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**MEC's Past and Future**  
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Date and Time of event: Saturday, March 29, 2025

Attendants	:	MEC	CEO & President	Kazuo MAEDA
		MEC	Director & Executive Operating Officer	Sadamitsu SUMITOMO
		MEC	Operating Officer, General Manager, Accounting & Finance Unit.	Katsuaki KITAUI
		MEC	Corporate Communication Office Head	Aya MATSUSHITA

Overview of the Fiscal Year Ended December 31, 2024

The business environment for the fiscal year ended December 31, 2024 marked the beginning of the application of the Company's cutting-edge technologies for generative AI. Generative AI-related products are doing well, and PCs and smartphones have recovered a bit. In the medium to long term, we expect that the megatrends of digital technology development resulting from the telecommunications revolution will remain unchanged, and that investment in these areas will continue.

As for our financial results, both sales and operating income were record-highs, seeing an increase in both revenue and profit compared to the previous year. Regarding our key products, the CZ Series saw an increase in demand for leading-edge package substrates, while demand for products for general-purpose servers and PCs was on a recovery trend. V-Bond ("VB") for use in automotive and satellite-related substrates performed well, while EXE and SF sales were on a recovery trend. As a result, sales were 18,234 million yen and operating income was 4,562 million yen. Due to an increase in income taxes resulting from the dissolution and settlement of subsidiary MEC (HONG KONG) LTD. and the recording of taxes related to the conversion of subsidiary MEC FINE CHEMICAL (ZHUHAI) LTD. into a wholly-owned subsidiary, net profit was 2,291 million yen.

Company Outline

Our main business is the development, manufacture, and sale of chemicals used in the manufacture of electronic substrates and components. Our Head Office is located in Amagasaki, Hyogo Prefecture.

Company Name, Company Motto, and Management Philosophy

Our company name (MEC) is an acronym for our desire to challenge society with



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integrated technology that combines **Machinery**, **Electronics**, and **Chemistry**. Our company motto is “Enjoy Your Work,” and our management philosophy is based on the principles of “Visionary Technology,” “Reliable Quality,” and “Meticulous Service.”

Our Business

We primarily develop, manufacture, and sell chemicals used in electronic substrates and components. We focus on R&D, with 1/3 of our non-consolidated employees engaging in research and development. Our core technology lies in the dissolving of metal, and we maintain a dominant market share by providing an important chemical process in the manufacture of organic package substrates for semiconductor post-processing.

We even have production bases overseas, and have established a production system that enables us to manufacture products of the same quality at any of our production bases. We are not a substrate manufacturer and have no plating technology.

Product Flow

Based on composition charts created during research and development, we scale up and ship products at our own factories. Plastic containers and tanks are used for packing. Our customers are mainly substrate and component manufacturers. These products ultimately end up in a lot of different electronic devices, and there’s a high probability that our company is involved in the electronic devices you own.

Bases

Overseas, we have subsidiaries in Suzhou and Zhuhai in China, as well as in Taiwan, Thailand, and Belgium, with factories attached. We have an R&D Center and factory at our Head Office in Japan, a mass production factory in Nagaoka, Niigata Prefecture, and a sales office in Tokyo. We plan to open a factory in Kitakyushu, Fukuoka Prefecture, at the end of 2026.

Evolution of Sales Since Our Founding

While there have been bumps in the road since our founding, we have steadily grown. Our business grows as PCs and smartphones grow, as well as when things and society change, such as the introduction of 5G and autonomous driving assistance.

Our Core Technologies

1 , Technology that roughens copper surfaces and improves adhesion
CZ, our mainstay product, is mainly used for package substrates, while VB is mainly used for general substrates.

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2. Wiring formation technology

EXE is a chemical that enables fine etching when forming fine wiring.

3. Selective etching technology

SF is a technology for when different metals are used on the same substrate, dissolving specific metals while leaving other metals untouched.

4. Technology for chemically improving adhesion

Like CZ in 1., this technology is used to improve the adhesion between copper and resin. This new core technology combines copper and resin through chemical adhesion, without roughening the copper surface.

Examples of Key Products and Final Projects, Areas Where They Play an Active Role

CZ is tied to various technologies. VB is used in cars, smartphones, satellite communications, and more. EXE is used in televisions, PCs, flat panel display monitors, and more. SF is used in touch sensors for tablet PCs and more. Our product processes are used in a variety of fields and have a diverse range of end uses.

Consolidated Financial Results

For the fiscal year ended December 31, 2025, we expect net sales of 20,000 million yen, operating income of 5,000 million yen, and net income of 3,600 million yen.

Sales Composition

Chemical sales account for 95.9%, of which the CZ Series accounts for 64.7%. For sales by regional segment, our main markets are Japan (including exports to South Korea), China, and Taiwan, and we expect sales in Southeast Asia in the future.

Keywords for Growth and Steps Toward Sales Expansion

The number of next-generation communications networks with satellite communications has been increasing in recent years. We are watching the growth of edge AI and other technologies as IoT and AI progress. ADAS (Advanced Driver Assistance Systems) and autonomous vehicles are extremely important for next-generation mobility. As global demand for semiconductors increases, investments by semiconductor manufacturers will increase, and substrate manufacturers, which are our customers, will also make substantial investments. This will increase opportunities for us to expand our business performance.

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New Bases

The Kitakyushu Factory has been behind schedule from the beginning. In addition to securing production capacity in anticipation of business expansion, the design was changed to reflect the increasing demand for new products. The factory is scheduled to begin operation in December 2026, full-scale operation is planned for approximately one year after that, subject to customer approval.

Electronic Substrates and MEC's Areas of Strength

Electronic substrates are used in a wide variety of devices, and we have particular strength with regard to package substrates. In the future, high-speed information processing in communication networks will be required, and we believe that high-layer and multilayer substrates will become extremely important. We are applying new technologies in these areas.

Package Substrates and CZ

This is a cross-sectional photograph of a substrate. The white part is copper, and our CZ chemical product is used on the surface. By slightly dissolving the copper surface with CZ to create a unique uneven shape, the adhesion between the copper and resin is improved and peeling is prevented.

Evolution of Package Substrates

Various types of package substrates are available. As package substrates evolve, we believe that the size of substrates will increase, the total number of substrates will increase, and the use of our chemicals will also increase.

CZ Series Roadmap

Our current key product is CZ-8101. Recently, the cutting-edge CZ-8401 process has begun to be used. We are currently focusing on the development of a chemical adhesion type. It will be a chemical that improves adhesion without roughening the copper surface.

Business Areas We Are Aiming to Expand

Our primary focus is on responding to technological changes and digging deeper. We are working to apply existing technologies to markets closer to semiconductor manufacturing.

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Medium-term Management Plan

Mission and Vision

Our mission is to “Transform the world through interfaces” and our vision is to “Become the world’s best creator of interfaces and connect them to the world.”

Corporate Vision

Our vision of “Becoming the world’s best creator of interfaces and connecting them to the world” means that we have visionary technology and we will continue to create jobs that no other company can imitate.

We present three types of corporate vision. “To become a truly global company” means that we aim to be a company that engages in work with an eye on the entire world, even in the midst of various changes. “To continue as an R&D-driven enterprise” means continuing to be a company that values research and development. “To establish ourselves as a uniquely innovative AI company” means not only supporting AI with electronic substrates, but also building theoretical evidence to support AI development efforts and providing it to customers.

Positioning of the Medium-term Management Plan (Phase 2)

Phase 2 of our Medium-term Management Plan began in the fiscal year ending December 31, 2025. In Phase 1, we worked on developing new technologies while deepening our priority areas and ensuring profitability. In Phase 2, we will establish a position using new technology and promote the application of existing technologies.

Phase 2 (2025–2027) Goals

Our quantitative targets for the fiscal year ending December 31, 2027 are sales of 25,000 million yen, a consolidated operating margin of more than 20%, maintaining a minimum of at least 20%, and an ROE of 10% or higher. Our qualitative targets are to maintain and bolster profitability in existing markets, reinforcing relationships with customers, maintaining market share for ultra-fine roughening adhesion improvement treatments, creating solutions in the area of non-roughening technology (chemical adhesion), and promoting initiatives for environmentally conscious products. We also aim to create new businesses, apply and expand existing technologies, and establish a stable global supply system.

Capital Policy

We plan to invest approximately 10% of our consolidated sales in research and

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development. We plan to invest 8,000 million yen in capital investments from 2025 to 2027. We are aiming for shareholder returns with a consolidated dividend payout ratio of 30%, and will flexibly implement share buybacks. As a return to shareholders, we expect an annual dividend of 55 yen per share for the fiscal year ending December 31, 2025.

Q&A

Q: Foreign exchange rates

A: Our company has few transactions in the US dollar, but the influence of the Taiwanese dollar and Chinese yuan is large. The Taiwanese dollar was 4.72 yen and the Chinese yuan was 21.04 yen. Our plan for 2025 assumes that the Taiwanese dollar will be 4.76 yen and the Chinese yuan will be 21.08 yen. Basically, a weak yen will boost our company's earnings.

Q: Regarding the Medium-term Management Plan, are the targets of operating income of at least 20% and an ROE of 10% or higher modest?

A: Regarding the target values, the fact that the actual results have already exceeded the targets means that they were published as minimum target values, and that we would like to achieve results that exceed the targets.

Q: Mass production schedule for the Kitakyushu Factory

A: Products produced in the new facility must be approved by the customer. We think it will take about a year to obtain an approval.

Q: What do you consider to be factors and risks that could lead to a decrease in sales?

A: Other than the risks related to economic trends in the semiconductor industry, we are aggressively investing in R&D. There is the risk that we will not be able to recover our investment if we misanalyze market needs and the products we develop do not sell well. In addition, there are products that we supply exclusively, and we operate with spare production capacity to respond to rapid increases in demand.

Q: Maintaining CZ Series market share

A: We would like to maintain our market share and further increase sales by expanding the market. We will work with customers to understand and respond to their requests.

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Q: Share for multilayer substrates

A: Chemicals for multilayer substrates are provided by various manufacturers, and our share is not currently very high. In the future, we believe that the need for high-speed information and communication processing will increase more than ever for multilayer substrates. We believe that our new technology has room to contribute and that we can gain market share.

Q: Non-roughening technology

A: The product process is almost complete. We believe that we will continue to improve our completely non-roughening technology in response to needs.

Q: Are you on track with human resource recruitment?

A: Things are currently progressing smoothly. In addition to hiring, we are also developing human resources within the company. We believe that the hiring environment will become more difficult in the future, and so we would like to strategically create an environment that works to our benefit.

Q: Is there any danger of chemicals leaking, etc.?

A: Structures are designed to prevent external leakage. Our Head Office is located in the Hanshin area, which was damaged by the Great Hanshin-Awaji Earthquake, so our structures are designed to withstand earthquakes of the same magnitude as the Earthquake. Please be assured that we have taken all possible measures.

Q: Can you tell us about your technologies aimed at reduced power consumption?

A: We believe that we can contribute to reduced power consumption for two reasons: manufacturing electronic substrates using our technology allows electric signals to be sent smoothly, and electronic devices can be made smaller.

Q: Can you tell us about non-roughening technology?

A: Unlike the adhesion mechanisms that roughen metal surfaces, non-roughening technology combines metal and resin at the molecular level with a thin coating.