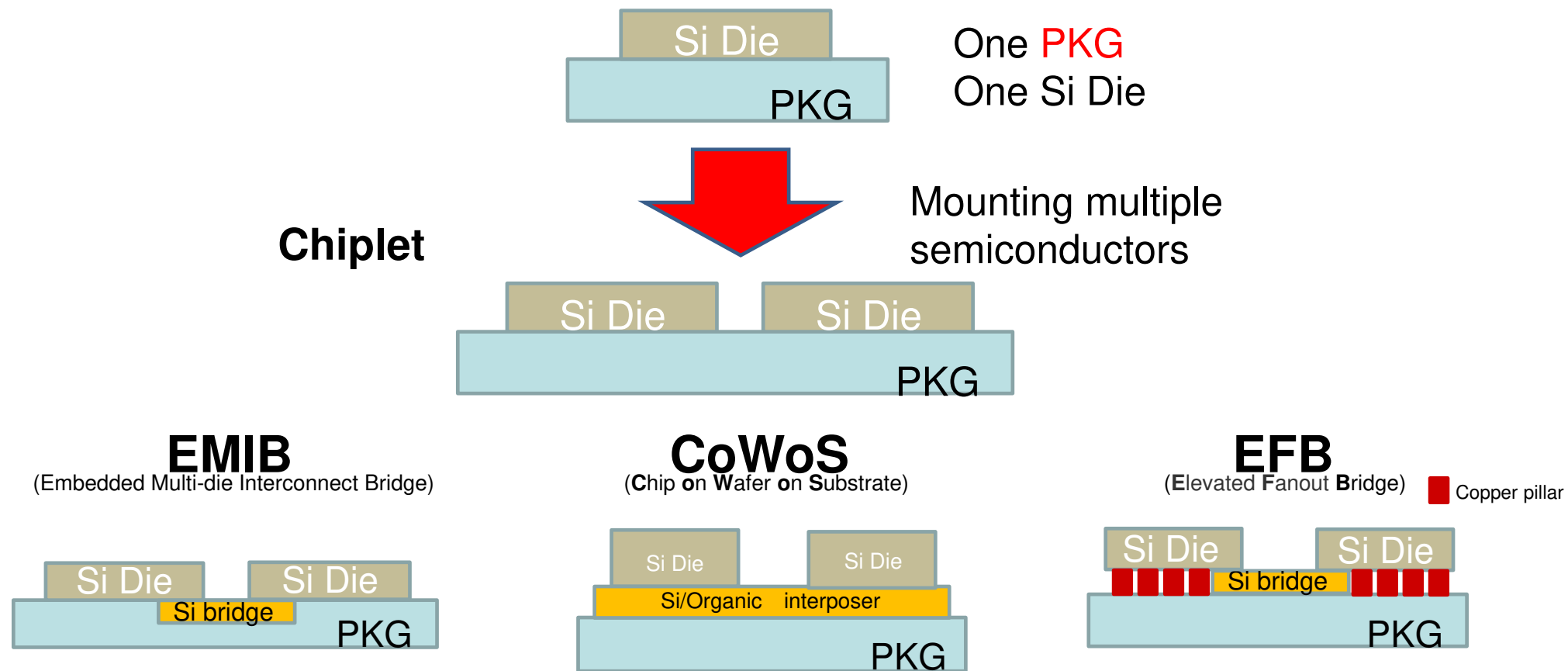
# PKG Substrate and CZ



- **PKG Substrate is necessary for mounting semiconductors.**
- The white part of the PKG substrate is copper wiring, and CZ is mainly used in the layered copper parts where the dark part is insulating resin
- MEC's CZ series produces unique, super-fine surface roughness by soft-etching copper surfaces, when hot-melt resin is forced into the roughened surface and solidifies, a strong bond is achieved due to the "anchor effect."



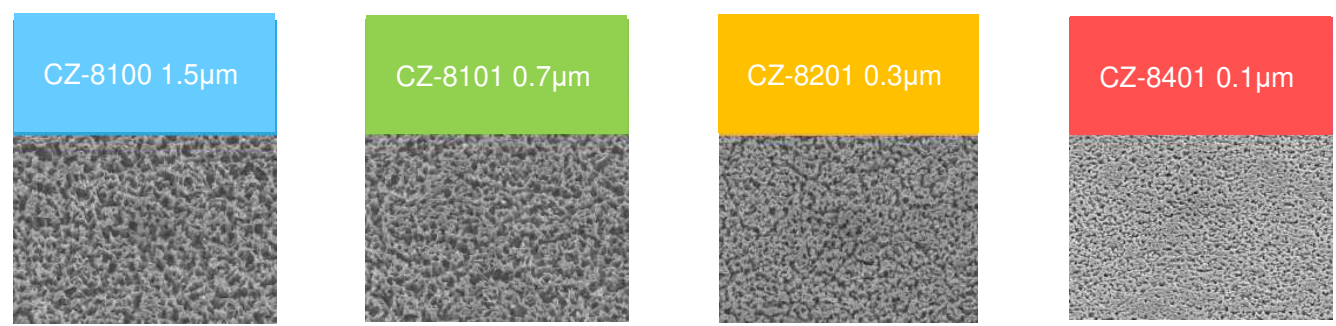
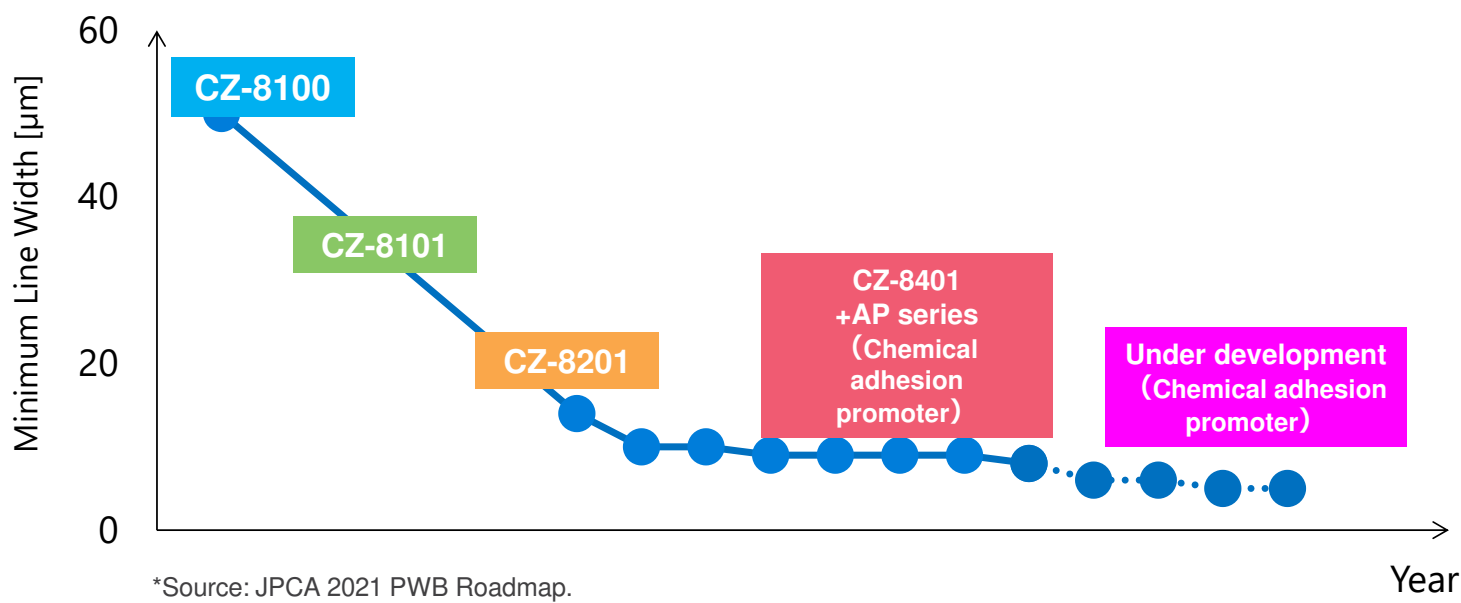
# Evolution of the PKG Substrate



PKG size is big and layers are increase.

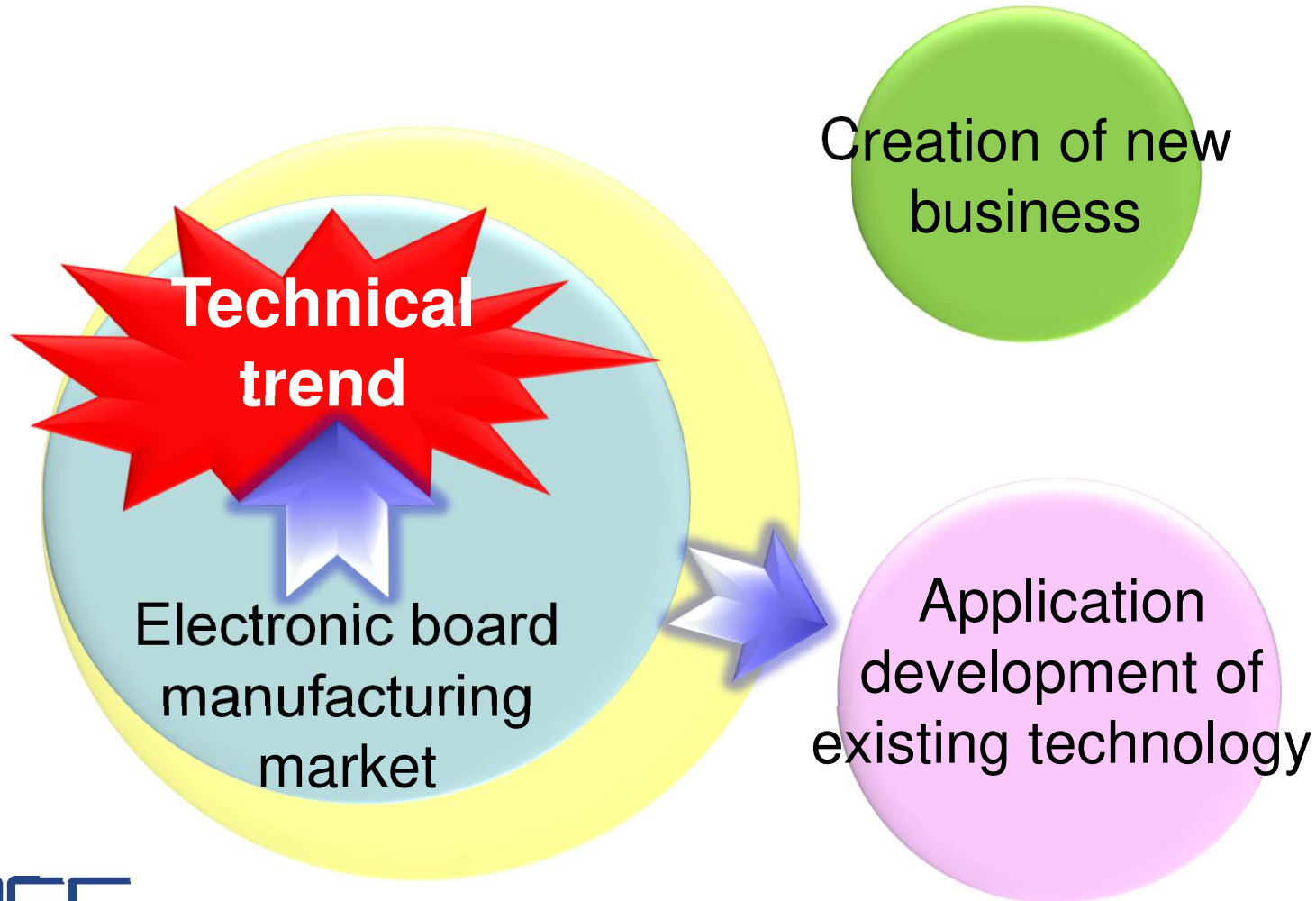


# CZ Series Roadmap



# Aiming to Expand the Business Domain

---



# 2030 Vision

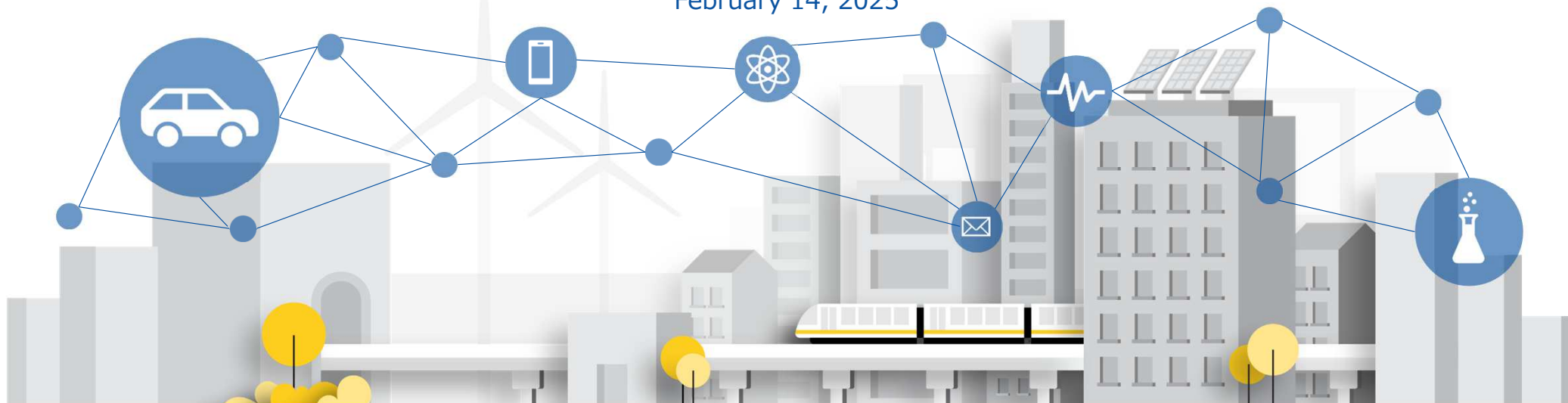
## Phase 2

---

### Medium-term Management Plan

(2025–2027)

February 14, 2025



# Mission and Vision

***Transforming the world  
through interfaces.***

***Becoming the world's best  
creator of interfaces and  
connecting them to the world.***

# Corporate Image to be Achieved



**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**



# Society in 2030

Rapid advances in digital technology will be achieved as a result of the communications and information revolution.



**Next-generation communications networks**

**5G/6G, optical communications, satellite communications**



**Internet of Things (IoT)**

**Everything is connected to the Internet**



**Diversification of AI**

**Application of artificial intelligence to information processing, DX**



**Next-generation mobility**

**Self-driving cars, autonomous driving assistance systems**

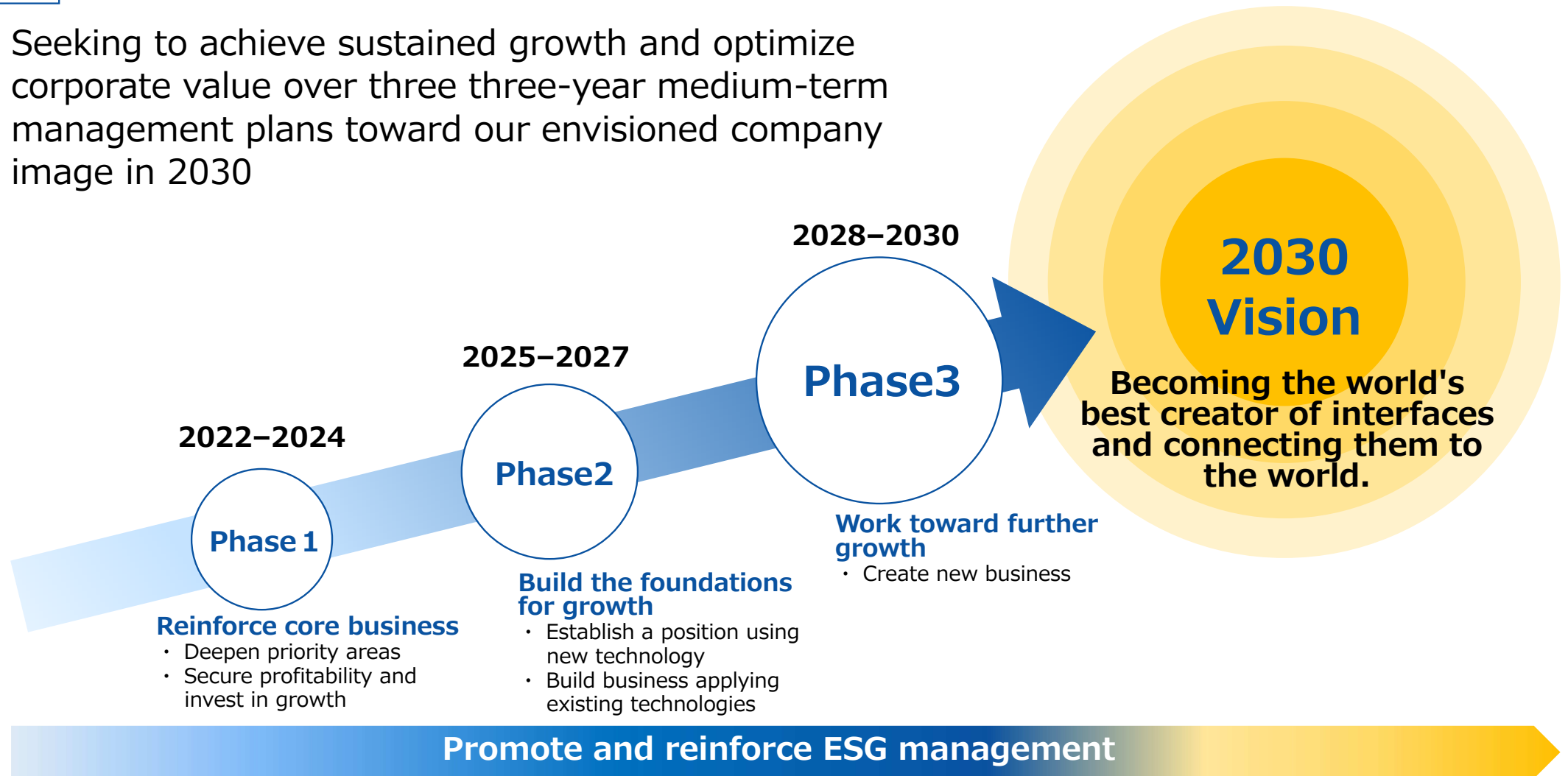
# The Sustainable Efforts

Provide products and technologies that contribute to solving social issues through our business activities.



# Vision for the Period to 2030

Seeking to achieve sustained growth and optimize corporate value over three three-year medium-term management plans toward our envisioned company image in 2030





# Changes in the Company's Business Environment



Rapid changes in technology

Tighter environmental regulation

Intensification of trade friction between China and the U.S.

Relocation of manufacturing business to China plus one



**Against a backdrop of rising technology demand and diversification of needs toward coexistence with evolving digital technologies, semiconductor-related markets are expected to expand**

# Key Opportunities for the Company

## Expanding Markets



### Next-generation communications networks

(5G/6G, optical communications, satellite communications)



### Internet of Things (IoT)

(Everything is connected to the Internet)



### Diversification of AI

(DX, edge AI, healthcare, etc.)



### Next-generation mobility

(Self-driving cars, autonomous driving assistance systems)



## Required Technologies



### High-speed information processing



### Low power consumption



### Miniaturization



### Low signal loss



### Expanding needs for high-density integration

**Expanding markets**  
in core businesses  
(Semiconductor and electronic  
substrate markets)



**Expanding demand for  
adhesion enhancement**  
using ultra-fine and  
non-roughening technologies  
(Higher signal speeds, higher densities)

## Phase 2 Targets



### Quantitative Targets

Consolidated sales

FY2027

¥**25** billion

Core business ¥23.5 billion  
New business ¥1.5 billion

Consolidated operating  
margin

At least **20**%

ROE

At least **10**%

### Qualitative Targets

**Maintain and bolster profitability in existing markets**

- Reinforce relationships with customers
- Maintain market share for ultra-fine roughening adhesion treatment
- Create solutions in the non-roughening technology (chemical adhesion) area
- Develop environmentally-conscious products

**Develop business in areas where existing technologies can be applied and expanded**

**Create new business**

**Build structures for stable global supply**

**Advance and strengthen ESG management**



# Human Capital Policy



|  |   |
|--|---|
| <b>Realizing a corporate culture that allows employees to take on challenges</b> | We will foster a corporate culture in which human resources with diverse personalities and values can take on the challenge of “creation and transformation” through autonomous self-propulsion and solidarity.   |
| <b>Supporting career and skill development</b>                                   | We will provide the education and training opportunities necessary for the sustainable growth of each employee and support both career and skill development.   |
| <b>Promoting diversity</b>   | We will work to create a rewarding working environment by acquiring diverse human resources, building a personnel system that rewards individuals with fair evaluations, and enhancing our talent management system to realize effective human resource allocation. |
| <b>Improving employee engagement</b>   | We will improve employee engagement by promoting the development of systems and changing attitudes to accommodate a diverse range of human resources, and by improving work-life balance.   |
| <b>Building a favorable internal environment</b>                                 | We will create a favorable internal environment in which all employees can maintain good physical and mental health and continue to work safely and energetically.  |



# Capital Policy



## Investment in research and development

Approximately

**10**%

of consolidated sales every year



## Capital investment

Approximately

**8 billion** yen

over three years



## Shareholder returns

Maintain and increase the annual dividend per share

(Consolidated payout ratio

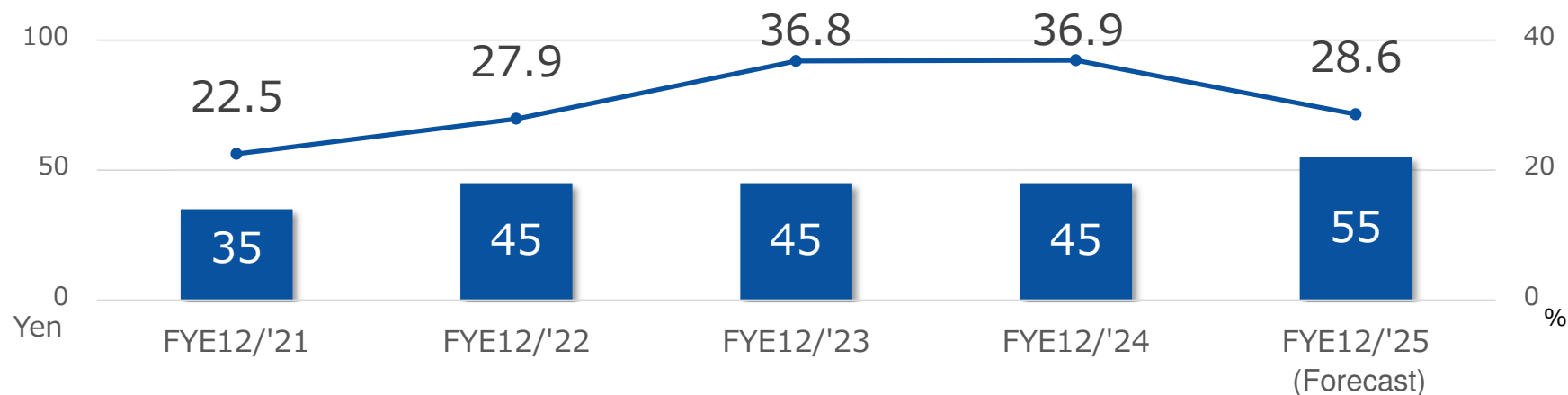
target: **30**%)

Flexibly implement share buybacks according to the circumstances



# Return to Shareholders

## Trends in annual dividends per share and payout ratio (Consolidated)



### Acquisition of treasury stock

- Jun. 2023 286,000 shares
- Dec. 2018 200,000 shares
- Mar. 2017 200,000 shares
- Mar. 2016 140,000 shares
- Nov. 2015 500,000 shares
- Feb. 2009 300,000 shares

### Shareholder benefits

100 or more shares QUO CARD 1,000 Yen  
1,000 or more shares QUO CARD 2,000 Yen

※Target shareholders who own 100 or more shares (1 unit) of the Company's stock listed or recorded in the shareholder register as of December 31 of each year

# Creating and Fostering Value at Various Interfaces

This presentation includes forward-looking statements (such as predictions and business forecasts) made in March 29, 2025. These statements are assumptions based on information available at the time, and they are subject to risks and uncertainties. Actual results or events could differ substantially from those forecasted in such statements due to a plethora of variables.



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

Our website contains a variety of information, including press releases, shareholder communications, sustainability reports, corporate governance reports, and more. Please take a look.

