
Financial Results Briefing for Q1 FYE 12/2021

May 12, 2021

 **MEC COMPANY LTD.**

Securities code: 4971

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

Notice of Revision of Earnings Forecast

Revision to the first half consolidated earnings forecast for the fiscal year ending in December 2021.
(January 1, 2021 to June 30, 2021)

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per share (yen)
Previously announced Forecast(A)	6,100	1,150	1,150	800	42.15
Forecast revised this time(B)	6,900	1,750	1,850	1,300	68.47
Difference(B-A)	800	600	700	500	
Percentage change (%)	13.1	52.2	60.9	62.5	
(Reference) Earnings for the first half of the previous year (First half of the fiscal year ended December 2020)	5,701	1,133	1,126	794	41.85

Notice of Revision of Earnings Forecast

Revision to the full-year consolidated earnings forecast for the fiscal year ending in December 2021.
(January 1, 2021 to December 30, 2021)

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per share (yen)
Previously announced Forecast(A)	12,800	2,500	2,500	1,750	92.21
Forecast revised this time(B)	13,600	3,100	3,200	2,250	118.46
Difference(B-A)	800	600	700	500	
Percentage change (%)	6.3	24.0	28.0	28.6	
(Reference) Results for the previous term (Year ended December 2020)	11,956	2,370	2,388	1,595	84.09

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

Q1 FYE12/2021 Key factors

Assumed/actual exchange rate

1	JPY to NTD Assumed rate:	3.62 yen / Actual rate:	3.77 yen (previous year was 3.61 yen)
	JPY to RMB Assumed rate:	15.44 yen / Actual rate:	16.32 yen (previous year was 15.56 yen)
	JPY to EUR Assumed rate:	122.00 yen / Actual rate:	128.10 yen (previous year was 120.66 yen)
	JPY to THB Assumed rate:	3.42 yen / Actual rate:	3.50 yen (previous year was 3.49 yen)
	JPY to USD Assumed rate:	103.50 yen / Actual rate:	106.24 yen (previous year was 109.20 yen)

2 Sales: 3,505 million yen(YOY change: Up 24.7%)
Operating income: 973 million yen(YOY change: Up 95.5%)

3 Exchange rate impact (YOY change)
Sales: Up 80 million yen,
Operating income: Up 44 million yen.

4 Chemicals
Sales: 3,452 million yen (YOY change: Up 29.7%)
Shipments: 10,919 t (YOY change: Up 21.7%)

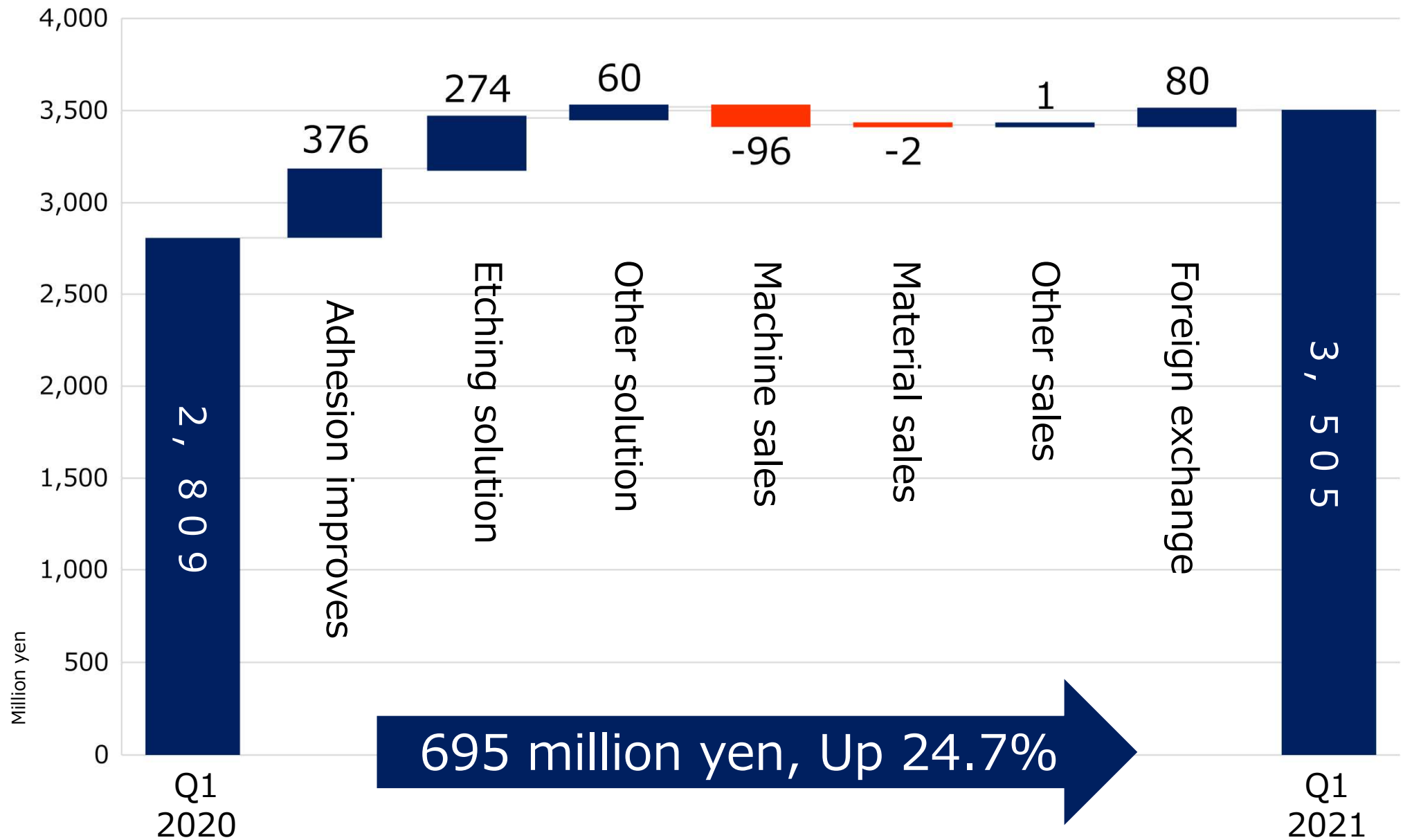
5 Major products sales (YOY change)
CZ: Up 26.5%, SF: 78.7%, EXE: 34.9%, V-Bond: 21.1%

Q1 FYE12/2021 Results

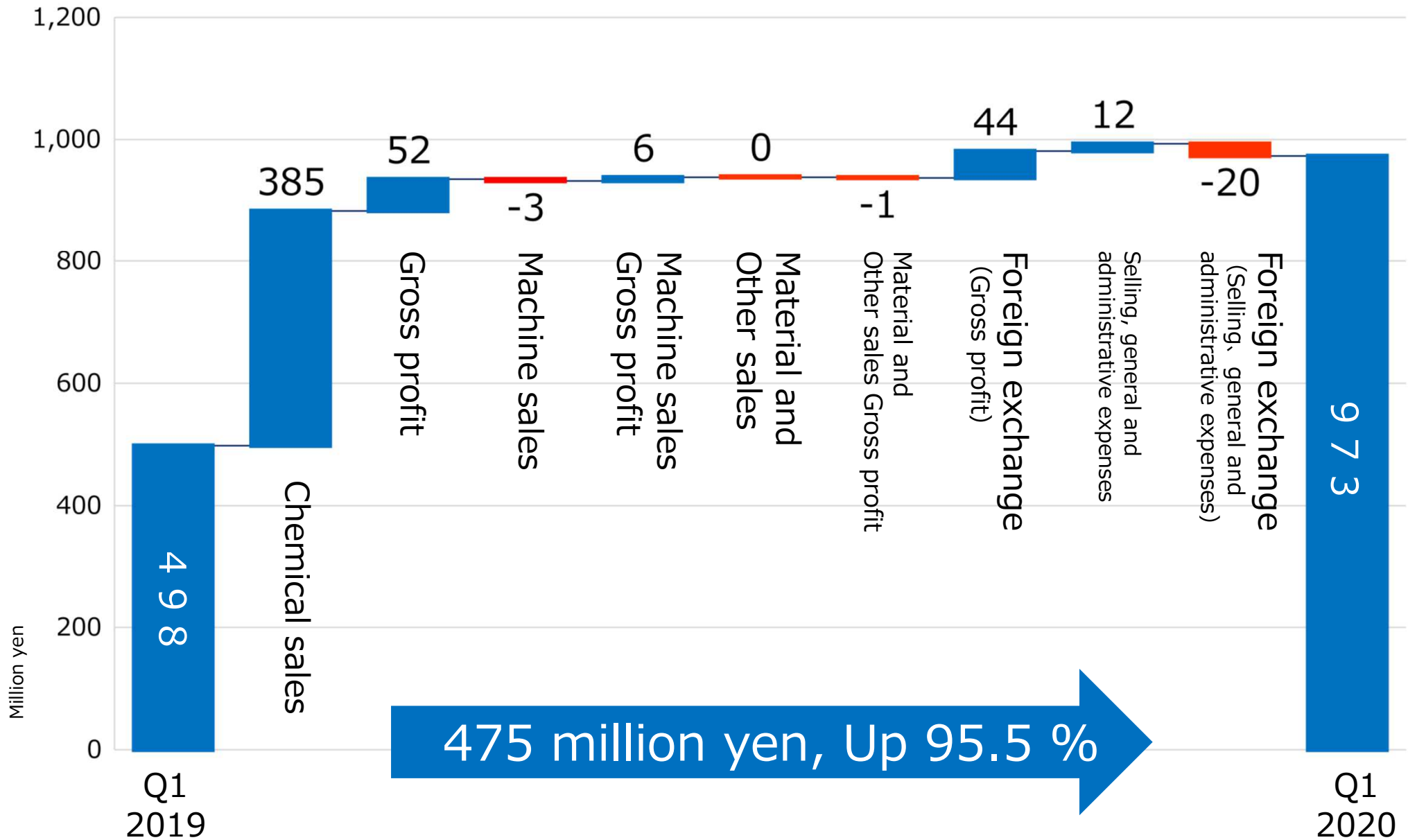
Unit : million yen

	Q1						Full-year		
	FYE12.2020		FYE12.2021				FYE12.2020 Results	FYE12.2021	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)	(Forecast)		YOY (%)	
Net sales	2,809	23.5%	3,505	25.8%	695	24.7%	11,956	13,600	13.7%
Chemical sales	2,661	22.9%	3,452	-	791	29.7%	11,598	-	-
Gross profit	1,736	23.5%	2,220	-	483	27.9%	7,395	-	-
Gross profit margin	61.8%	-	63.3%	-	-	-	61.9%	-	-
SGA	1,238	24.6%	1,246	-	8	0.7%	5,025	-	-
Sales ratio	44.1%	-	35.6%	-	-	-	42.0%	-	-
Operating income	498	21.0%	973	31.4%	475	95.5%	2,370	3,100	30.8%
Operating profit margin	17.7%	-	27.8%	-	-	-	19.8%	-	-
Ordinary income	463	19.4%	1,036	32.4%	572	123.4%	2,388	3,200	34.0%
Ordinary profit margin	16.5%	-	29.6%	-	-	-	20.0%	-	-
Profit before tax	446	19.4%	1,036	-	589	131.9%	2,309	-	-
Net income	317	19.9%	742	33.0%	424	133.9%	1,595	2,250	41.0%

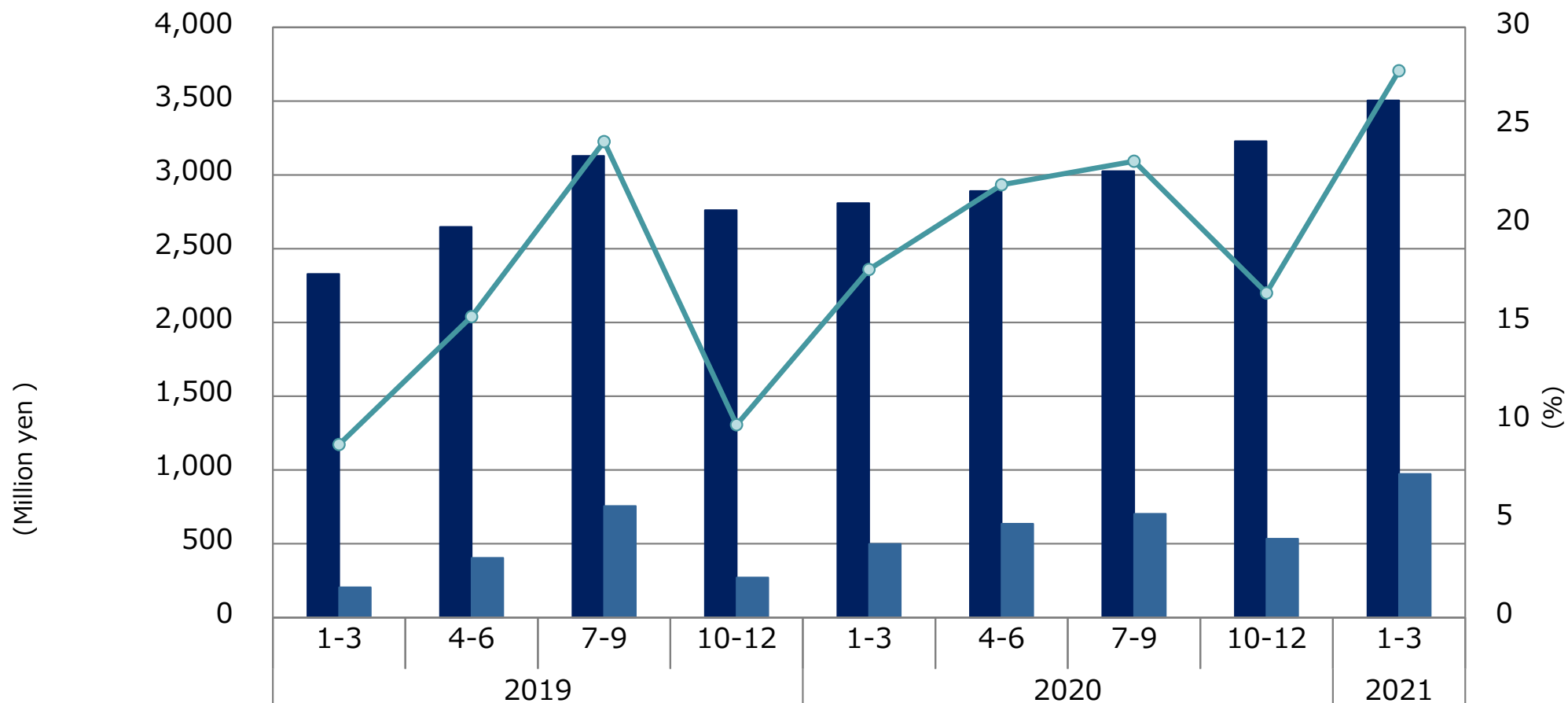
Net sales YOY



Operating income YOY

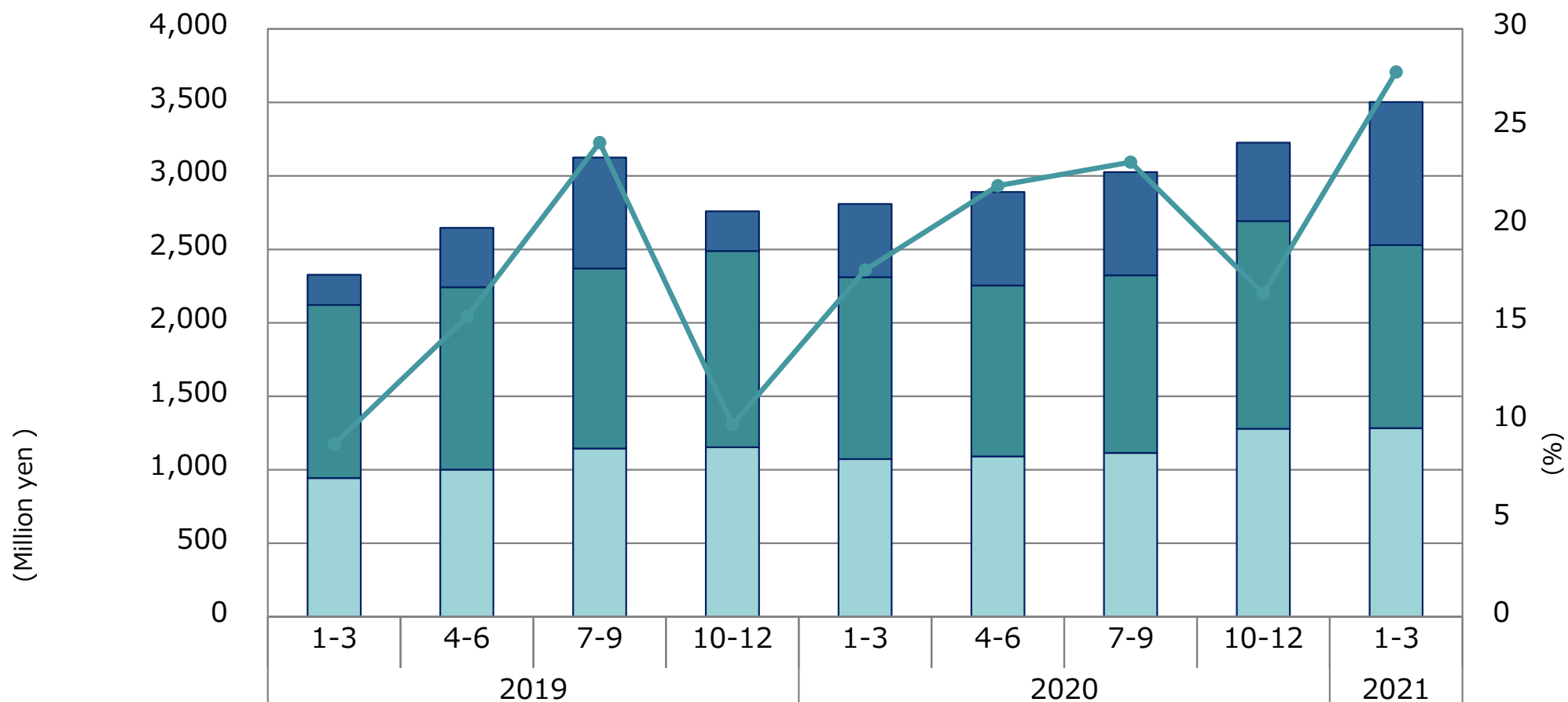


Quarterly performance: Sales, Operating income, Operating margin (Consolidated)



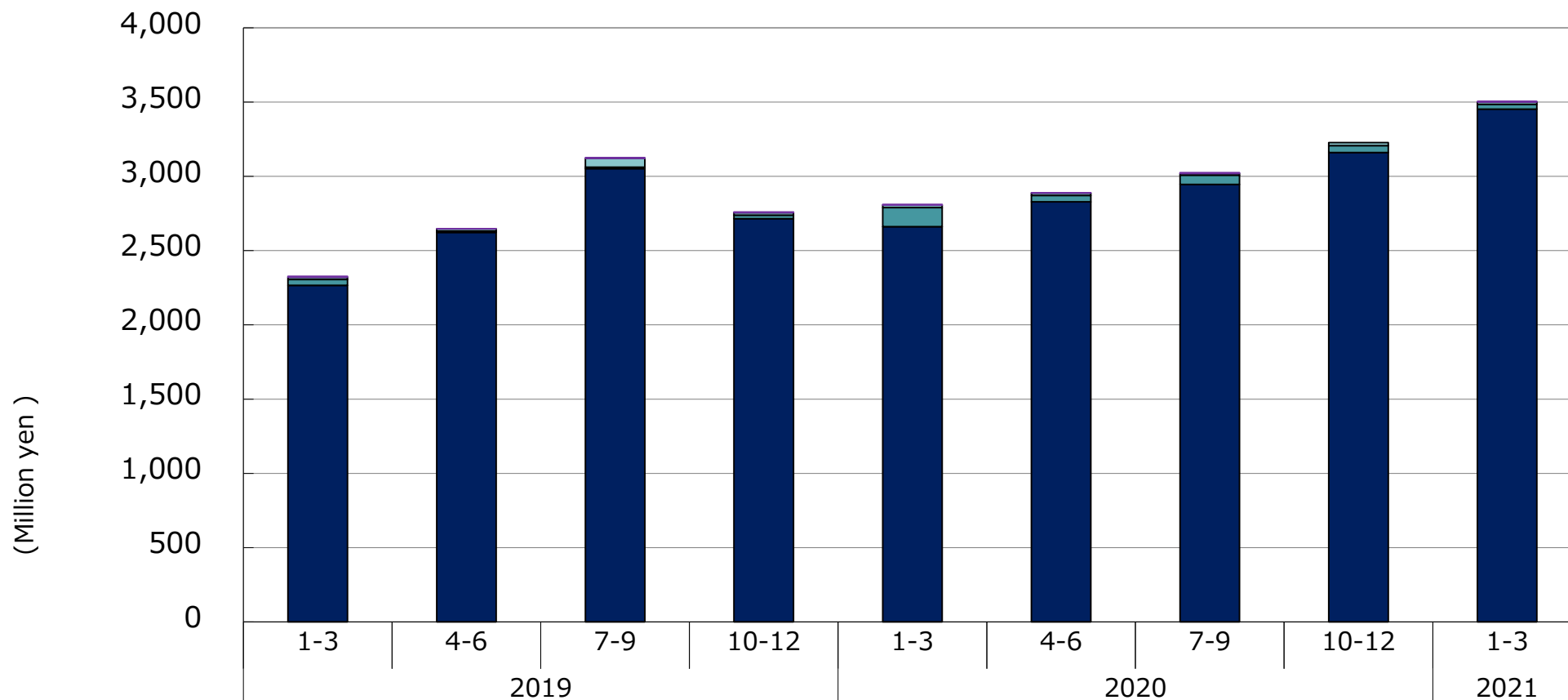
■ Net sales	2,328	2,648	3,128	2,761	2,809	2,891	3,026	3,228	3,505
■ Operating income	205	404	755	271	498	635	702	533	973
● Operating margin	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5	27.8

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



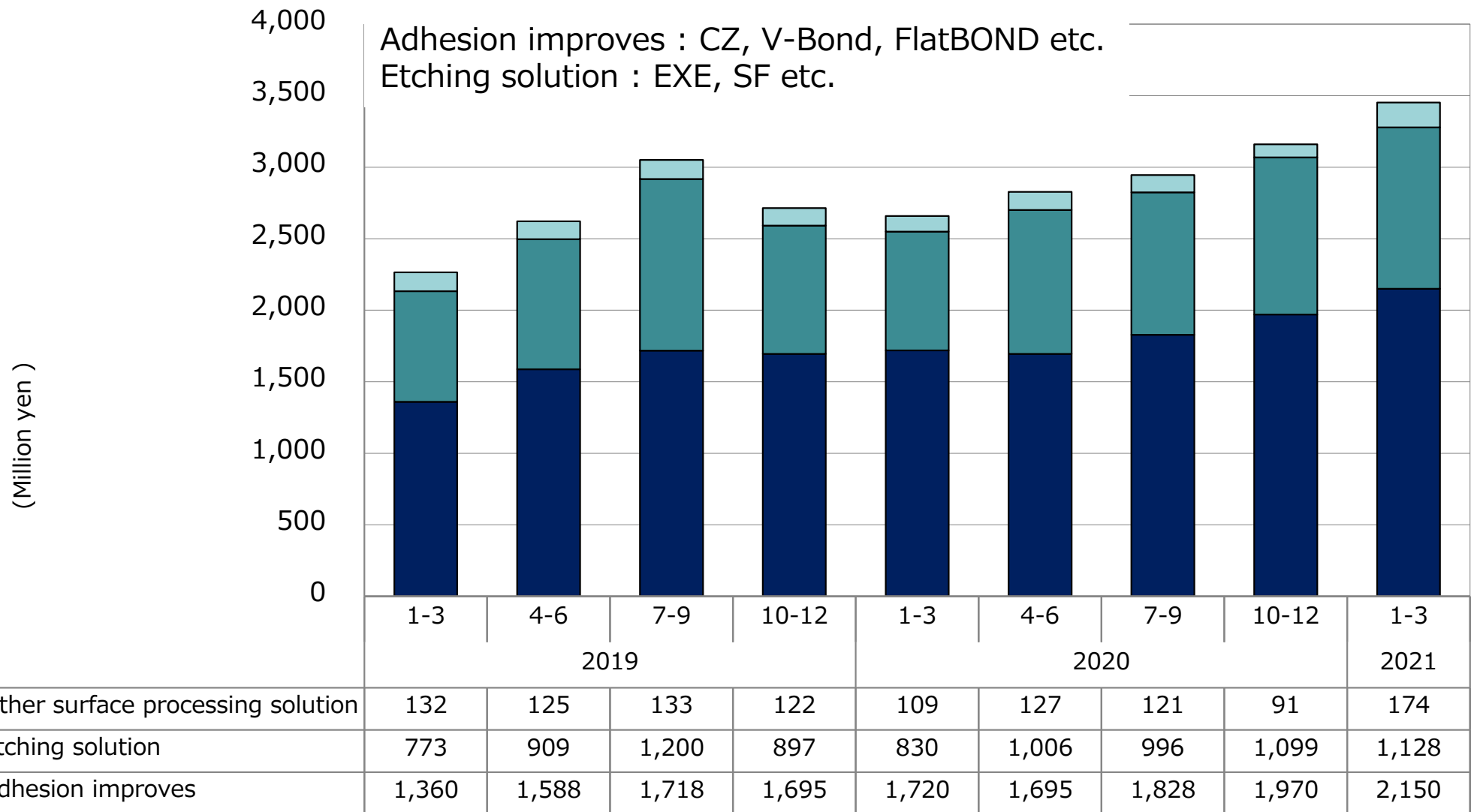
Operating income	205	404	755	271	498	635	702	533	973
SGA	1,178	1,242	1,225	1,335	1,238	1,164	1,209	1,413	1,246
COGS	944	1,001	1,145	1,154	1,073	1,091	1,115	1,280	1,284
Operating margin	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5	27.8

Quarterly performance : Product-specific sales (Consolidated)



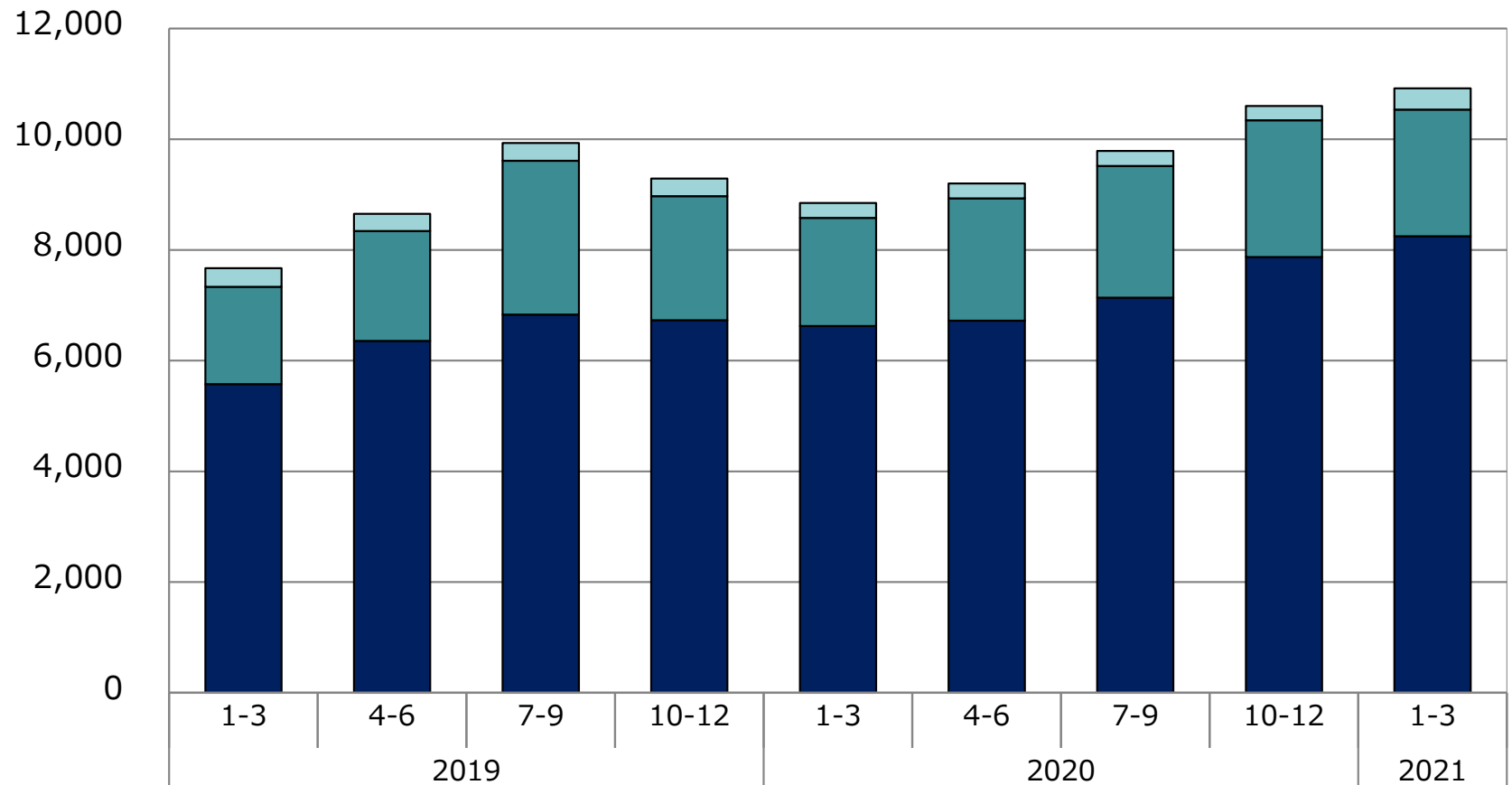
Other	6	1	5	4	4	1	5	0	2
Materials for PCBs	15	15	58	17	17	16	12	21	16
Equipments for PCBs	40	8	10	24	129	43	62	46	33
Chemicals for PCBs	2,266	2,623	3,052	2,715	2,661	2,829	2,946	3,160	3,452

Quarterly performance : Chemical sales (Consolidated)



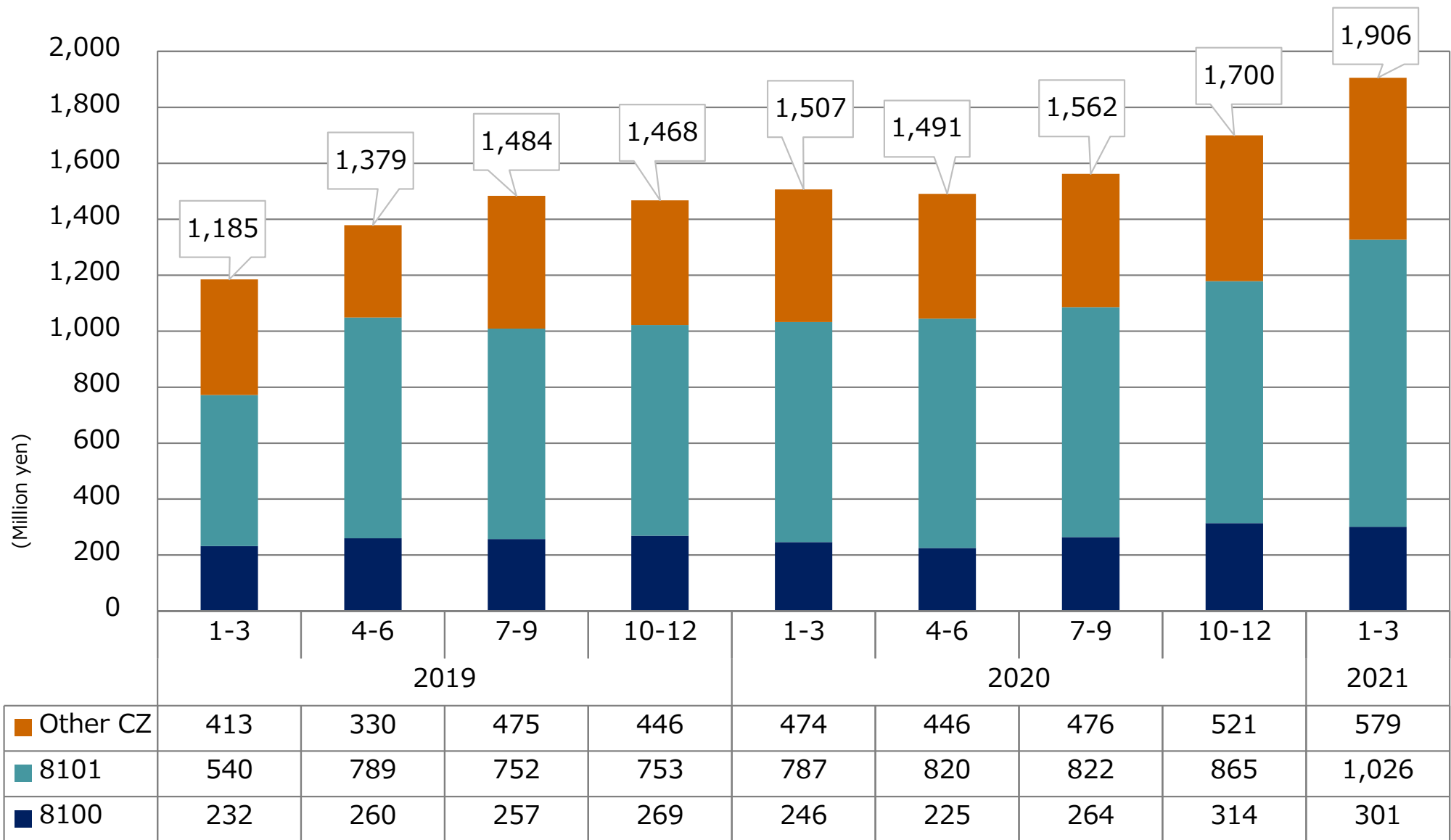
Quarterly performance : Chemical shipment volume (Consolidated)

(1)

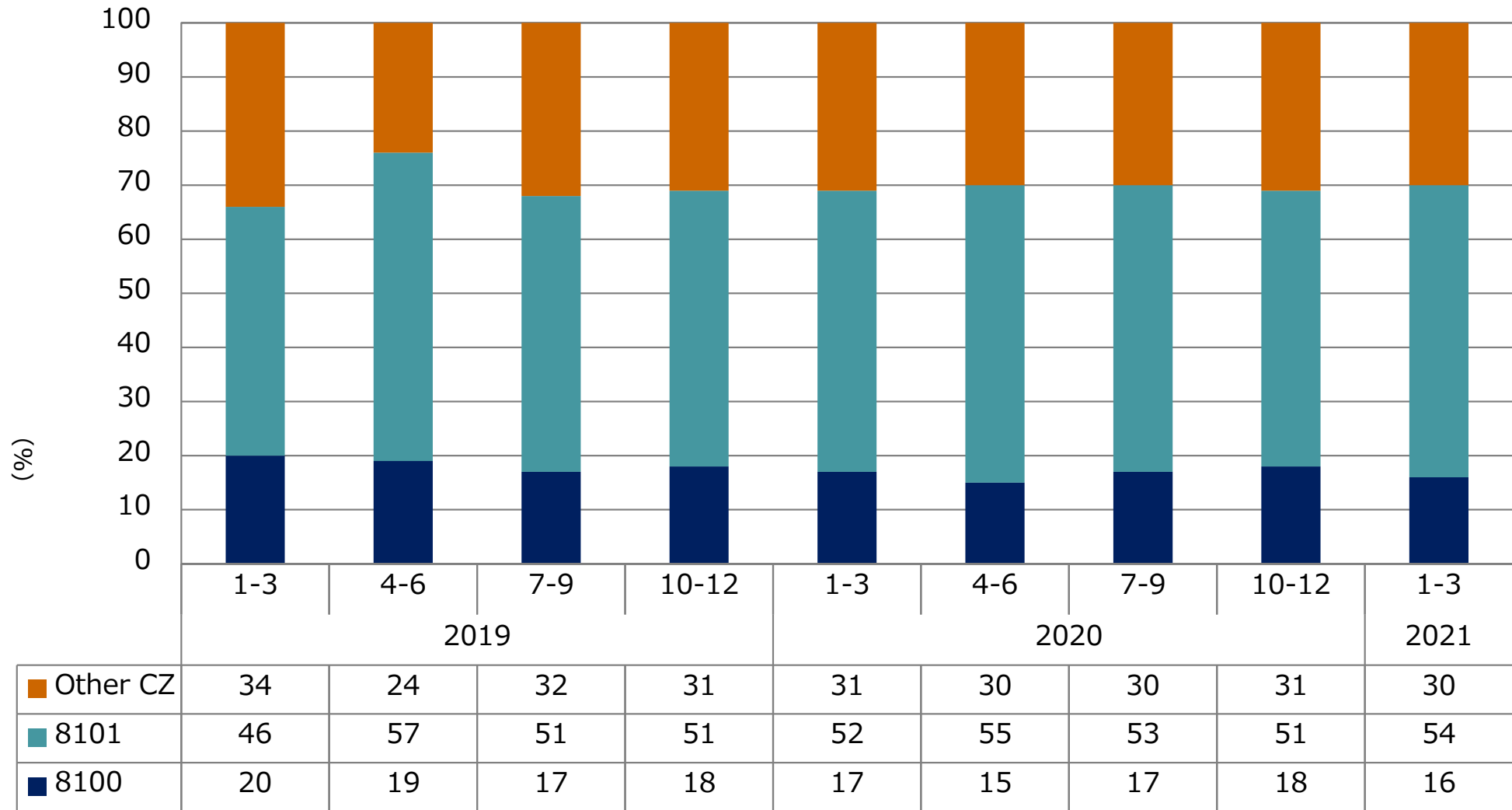


Other surface processing solution	338	310	320	319	267	269	273	257	384
Etching solution	1,758	1,986	2,777	2,242	1,955	2,209	2,378	2,471	2,287
Adhesion improves	5,575	6,356	6,833	6,729	6,626	6,723	7,137	7,871	8,248

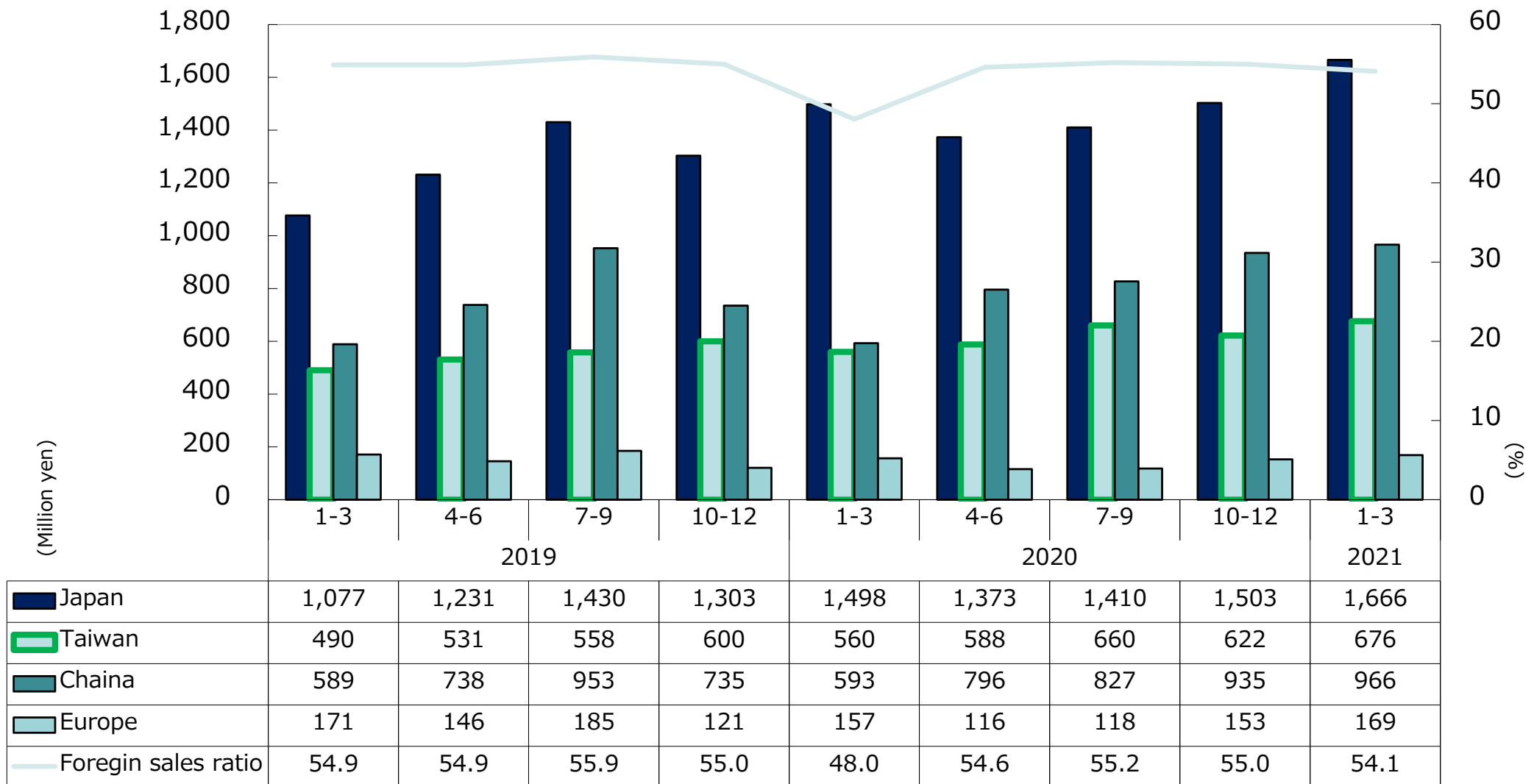
Quarterly performance : CZ series sales



Quarterly performance : CZ series sales (Composition ratio)



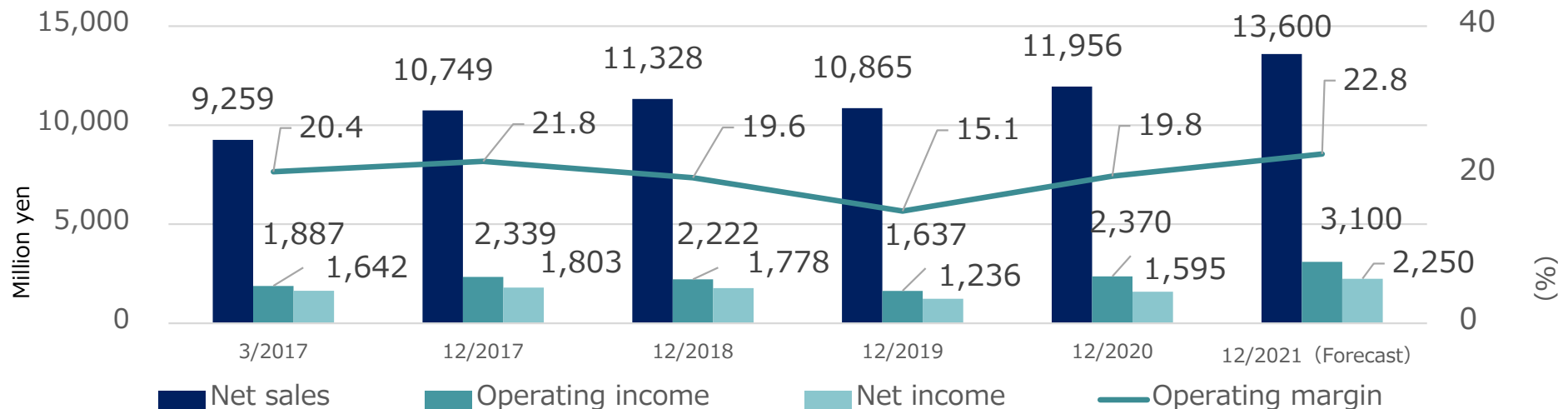
Quarterly performance : Region-specific sales and overseas sales ratio



Overseas sales ratio is 75.8%(same period of the previous year: 72.7%)
if domestic agents' overseas chemical sales are included.

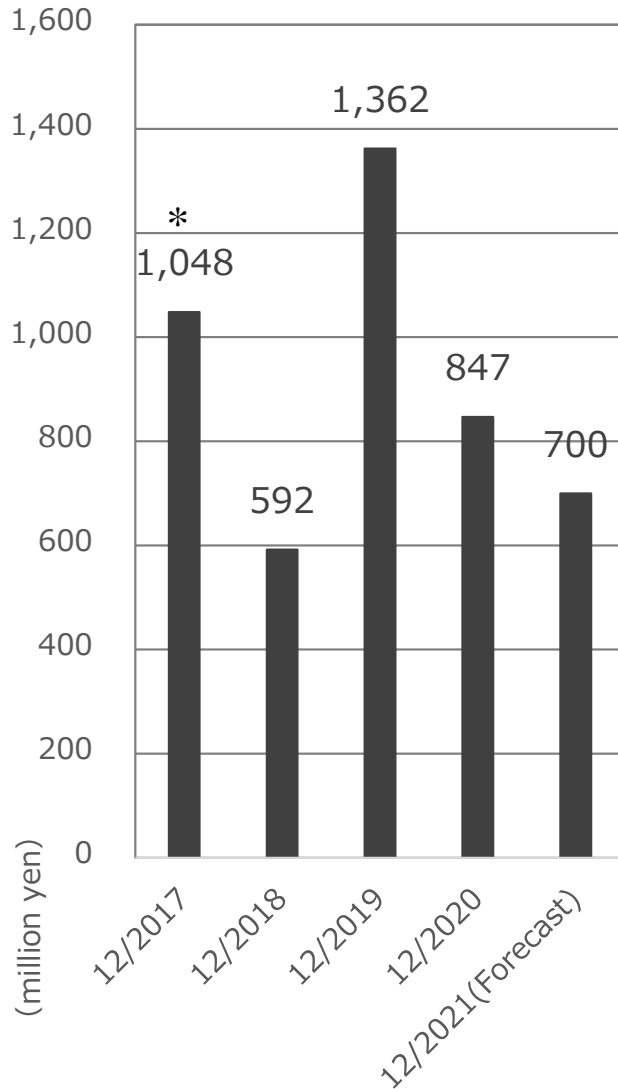
FYE12/2021 full-year forecast

	FYE12/2020 (52nd term)		FYE12/2021 (53rd term) Revised on May, 12 2021					
	Full-year		Fast half			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	-	6,900	-	21.0	13,600	-	13.7
Operating income	2,370	19.8	1,750	25.4	54.4	3,100	22.8	30.8
Ordinary income	2,388	20.0	1,850	26.8	64.2	3,200	23.5	34.0
Net income	1,595	13.3	1,300	18.8	63.7	2,250	16.5	41.0
Net income per share(yen)	84.09	-	68.47	-	-	118.46	-	-

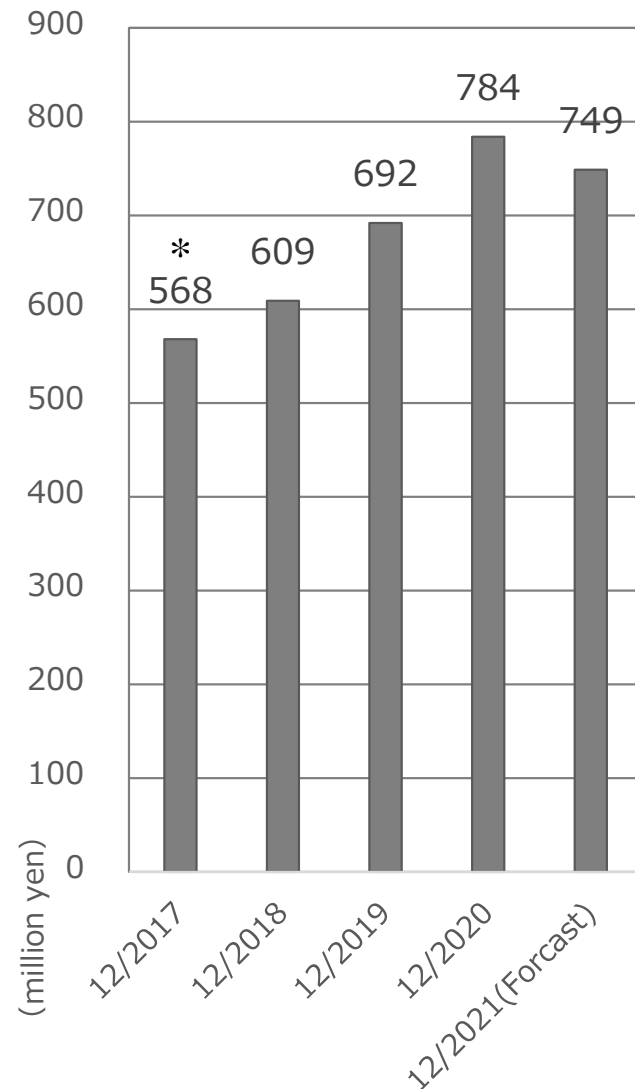


Capital investment, Depreciation expenses and R&D expenses

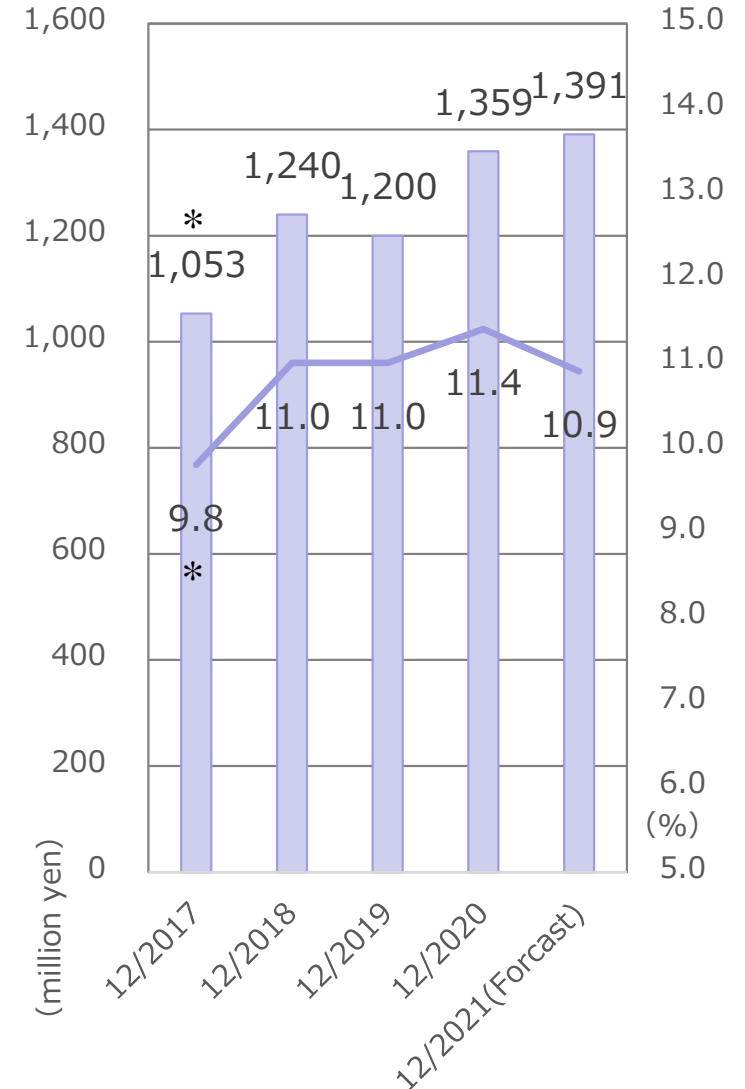
Capital investment



Depreciation expenses



R&D expenses and Ratio of consolidated sales



*Converted

Dividend, payout ratio and ROE

Dividend policy

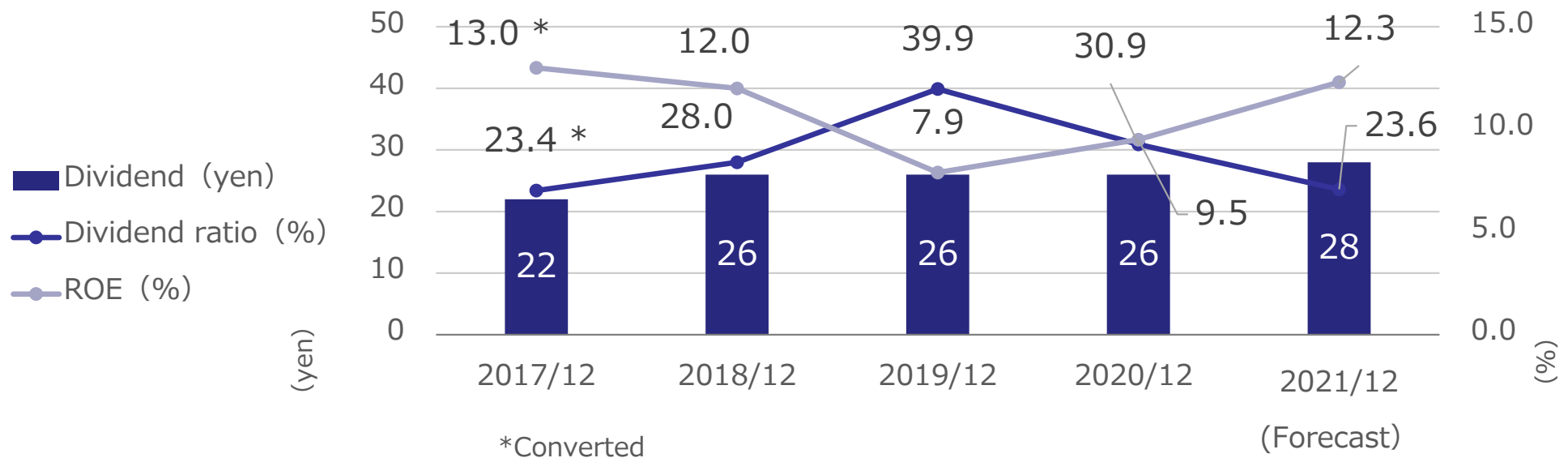
Medium-term goal
(consolidated payout ratio)
30%

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