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**MEC's Past and Future**  
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Date and Time of event: Saturday, March 28, 2026

Attendees :	M E C	CEO & President	Kazuo MAEDA
	M E C	Director and Managing Executive Officer	Tetsuya TANIGUCHI
	M E C	Operating Officer, CFO, General Manager, Accounting & Finance Unit	Katsuaki KITAUJI
	M E C	Corporate Communication Office Head	Aya MATSUSHITA

Corporate Profile

For the fiscal year ended December 31, 2025 (FYE 12/2025), net sales on a consolidated basis were 20,900 million yen. We employ approximately 300 people in Japan and more than 500 people on a consolidated basis. We have our head office, laboratory, and a factory (small-lot, high-mix production) in Hyogo Prefecture, as well as a mass-production factory in Nagaoka City, Niigata Prefecture. We also have subsidiaries in Taiwan, Thailand, Belgium, India, and two in China.

Shareholder Composition

The shareholder composition has seen an increase in the number of foreigners and a slight decrease in the number of financial institutions.

MEC Sales Trend Since Foundation

Despite various challenges such as the global financial crisis of 2008, COVID-19 pandemic, collapse of the IT bubble, and large-scale earthquakes, sales have been growing steadily, albeit slowly. For FYE 12/2025, with the emergence and progress of AI, demand for our products also increased both directly and indirectly in relation to AI.

Philosophy System Diagram

At the top is our management philosophy. Our mission is to “Transforming the world through interfaces.” “Interfaces” are the boundaries between all things. The boundary surface between objects, between substances, this is where our chemicals are used. For example, when joining metal and resin, the surface of the metal is treated with our chemicals to add value. Such technologies are used in semiconductor package substrates and devices equipped with such substrates to ensure that they work properly. We provide

technologies that are used in such inconspicuous places, and work with the desire to change the world from these small and inconspicuous places.

MEC's Core Technology

Our core technologies lie in modifying these interfaces. We have technologies for enhancing adhesion, for cleanly forming fine wiring, and for etching selectively. Our signature product, the CZ series, is a technology that improves adhesion. This signature technology of ours is used to improve adhesion by finely roughening the copper surface so that the resin bites into the surface, creating an anchoring effect. We also possess technologies that chemically improve adhesion, in which a very thin, almost molecular-level film is applied to the surface of the metal to enhance adhesion with resin.

MEC's Strengths

Our strength lies in our roughening technology and our possession of chemicals with a high market share, especially for semiconductor package substrates used to mount semiconductors. These products have high added value and have recently been growing due to the active demand for AI semiconductors. In addition to AI-related applications, our products are also used in the manufacture of semiconductor package substrates for general servers, PCs, and smartphones.

Moving forward, we are focusing on high multilayer substrates, which we expect to reach a technological turning point as communication speeds related to AI increase. We expect the market to expand due to the high value added by high-speed communications, and we intend to firmly enter into this market and capture market share.

Dominant Global Market Share Achieved with Our Unique Technological Capabilities

We own the CZ series, which has earned an exclusive share of the global market in a niche area. The CZ series is used in the process of making semiconductor package substrates. We have more than 300 customers, and final products are delivered to high-tech companies in the U.S. and more. In the more than 30 years since the CZ series was launched, there have been virtually no market complaints attributed to CZ. As a result, customers use our products with a high level of reliability. We are also continually improving our products.

Package Substrates (PKG)

Here is a cross-sectional view of a semiconductor package substrate. The black part is resin and the white part is copper wiring. Electronic devices are typically composed of a motherboard, on which semiconductor package substrates are placed, and then semiconductors are placed on top of those.

The amount of our CZ used increases with the number of semiconductor package substrates, area, and layers. Recently, semiconductor package substrates are becoming larger and more multilayered, especially for AI, so it is not just a matter of increasing the number of units, but also of increasing the size and multilayering of semiconductor package substrates, a situation that is increasing the amount used.

Role of the CZ Series

The role of CZ is to bond copper and resin, which have different expansion coefficients, and prevent peeling. If peeling occurs, the electronic equipment will not work, so it can be said that reliability here plays a very important role, although it is not so obvious.

Fields where MEC can Play an Active Role

There are various types of electronic substrates manufactured with our products. Many of the electronic devices you see around you contain parts made from our products. They are used not only in Japan but all over the world.

FYE12/2025 Summary

Regarding business performance, the markets in which we are involved generally remained strong. Sales and operating income reached record highs, driven by market growth related to data centers and generative AI.

Sales Composition

Most of our sales are chemicals, of which the CZ series accounts for about two-thirds of total sales. By region, Japan accounted for 37.4% of sales, which includes sales to South Korea. Sales of our two Chinese locations and Taiwan are large, as are the number of customers. Most recently, sales of Thailand have been growing and are expected to continue to grow in the future.

Shareholder Return- Change in Dividend Policy

We have clarified our policy on shareholder returns. The consolidated dividend payout ratio will be 35% or more, and the consolidated dividend on equity ratio (DOE) will be 4.0% or more. As such, the annual dividend for FYE 12/2025 is 96 yen per share. Share buybacks are conducted as needed, with the most recent being in July of last year, when 500,000 shares were repurchased and amortized.

Shareholder Return - Change to the Shareholder Benefit Plan

Our desire to review our shareholder benefit program and maintain it over the long term is shown here.

FYE12/2026 Full-year Forecast

For FYE 12/2026, we are aiming for sales of 22,500 million yen, operating income of 6,500 million yen, and net income of 4,600 million yen. The reason for the decrease in net income from 2025 is due to the fact that net income in 2025 was extremely high. Specifically, net income in 2025 was higher due to the acquisition of subsidies related to the Kitakyushu Factory that year, and tax benefits related to the Hong Kong subsidiary that was closed in 2024.

Kitakyushu Factory

The Kitakyushu Factory is under construction to support the mass production handled by the Nagaoka Factory in Niigata Prefecture from the perspective of BCP for our Japan plants. The project is on schedule for operation to begin in December 2026.

2030 Vision Phase 2 First Year Progress and Future Initiatives Medium-term Management Plan (2025-2027) Summary

Based on better-than-expected performance in the first year, FYE 12/2025, we have revised our targets for FYE 12/2027, the final year of Phase 2. The strategy has not been revised. The core business has been revised slightly upward from the original plan, while application development, which is seeing delays, has been revised slightly downward. We have also revised our operating margin to 26-30% and ROE to 13-16%. Regarding shareholder returns, we have changed our dividend policy to a consolidated dividend payout ratio of 35% or more and DOE of 4.0% or more.

Aiming to Expand the Business Domains

We are focusing on the deepening and horizontal development of various core technologies. We will continue to do our best to leverage our core technologies in markets where they can be utilized, carrying out horizontal and application development of those technologies while also creating businesses that are slightly removed from our existing technologies.

■ Q&A ■

Question: Assumptions underlying the forecast for FYE 12/2026

Maeda: The expectation is that machinery sales will decrease while chemical sales will increase significantly compared to FYE 12/2025. We anticipate strong performance regarding generative AI-related products, and that demand for memory will remain tight until generative AI-related products are prioritized and increased production is realized.

Question: Research and development expenses

Maeda: We want to focus more and more on R&D. We are aiming for approximately 10% of consolidated net sales, and will work to increase our personnel and expand and enhance our R&D facilities in order to generate earnings.

Question: Impact of oil prices

Maeda: Various types of raw materials are being examined on an individual basis. Basically, even though little of our own raw materials are derived from crude oil, crude oil is used as a raw material for a wide variety of things. As such, we believe that various impacts will become apparent not only for our company, but also for related companies in the electronic circuit board industry, as well as with regard to materials such as resin, which are often derived from crude oil. We are therefore closely examining the procurement and acquisition of raw materials on a case-by-case basis.

Question: The Kitakyushu Factory

Maeda: It depends on cases, but it may take six months or a year to get customer approval.

Question: New technology that reduces memory capacity for AI

Maeda: We believe that improvements in memory efficiency will temporarily reduce the volume of materials in some areas, but this is likely only a part of a larger whole. We are watching this case with a great interest, but do not feel that it poses any threat.

Question: Exchange rates

Kitauji: We have subsidiaries in Taiwan, China, Belgium, and Thailand where local currencies are used. Regarding the impact of foreign exchange rates, products sold in Japan are mostly done so in yen, while those sold by subsidiaries are done so in foreign currencies. As for the sensitivity to exchange rates, based on last year's performance, if we assume that past exchange rates moved in tandem with the U.S. dollar, for example, if the yen weakened by 1 yen to the dollar, it would have had the effect of increasing net sales by about 89 million yen and operating income by 54 million yen.

Question: CZ's competitors

Taniguchi: We are aware that, with its top-level reliability, CZ faces almost no competition.

Question: Whether chemical adhesion technology will replace roughening technology

Taniguchi: While we have not seen any technological changes at the moment, we do believe that it will be replaced in some areas in the future. These areas are those requiring extremely high frequencies and fast signal transmission speeds, and we do not believe that all areas will be replaced by chemical adhesion technology.

Question: Exhibition for private investors

Matsushita: We believe that it is very important to have a place where we can convey the appeal of our company to individual investors, and we are positively considering it this year as well. The content of the exhibition will be designed around providing attendants with an understanding of where and how our technology is used.

Question: Intellectual property

Maeda: Basically, our approach is to protect intellectual property through patents.