
Financial Results Briefing for FYE 12/2020

February 12, 2021

 **MEC COMPANY LTD.**

Securities code: 4971

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

Measures against COVID-19 Infection

Maintaining a system for preventing the spread of infection and continuing to supply products

Placing the President as the Head of the Emergency Response Headquarters, and carefully continuing corporate activities according to the circumstances based on the BCP (business continuity plan)

Way of working

- Recommendation of working from home
- Full flextime
- Expansion of commuting options
- Recommendation of doing substitute holiday work (swapping holidays with working days) and taking substitute holidays

Business trips, etc.

- Self-restraint regarding unnecessary business trips
- Self-restraint regarding eating between employees

Facility management

- Thorough hygiene management
- Installation of splash prevention panel
- Satellite office

FYE12/2020 Key factors

Assumed/actual exchange rate

1

JPY to NTD Assumed rate:	3.61 yen / Actual rate:	3.62 yen (previous year was 3.54 yen)
JPY to RMB Assumed rate:	15.34 yen / Actual rate:	15.44 yen (previous year was 15.85 yen)
JPY to EUR Assumed rate:	121.25 yen / Actual rate:	122.00 yen (previous year was 122.53 yen)
JPY to THB Assumed rate:	3.42 yen / Actual rate:	3.42 yen (previous year was 3.52 yen)
JPY to USD Assumed rate:	107.46 yen / Actual rate:	106.66 yen (previous year was 109.37 yen)

2

Sales: 11,956 million yen (YOY change: Up 10%)
Operating income: 2,370 million yen (YOY change: Up 44.8%)

3

Exchange rate impact (YOY change)
Sales: Down 41 million yen,
Operating income: Down 10 million yen.

4

Chemicals (YOY change)
Sales: Up 8.8%, Shipments: Up 8.2%

5

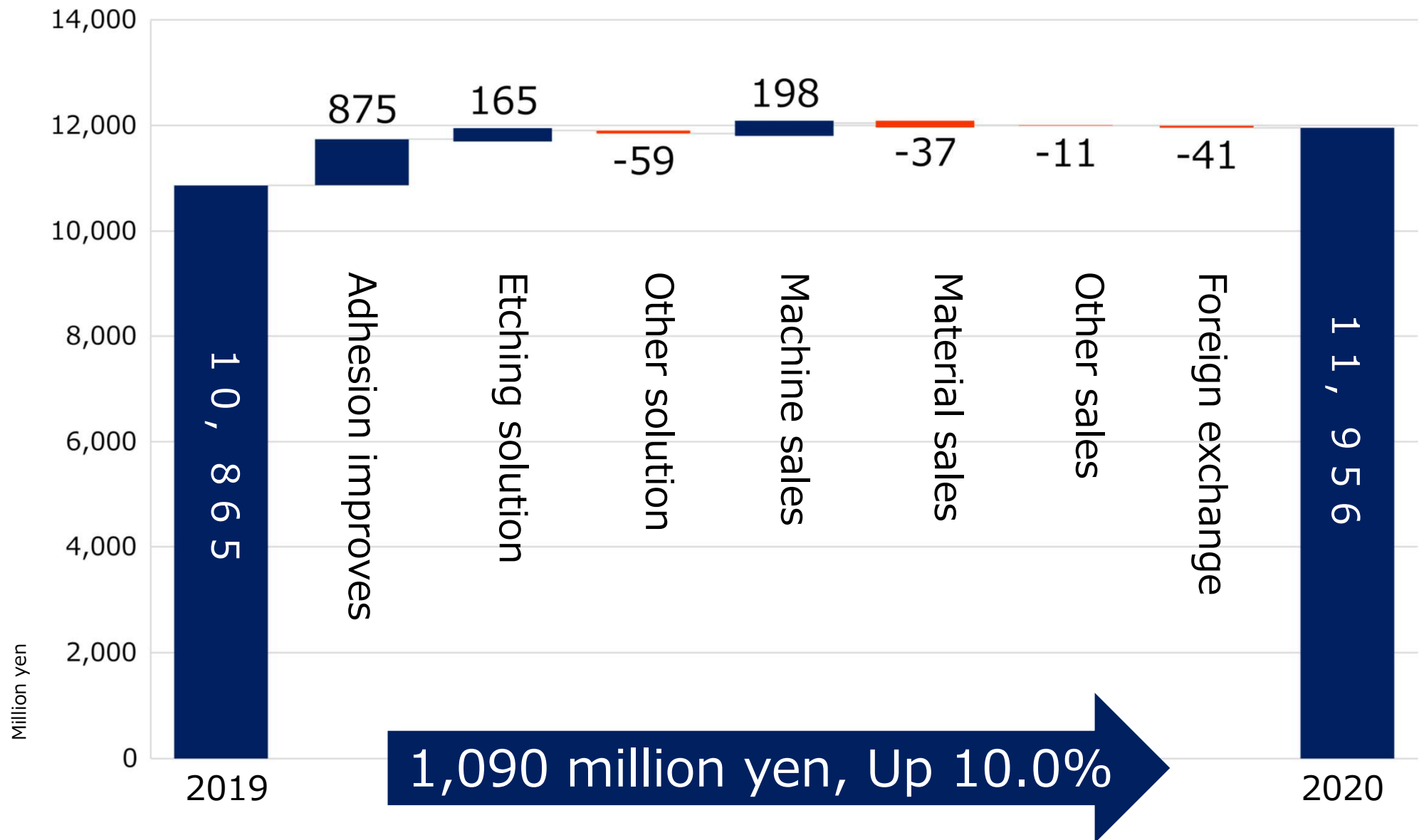
Major products sales (YOY change)
CZ and SF were good performance, EXE was almost flat and V-Bond was low performance.

FYE12/2020 Results

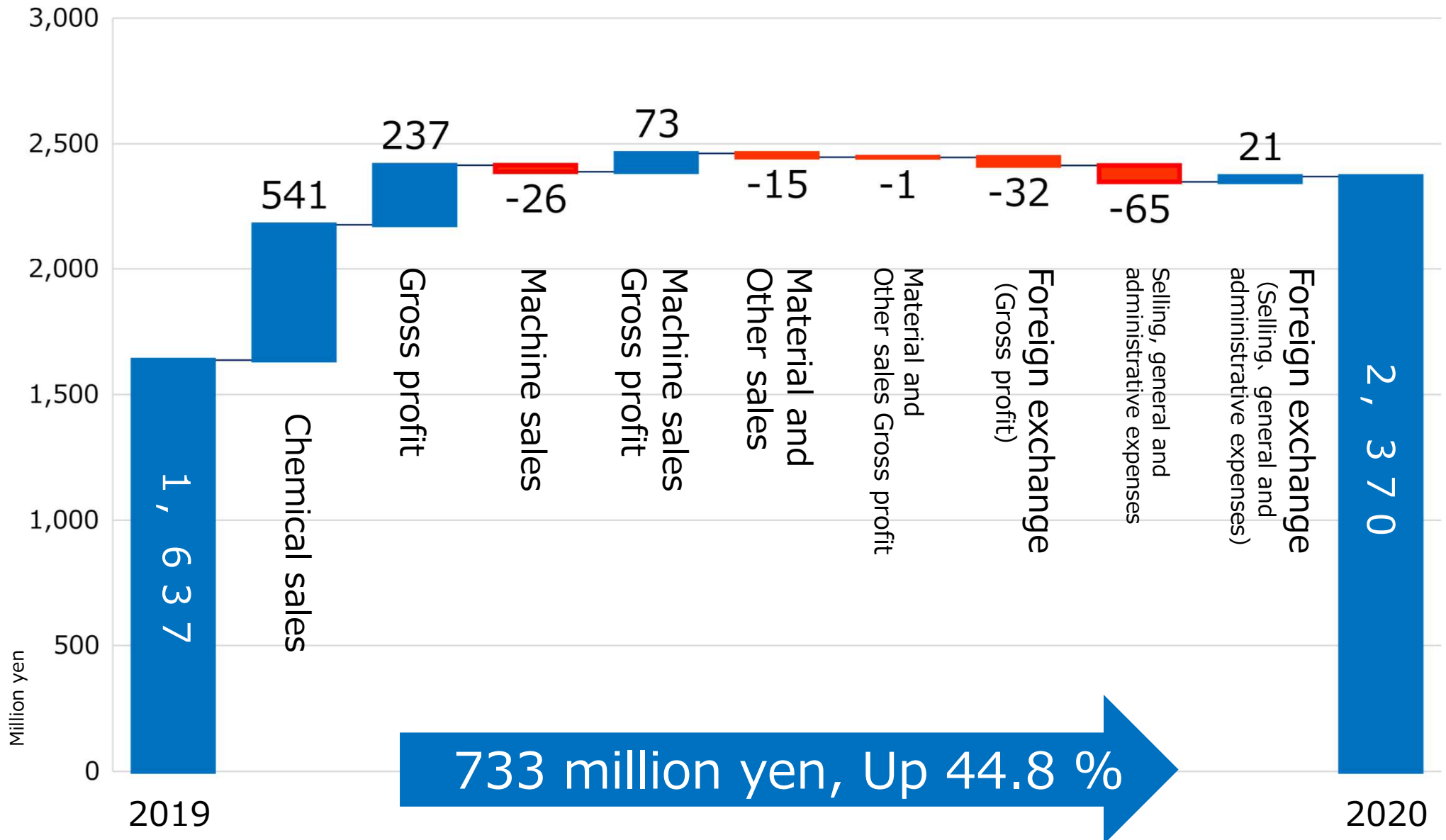
Unit : million yen

	Full-year						
	FYE19/12	FYE20/12					
		Results	Results	YOY		(Forecast)	vs. Forecast
Net sales	10,865	11,956	1,090	10.0%	11,700	256	2.2%
Chemical sales	10,657	11,598	940	8.8%	-	-	-
Gross profit	6,618	7,395	777	11.7%	-	-	-
Gross profit margin	60.9%	61.9%	-	-	-	-	-
SGA	4,981	5,025	44	0.9%	-	-	-
Sales ratio	45.8%	42.0%	-	-	-	-	-
Operating income	1,637	2,370	733	44.8%	2,300	70	3.1%
Operating margin	15.1%	19.8%	-	-	-	-	-
Ordinary income	1,722	2,388	666	38.7%	2,300	88	3.8%
Ordinary profit margin	15.9%	20.0%	-	-	-	-	-
Profit before tax	1,710	2,309	598	35.0%	-	-	-
Net income	1,236	1,595	359	29.1%	1,500	95	6.4%

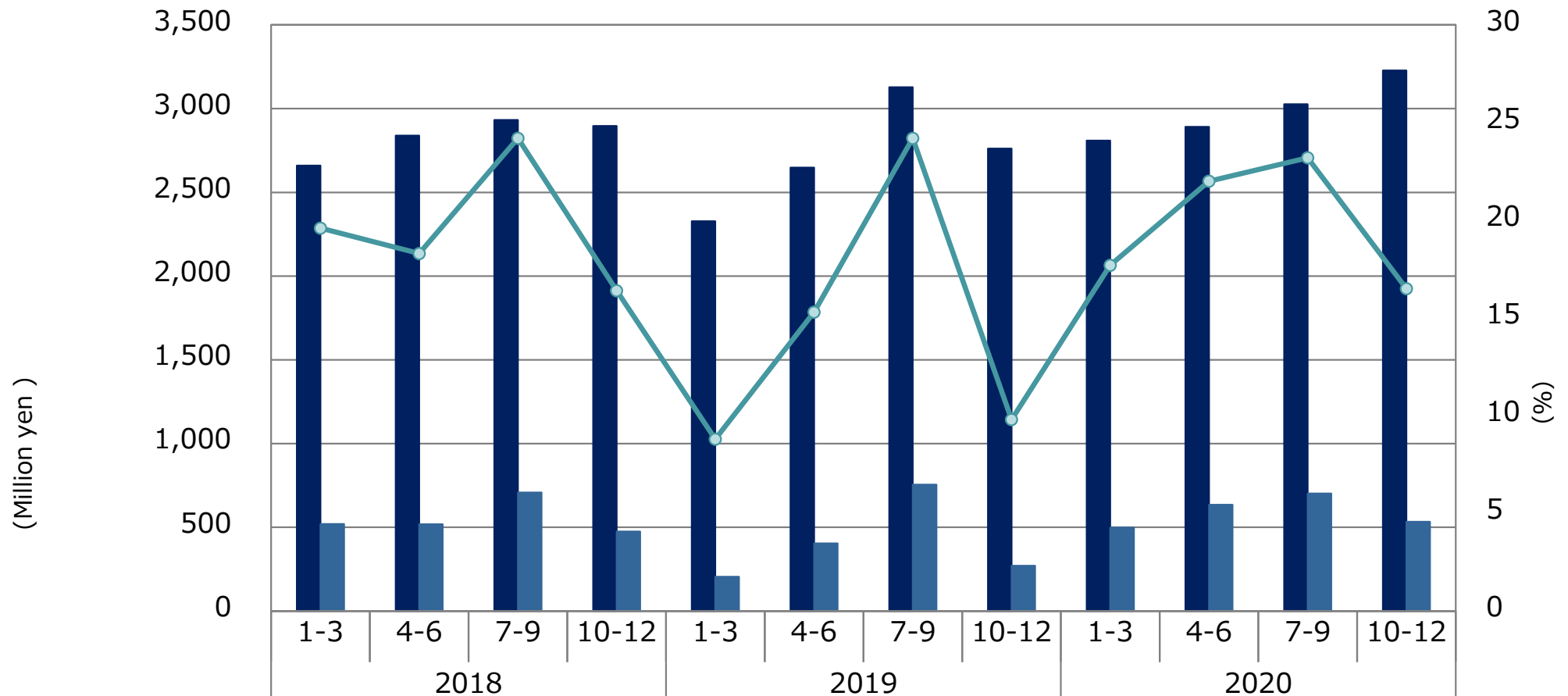
Net sales YOY



Operating income YOY

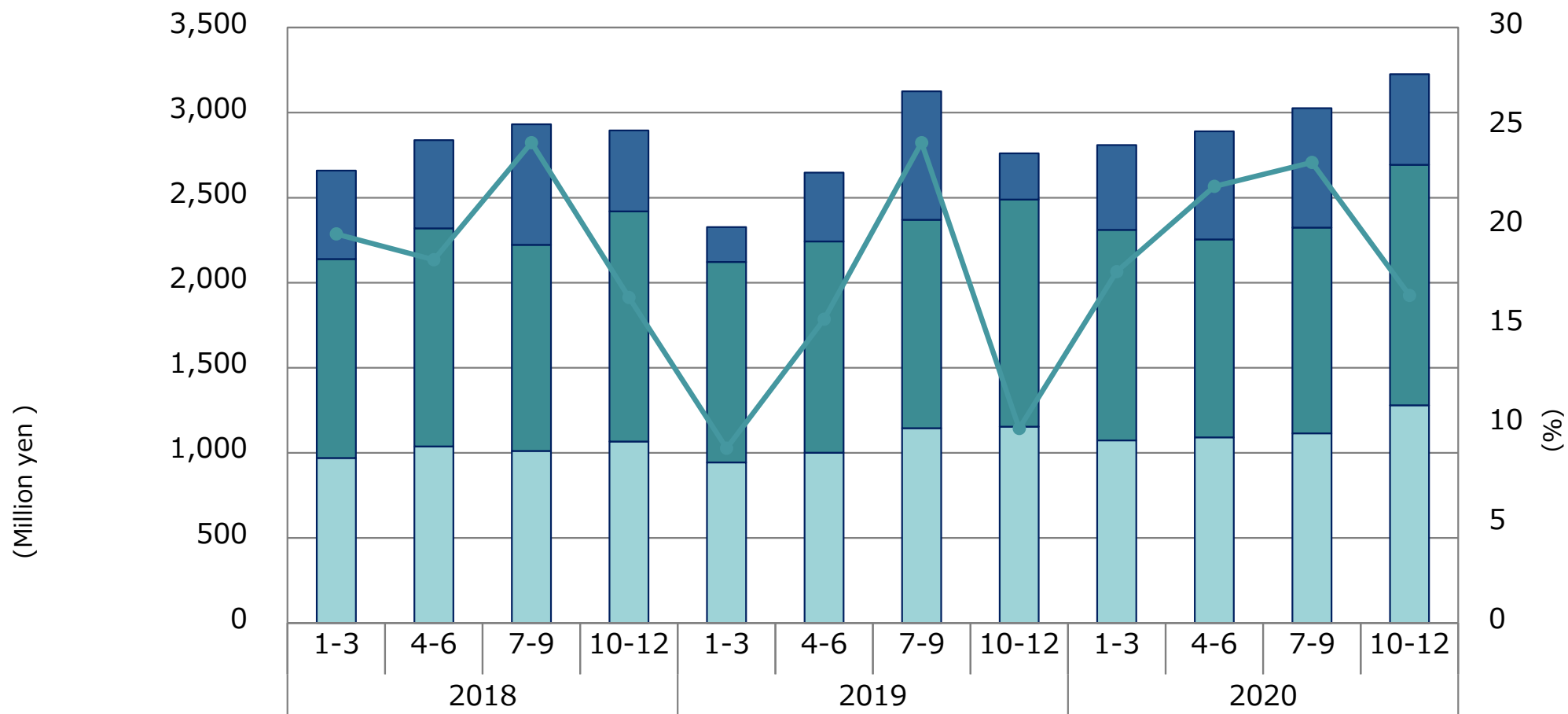


Quarterly performance: Sales, Operating income, Operating margin (Consolidated)



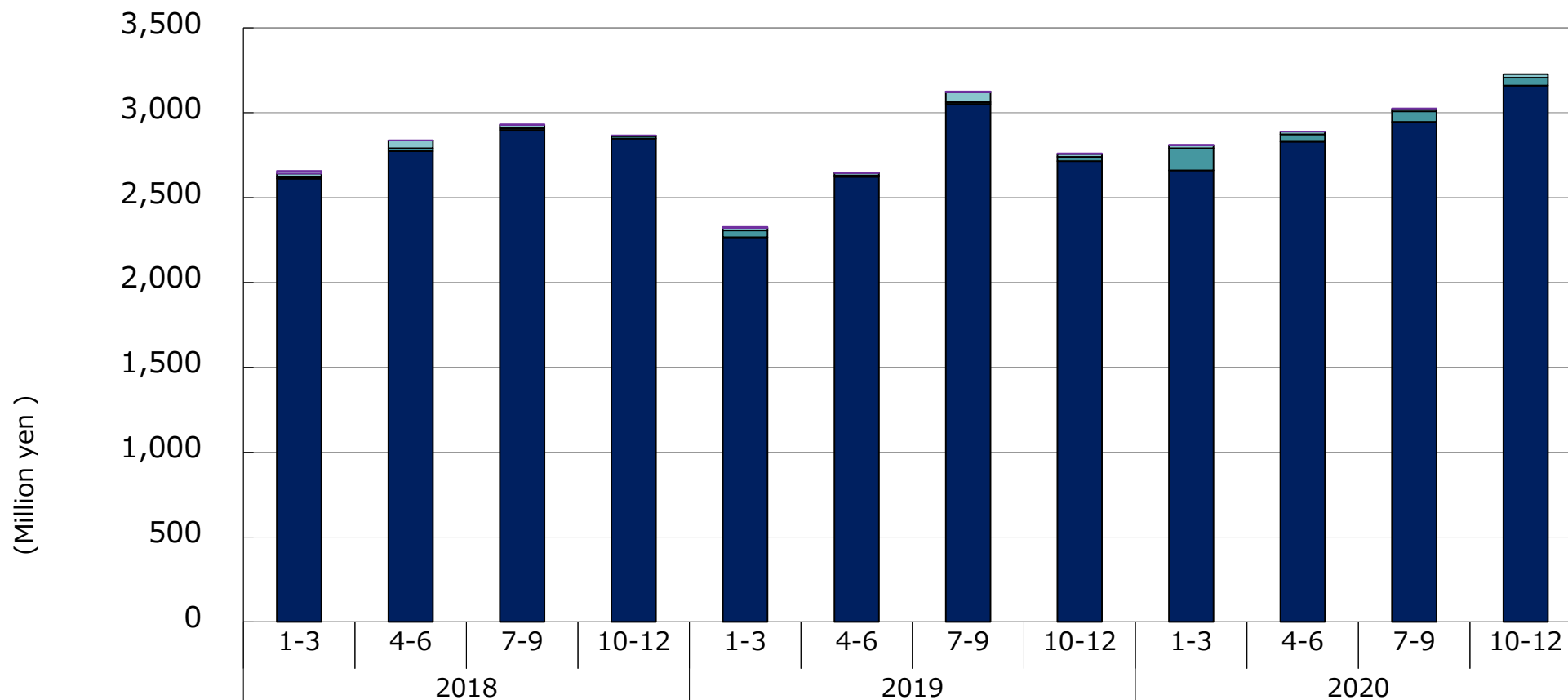
■ Net sales	2,660	2,839	2,932	2,896	2,328	2,648	3,128	2,761	2,809	2,891	3,026	3,228
■ Operating income	520	518	708	475	205	404	755	271	498	635	702	533
● Operating margin	19.6	18.3	24.2	16.4	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5

Quarterly composition: Operating income, SGA, CODS (Consolidated)



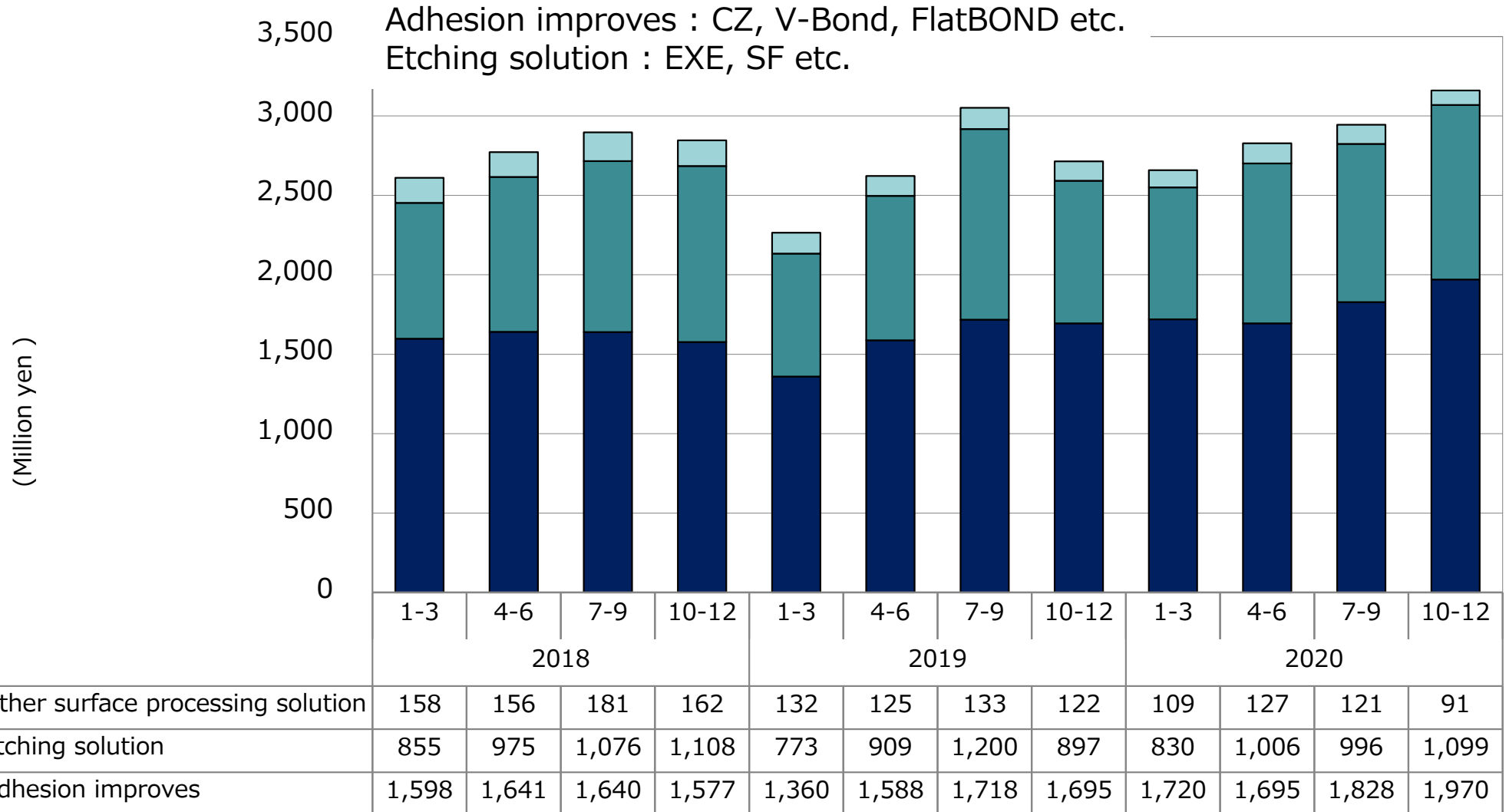
Operating income	520	518	708	475	205	404	755	271	498	635	702	533
SGA	1,169	1,282	1,212	1,353	1,178	1,242	1,225	1,335	1,238	1,164	1,209	1,413
COGS	970	1,038	1,011	1,067	944	1,001	1,145	1,154	1,073	1,091	1,115	1,280
Operating margin	19.6	18.3	24.2	16.4	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5

Quarterly performance : Product-specific sales (Consolidated)



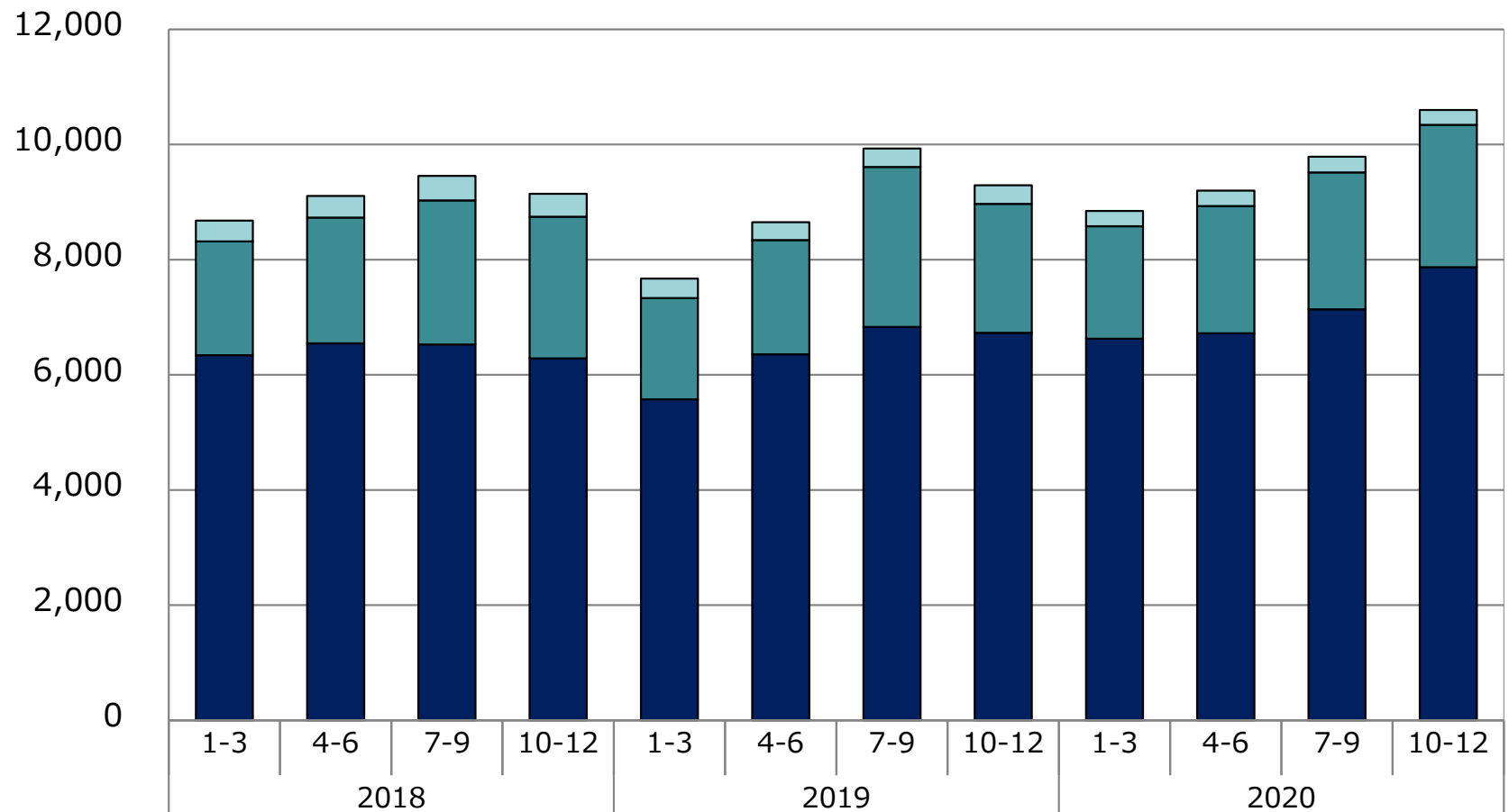
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Other	16	1	4	1	6	1	5	4	4	1	5	0
Mmaterials for PCBs	21	46	19	3	15	15	58	17	17	16	12	21
Equipments for PCBs	9	17	10	15	40	8	10	24	129	43	62	46
Chemicals for PCBs	2,612	2,773	2,898	2,847	2,266	2,623	3,052	2,715	2,661	2,829	2,946	3,160

Quarterly performance : Chemical sales (Consolidated)



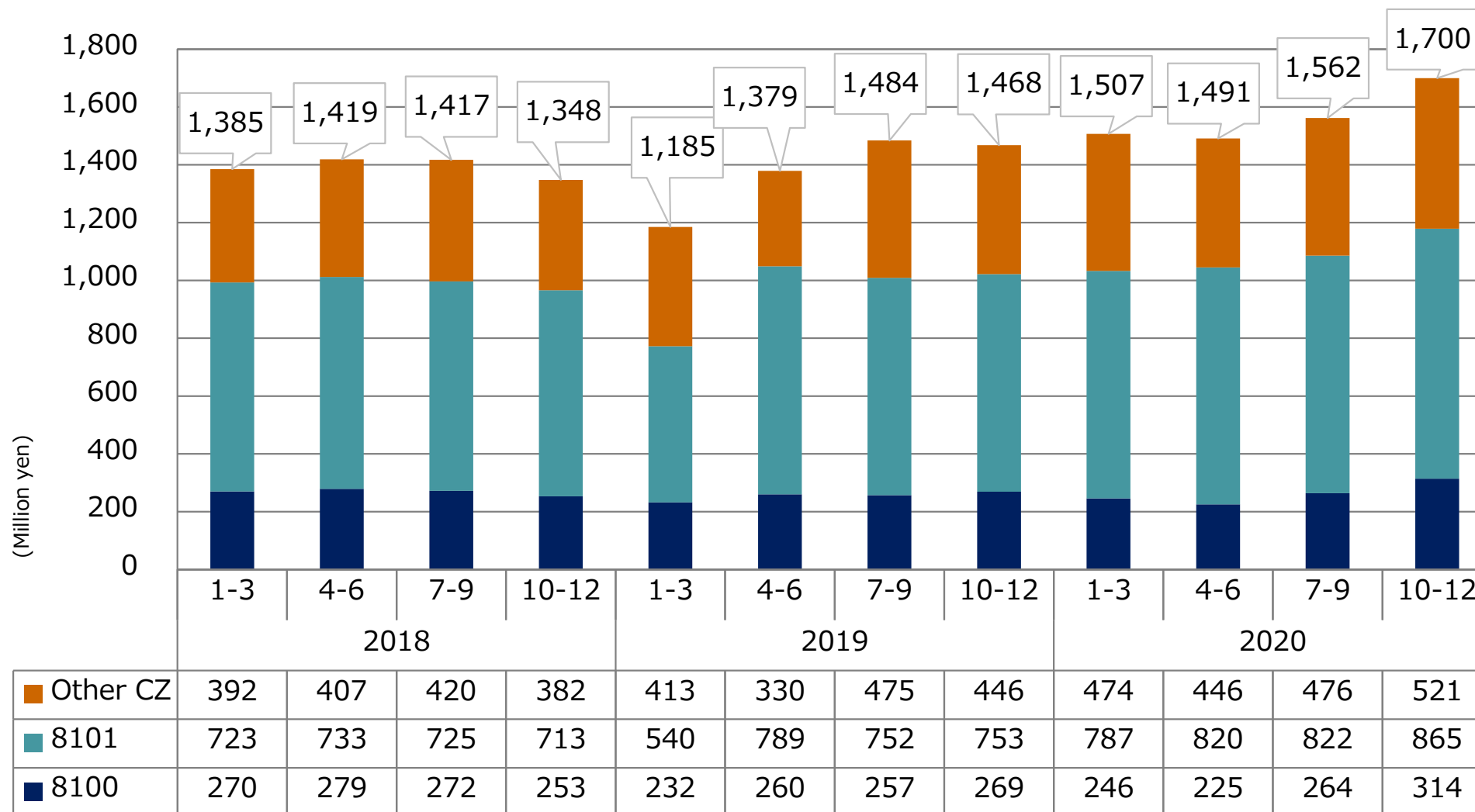
Quarterly performance : Chemical shipment volume (Consolidated)

(1)

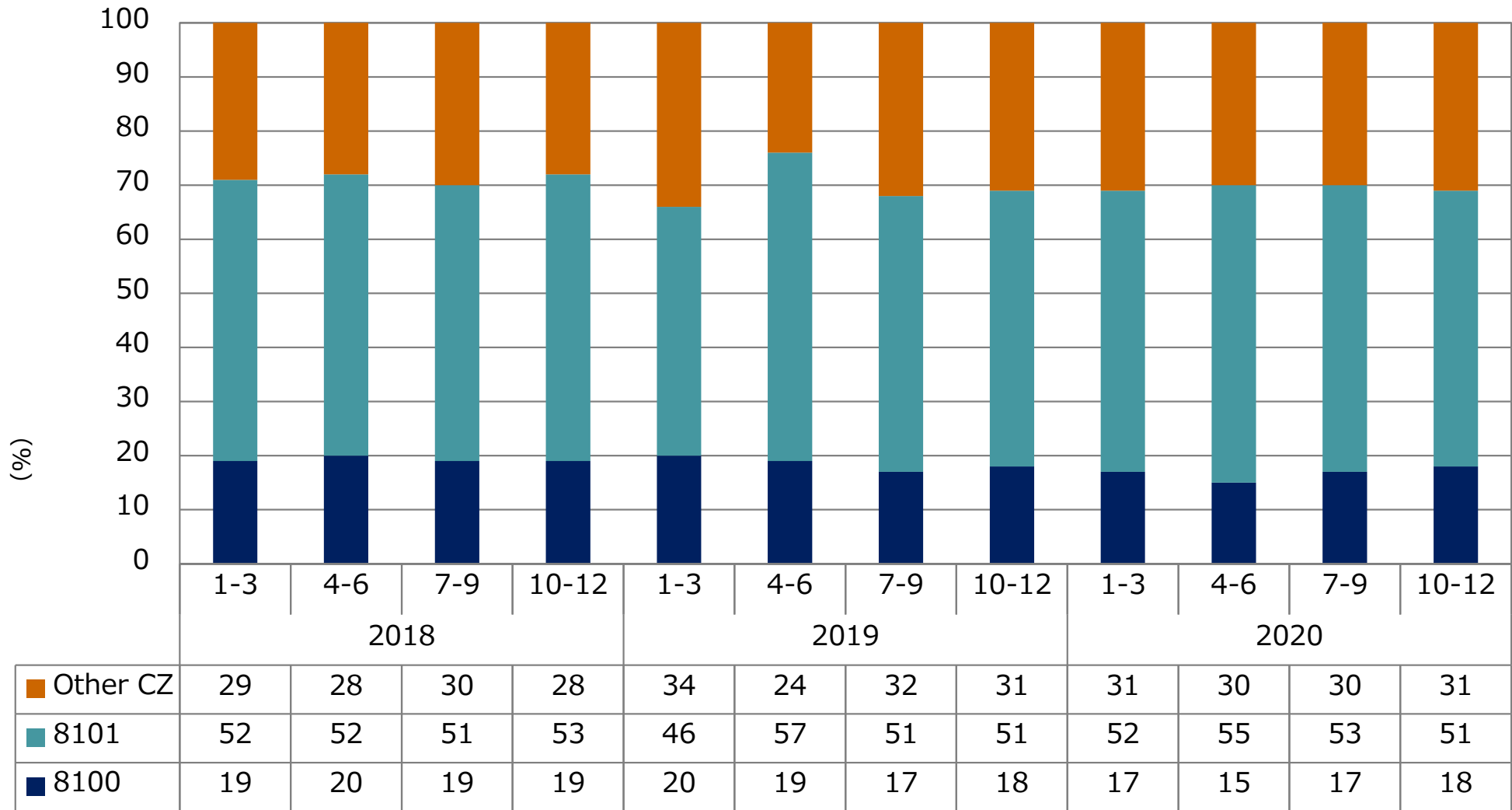


	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Other surface processing solution	360	377	424	399	338	310	320	319	267	269	273	257
Etching solution	1,978	2,186	2,504	2,462	1,758	1,986	2,777	2,242	1,955	2,209	2,378	2,471
Adhesion improves	6,341	6,546	6,527	6,286	5,575	6,356	6,833	6,729	6,626	6,723	7,137	7,871

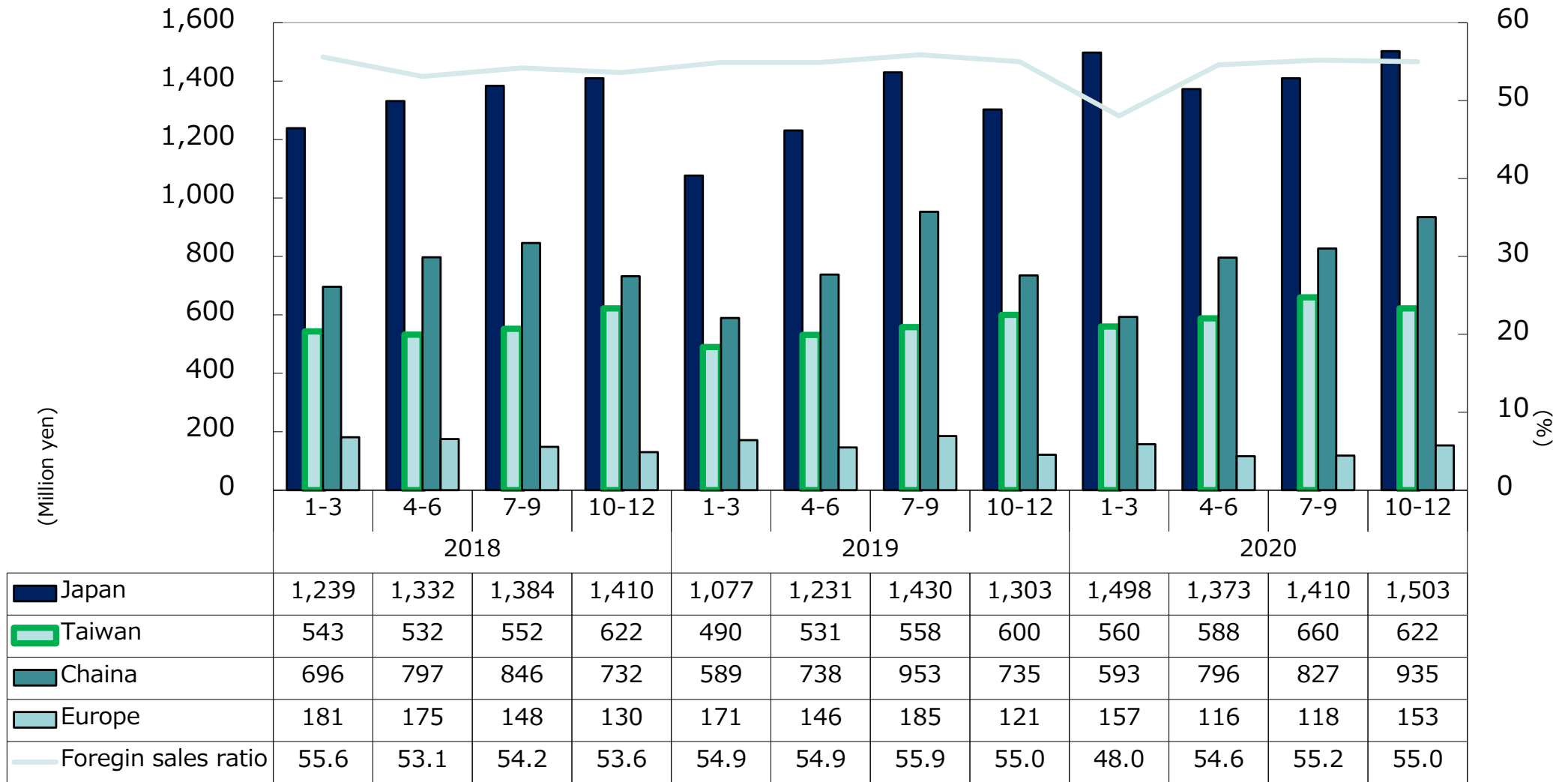
Quarterly performance : CZ series sales



Quarterly performance : CZ series sales (Composition ratio)



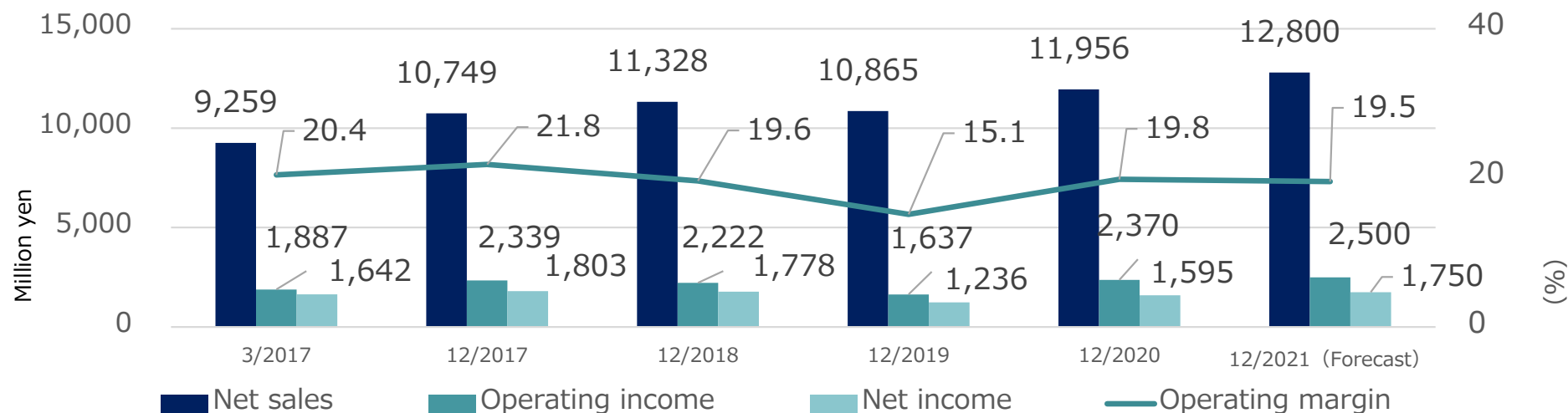
Quarterly performance : Region-specific sales and overseas sales ratio



Overseas sales ratio is 74.5%(same period of the previous year: 74.5%)
if domestic agents' overseas chemical sales are included.

FYE12/2021 full-year forecast

	FYE12/2020 (52th term)		FYE12/2021 (53th term) February, 12 2021					
	Full-year		Q2			Full-year		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	11,956	-	6,100	-	7.0	12,800	-	7.1
Operating income	2,370	19.8	1,150	18.9	1.4	2,500	19.5	5.5
Ordinary income	2,388	20.0	1,150	18.9	2.1	2,500	19.5	4.7
Net income	1,595	13.3	800	13.1	0.7	1,750	13.7	9.7
Net income per share(yen)	84.09	-	42.15	-	-	92.21	-	-

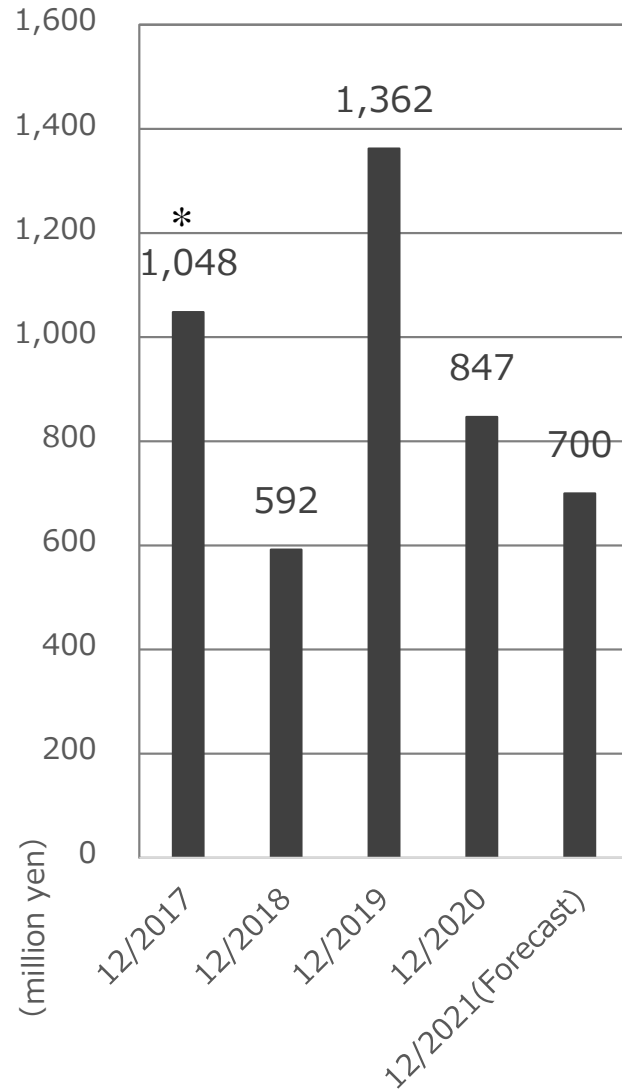


Exchange rate

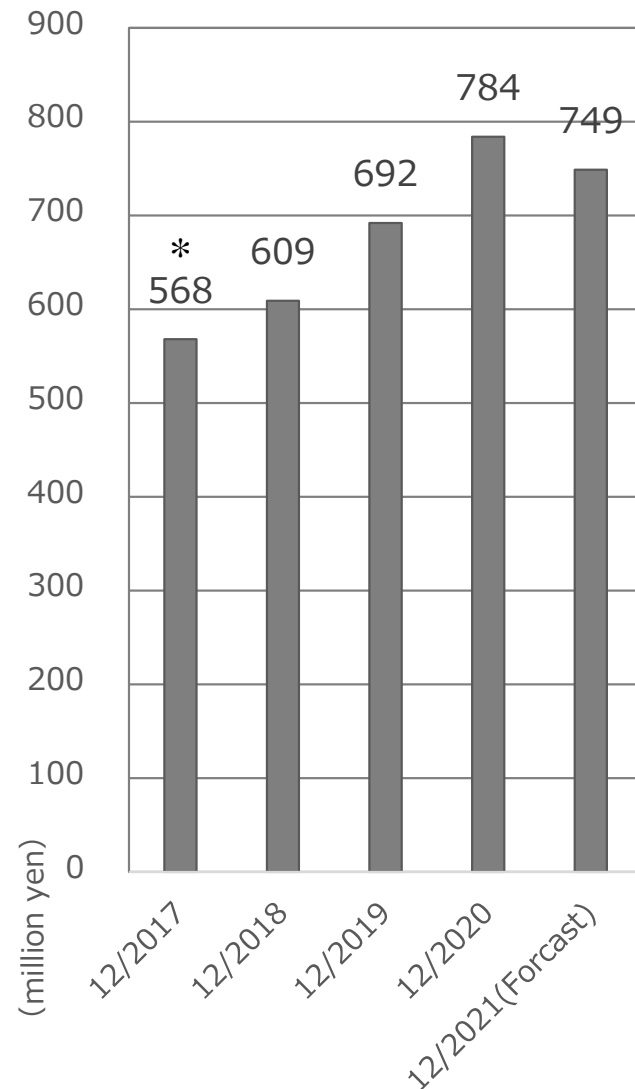
	FYE12/2020 Prevailing rate	FYE12/2021 Assumed rate(2/12)
NTD	3.62	3.62
RMB	15.44	15.44
EUR	122.00	122.00
THB	3.42	3.42
USD	106.66	103.50

Capital investment, Depreciation expenses and R&D expenses

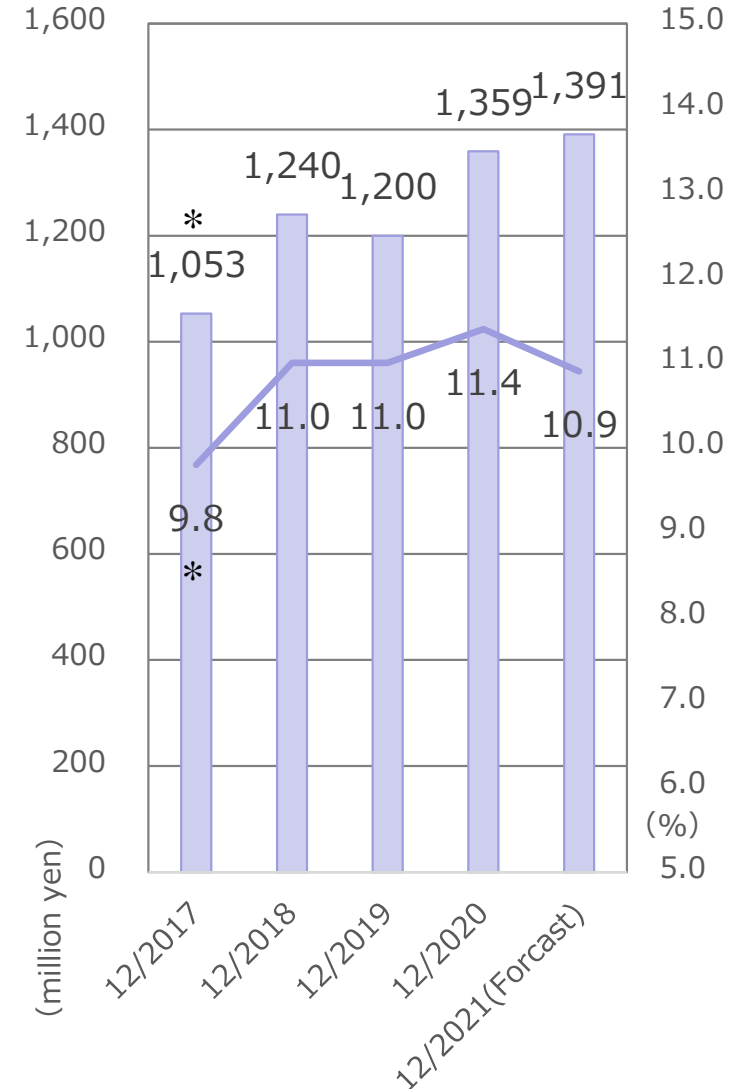
Capital investment



Depreciation expenses



R&D expenses and Ratio of consolidated sales



*Converted

Dividend, payout ratio and ROE

Dividend policy

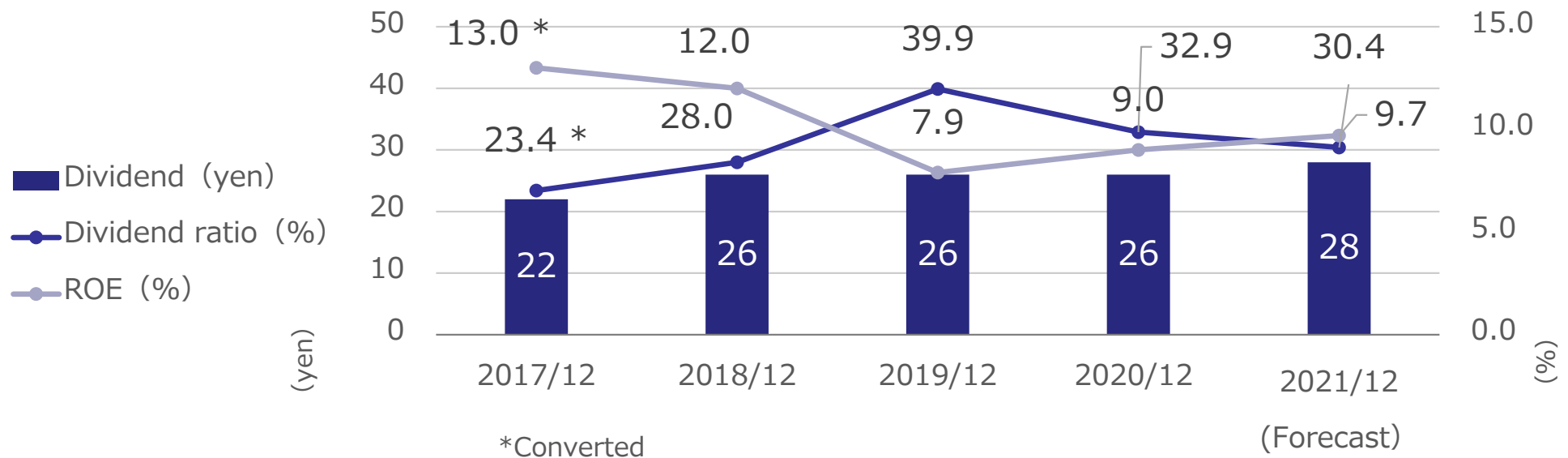
Medium-term goal
(consolidated payout ratio)
30%

Dividend (Forecast)

28.0 yen

Q2 14 yen
Q4 14 yen

Dividend / Dividend ratio



ESG-H effort

Environment

- Eco friendly products and products that improve yield.
- Contribution to the improvement of the PCBs manufacturing environment.

Social

- Contribution to social development (5G, autonomous driving).
- WLB support, Success of women in the work place.

Governance

- Invitation of outside directors (majority is outside)
- Establishment of ESG Committee and Compensation Advisory Committee

Human Resources

- Development and utilization of human resources

Basic policy of capital policy and shareholder return

In line with the MEC Group's capital policy, we are making the following efforts in order to help improve shareholder value while securing financial soundness.

Improvement of corporate value

- Continuously improve consolidated ROE based on a level of 10%

Active, continuous and stable return of profits

- Set a medium-term goal of 30% for consolidated payout ratio

Medium- and long-term investment for sustainable growth

- Make upfront investment of approximately 10% or more of consolidated sales to cover R&D costs