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# Financial Results Briefing for Q2 FYE 12/2021

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August 10, 2021

 **MEC COMPANY LTD.**

Securities code: 4971

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

# 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 31, 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)	13,600	3,100	3,200	2,250	118.46
Forecast revised this time(B)	14,000	3,500	3,600	2,600	136.88
Difference(B-A)	400	400	400	350	
Percentage change (%)	2.9	12.9	12.5	15.6	
(Reference) Results for the previous term (Year ended December 2020)	11,956	2,370	2,388	1,595	84.09

# Notice of Revision to Expected Dividend Forecast

Revision to the year-end dividend forecast for the fiscal year ending in December 2021.

	Annual dividend		
	2Q	End of term	Annual
Previously Forecast		14.00 yen	28.00 yen
Current revised Forecast		21.00 yen	35.00 yen
Actual results for the current term	14.00 yen		
Dividend in previous term (FYE December 2020)	12.00 yen	14.00 yen	26.00 yen

# 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

# Q2 FYE12/2021 Key factors

## Assumed/actual exchange rate

1

JPY to NTD Assumed rate:	3.62 yen / Actual rate:	3.84 yen (previous year was 3.61 yen)
JPY to RMB Assumed rate:	15.44 yen / Actual rate:	16.64 yen (previous year was 15.37 yen)
JPY to EUR Assumed rate:	122.00 yen / Actual rate:	129.97 yen (previous year was 119.82 yen)
JPY to THB Assumed rate:	3.42 yen / Actual rate:	3.49 yen (previous year was 3.44 yen)
JPY to USD Assumed rate:	103.50 yen / Actual rate:	107.76 yen (previous year was 108.41 yen)

2

Sales: 7,024 million yen(YOY change: Up 23.2%)  
Operating income: 1,949 million yen(YOY change: Up 72.0%)

3

Exchange rate impact (YOY change)  
Sales: Up 267 million yen,  
Operating income: Up 155 million yen.

4

Chemicals  
Sales: 6,933 million yen (YOY change: Up 26.3%)  
Shipments: 21,559 t (YOY change: Up 19.5%)

5

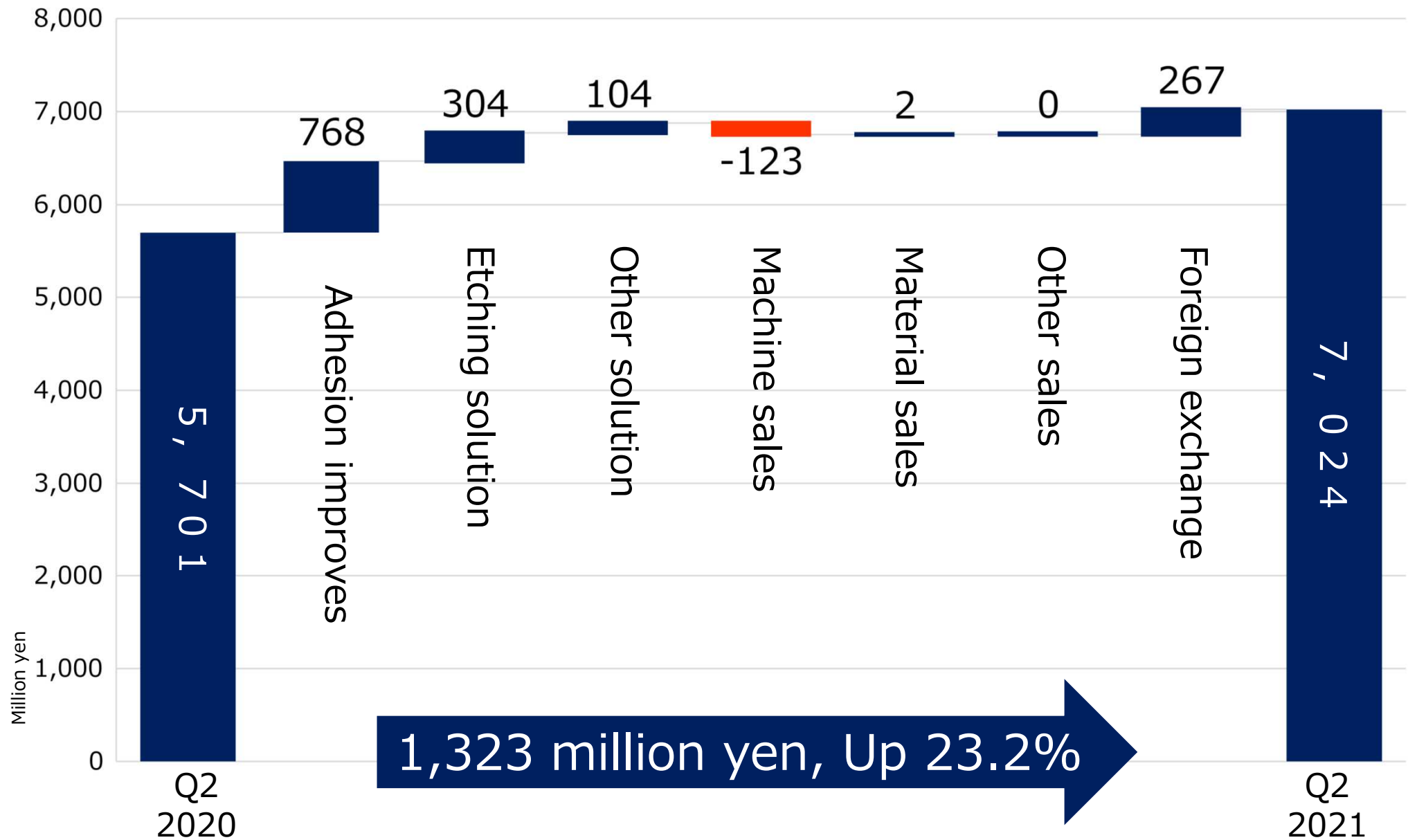
Major products sales (YOY change)  
CZ: Up 29.1%, EXE: 29.0%, V-Bond: 22.8%, SF: 18.0%

# Q2 FYE12/2021 Results

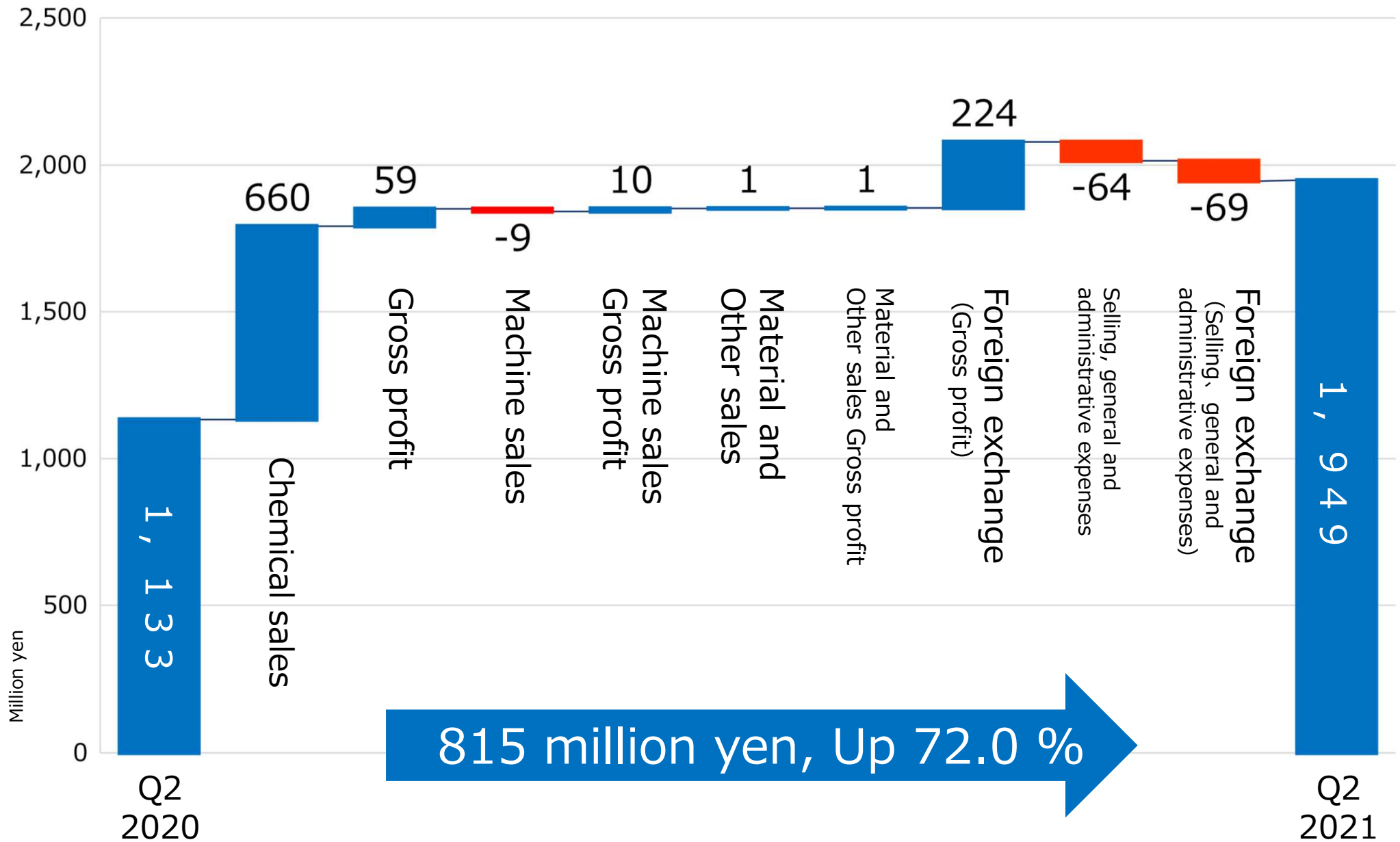
Unit : million yen

	1H						Full-year		
	FYE12.2020		FYE12.2021				FYE12.2020 Results	FYE12.2021	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)	(Forecast)		YOY (%)	
Net sales	5,701	47.7%	7,024	50.2%	1323	23.2%	11,956	14,000	17.1%
Chemical sales	5,491	47.3%	6,933	-	1441	26.3%	11,598	-	-
Gross profit	3,536	47.8%	4,485	-	948	26.8%	7,395	-	-
Gross profit margin	62.0%	-	63.8%	-	-	-	61.9%	-	-
SGA	2,402	47.8%	2,535	-	133	5.5%	5,025	-	-
Sales ratio	42.1%	-	36.1%	-	-	-	42.0%	-	-
Operating income	1,133	47.8%	1,949	55.7%	815	72.0%	2,370	3,500	43.4%
Operating profit margin	19.9%	-	27.8%	-	-	-	19.8%	-	-
Ordinary income	1,126	47.2%	2,023	56.2%	896	79.6%	2,388	3,600	46.5%
Ordinary profit margin	19.8%	-	28.8%	-	-	-	20.0%	-	-
Profit before tax	1,075	46.6%	2,015	-	939	87.4%	2,309	-	-
Net income	794	49.8%	1,466	56.4%	672	84.7%	1,595	2,600	62.9%
Net income per share	41.85	-	77.25	-	-	-	84.09	136.88	-

# Net sales YOY

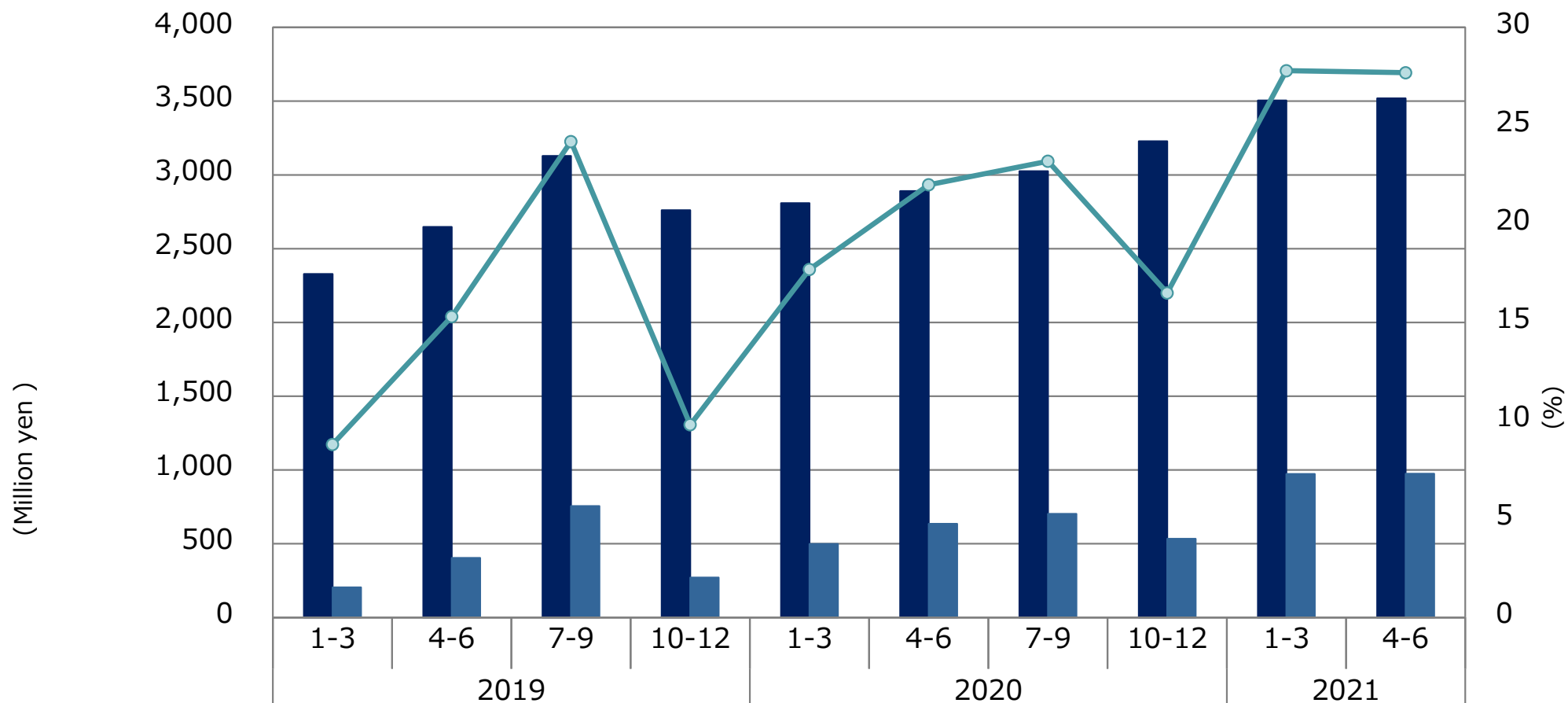


# Operating income YOY



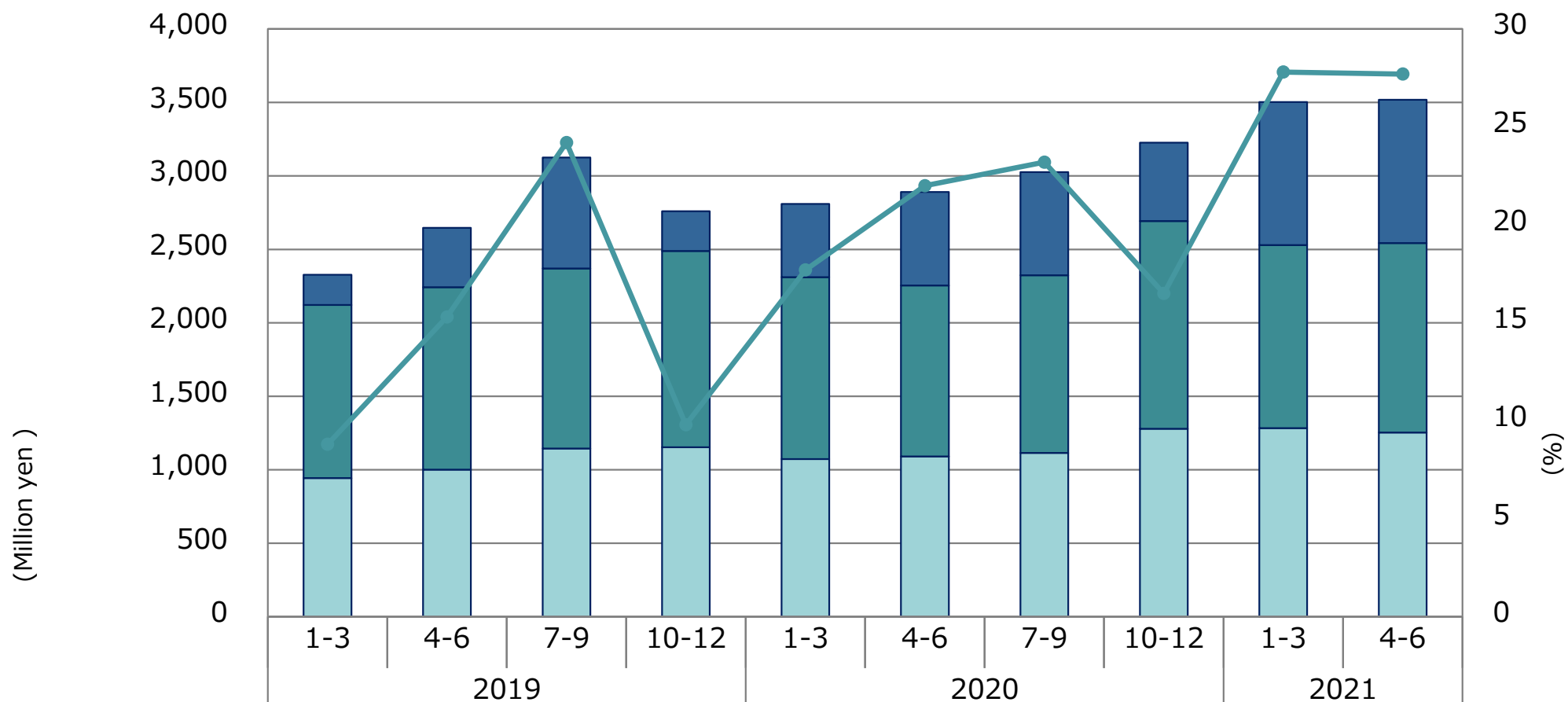


# Quarterly performance: Sales, Operating income, Operating margin (Consolidated)



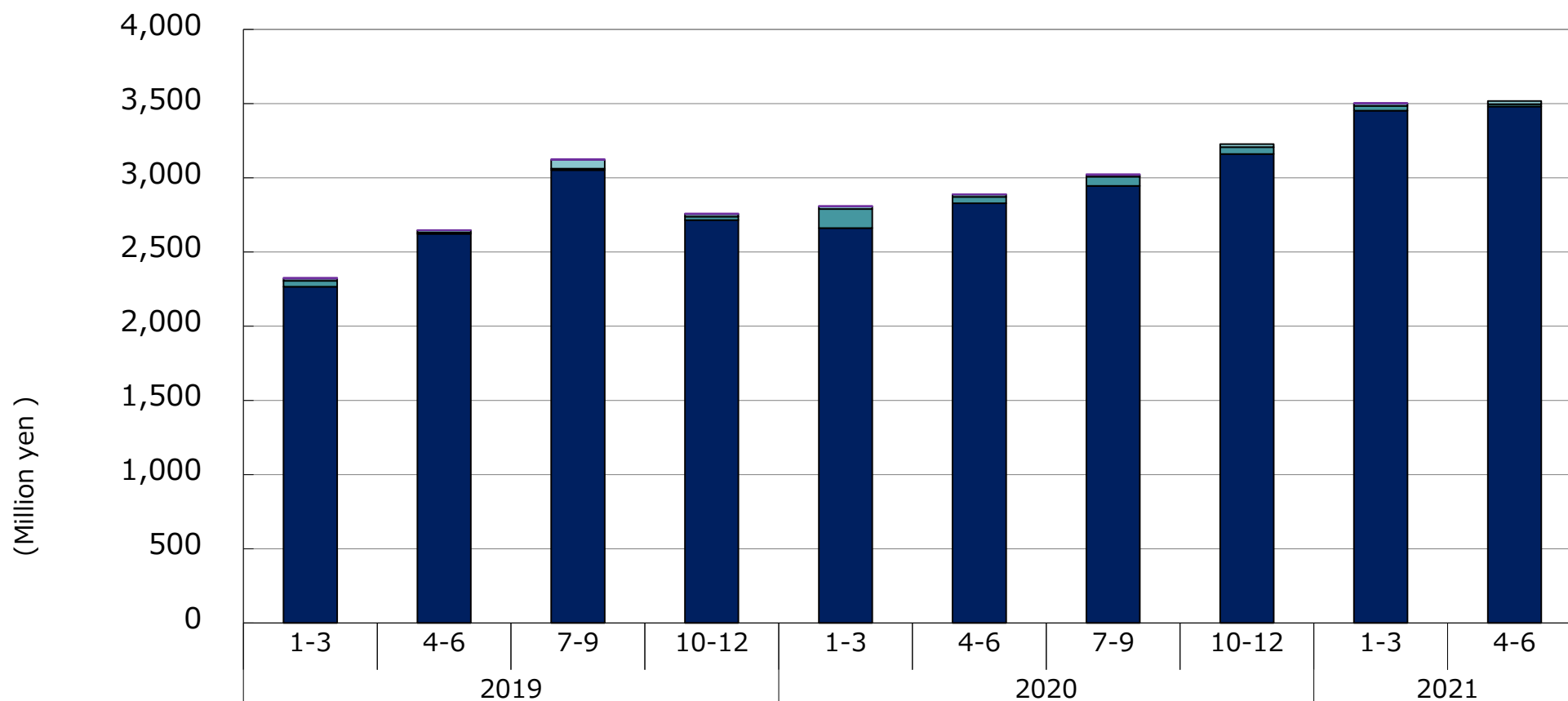
■ Net sales	2,328	2,648	3,128	2,761	2,809	2,891	3,026	3,228	3,505	3,519
■ Operating income	205	404	755	271	498	635	702	533	973	975
● Operating margin	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5	27.8	27.7

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



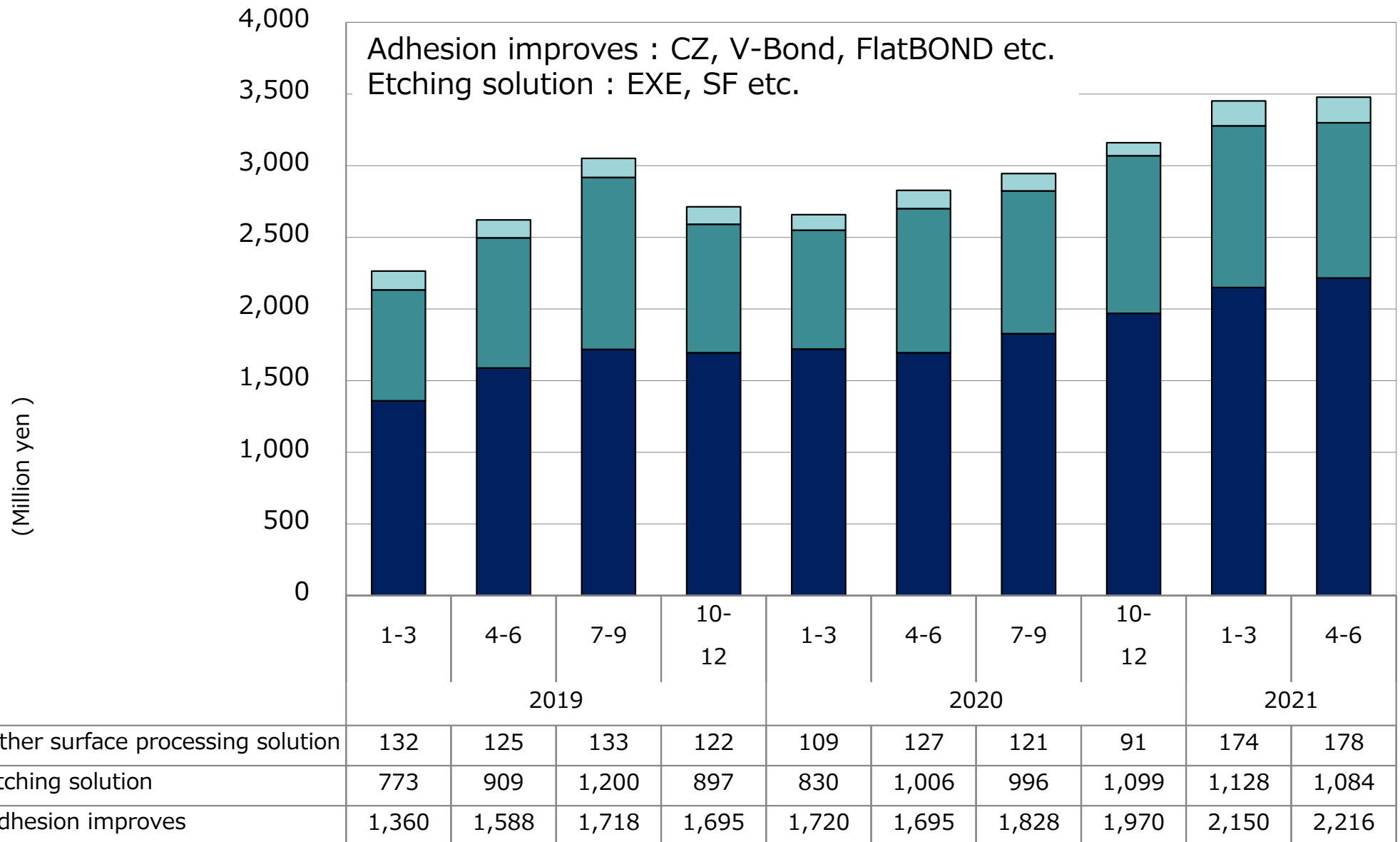
Operating income	205	404	755	271	498	635	702	533	973	975
SGA	1,178	1,242	1,225	1,335	1,238	1,164	1,209	1,413	1,246	1,289
COGS	944	1,001	1,145	1,154	1,073	1,091	1,115	1,280	1,284	1,254
Operating margin	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5	27.8	27.7

# Quarterly performance : Product-specific sales (Consolidated)



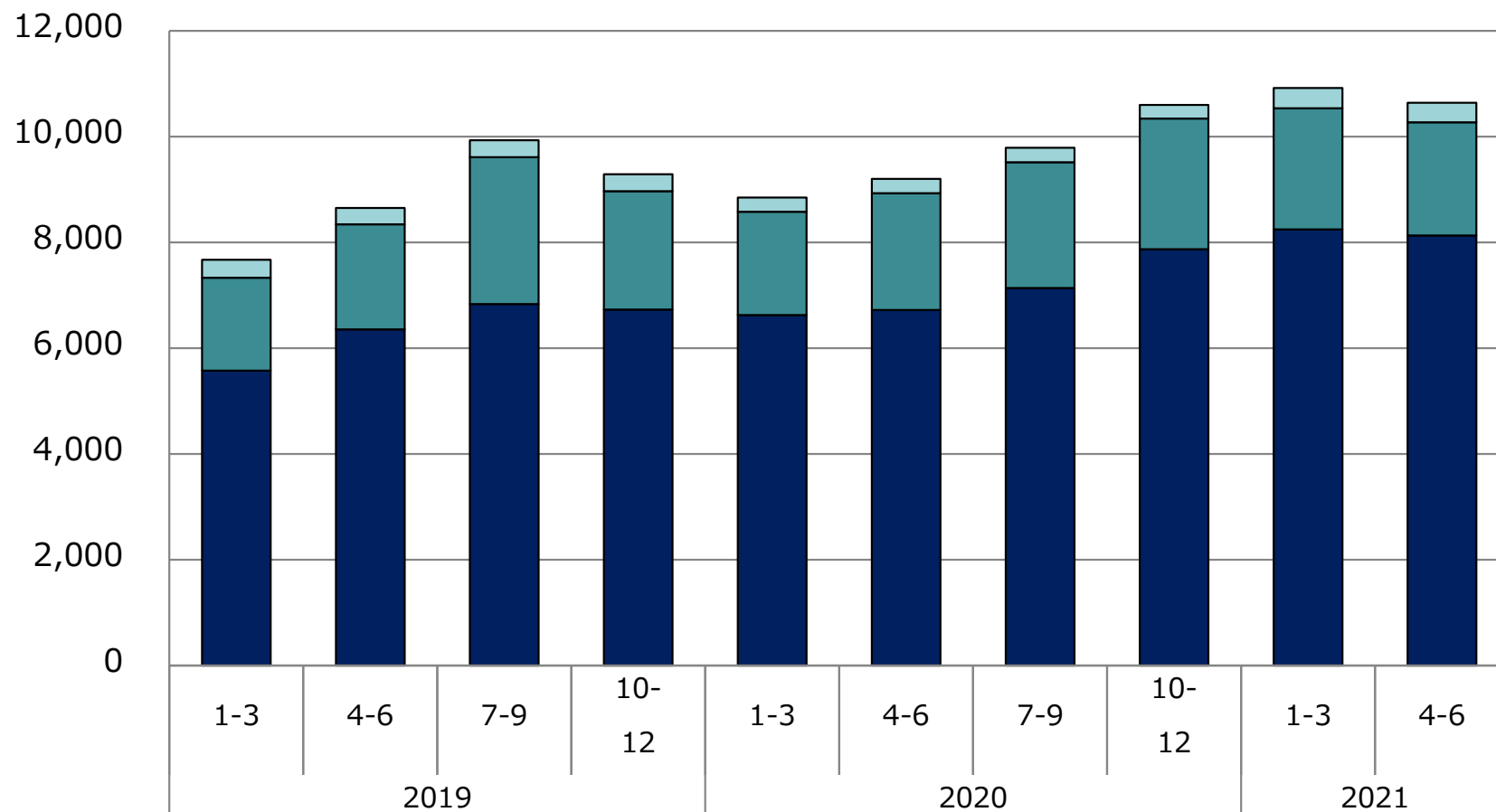
Other	6	1	5	4	4	1	5	0	2	0
Materials for PCBs	15	15	58	17	17	16	12	21	16	21
Equipments for PCBs	40	8	10	24	129	43	62	46	33	16
Chemicals for PCBs	2,266	2,623	3,052	2,715	2,661	2,829	2,946	3,160	3,452	3,480

# Quarterly performance : Chemical sales (Consolidated)



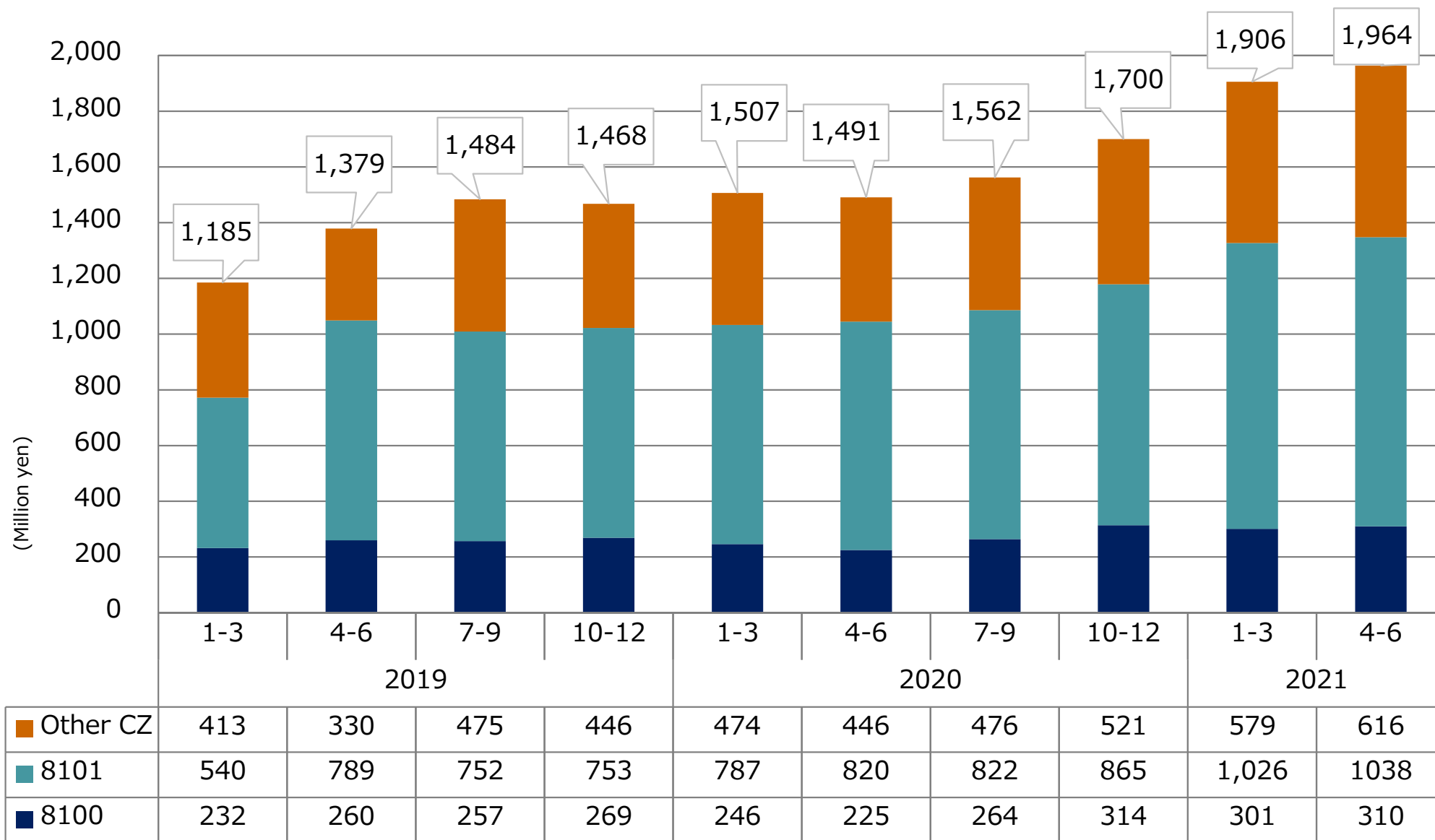
# Quarterly performance : Chemical shipment volume (Consolidated)

(1)

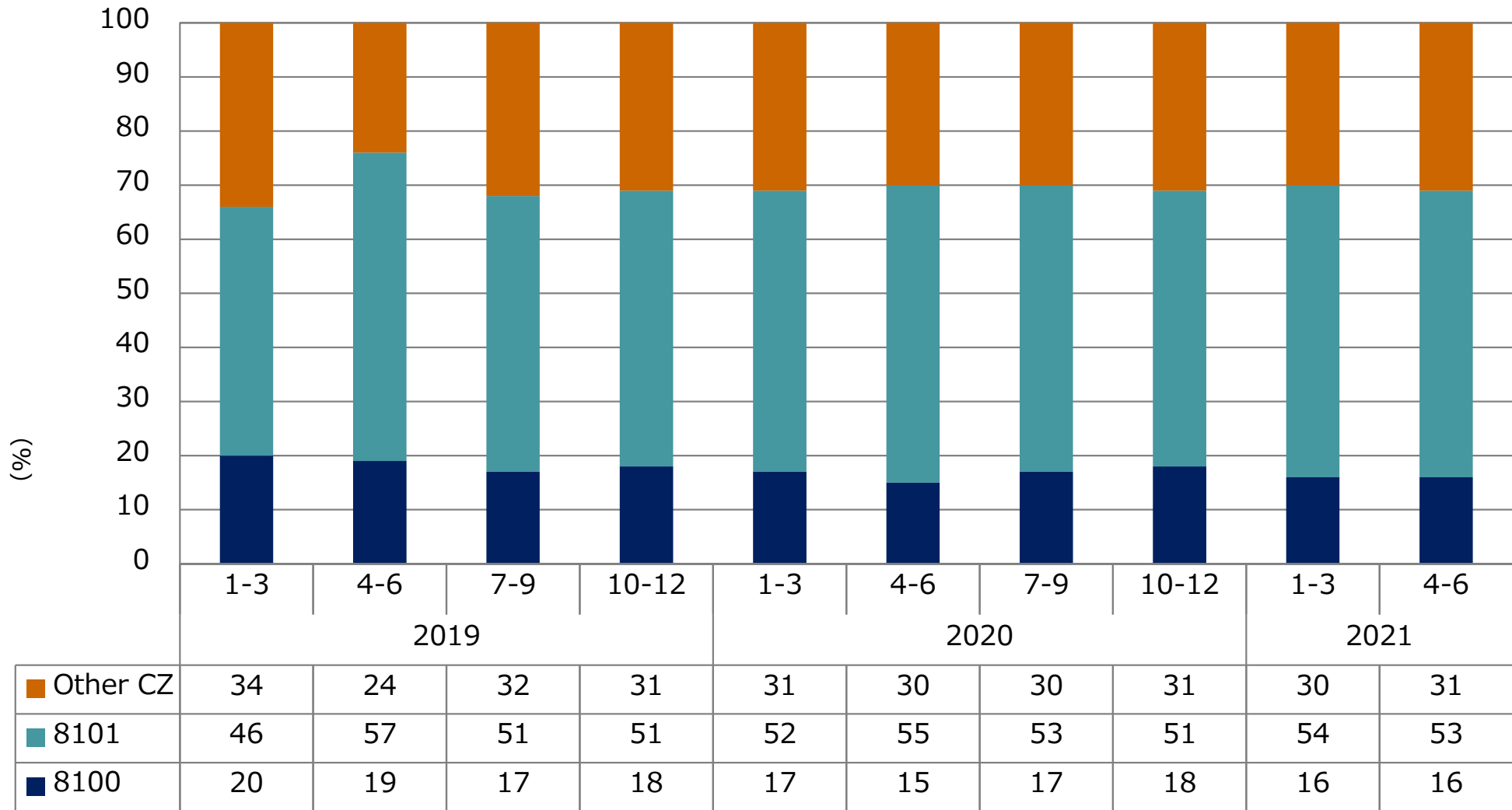


Other surface processing solution	338	310	320	319	267	269	273	257	384	371
Etching solution	1,758	1,986	2,777	2,242	1,955	2,209	2,378	2,471	2,287	2,138
Adhesion improves	5,575	6,356	6,833	6,729	6,626	6,723	7,137	7,871	8,248	8,132

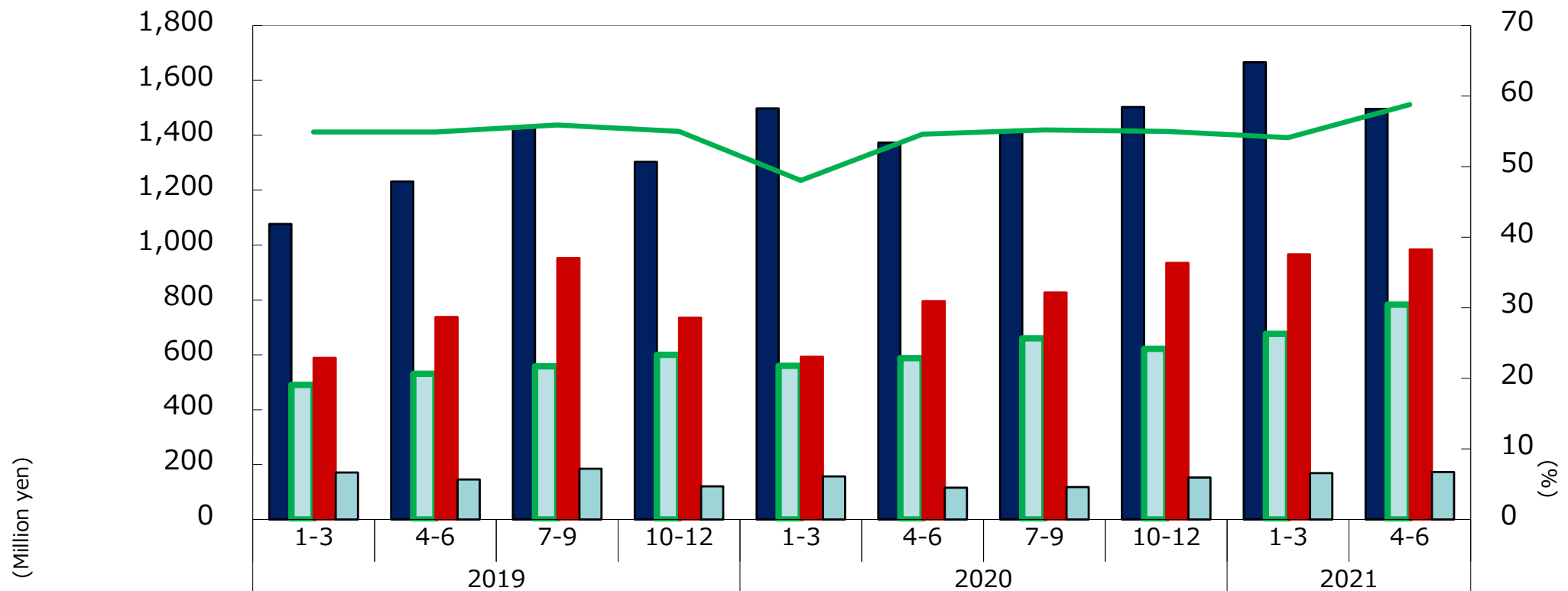
# Quarterly performance : CZ series sales



# Quarterly performance : CZ series sales (Composition ratio)



# Quarterly performance : Region-specific sales and overseas sales ratio



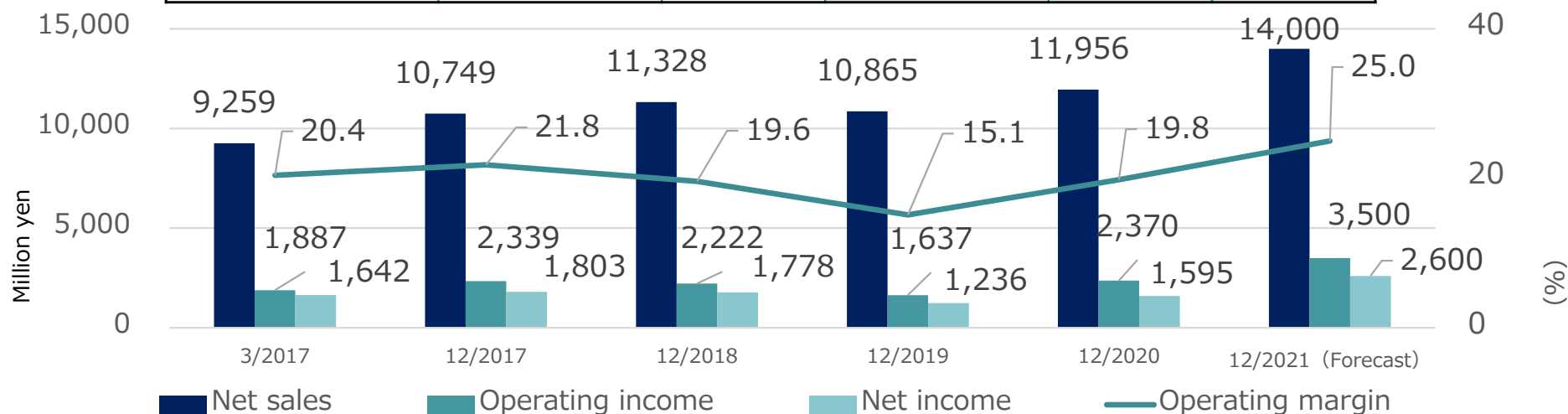
■ Japan	1,077	1,231	1,430	1,303	1,498	1,373	1,410	1,503	1,666	1,496
■ Taiwan	490	531	558	600	560	588	660	622	676	783
■ China	589	738	953	735	593	796	827	935	966	984
■ Europe	171	146	185	121	157	116	118	153	169	173
— Foreign sales ratio	54.9	54.9	55.9	55.0	48.0	54.6	55.2	55.0	54.1	58.8

Overseas sales ratio is 75.7%(same period of the previous year: 76.1%)  
if domestic agents' overseas chemical sales are included.



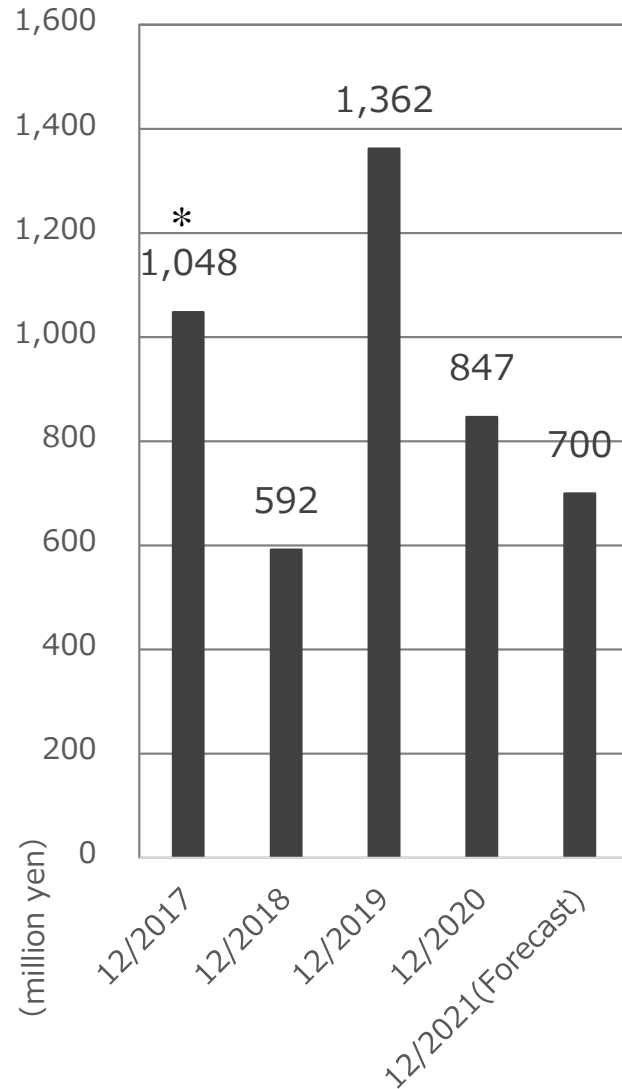
# FYE12/2021 full-year forecast

	FYE12/2020 (52nd term)		FYE12/2021 (53th term) Revised on August 10, 2021		
	Full-year		Full-year		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	<b>11,956</b>	-	<b>14,000</b>	-	<b>17.1</b>
Operating income	<b>2,370</b>	<b>19.8</b>	<b>3,500</b>	<b>25.0</b>	<b>47.7</b>
Ordinary income	<b>2,388</b>	<b>20.0</b>	<b>3,600</b>	<b>25.7</b>	<b>50.7</b>
Net income	<b>1,595</b>	<b>13.3</b>	<b>2,600</b>	<b>18.6</b>	<b>62.9</b>
Net income per share(yen)	<b>84.09</b>	-	<b>136.88</b>	-	-

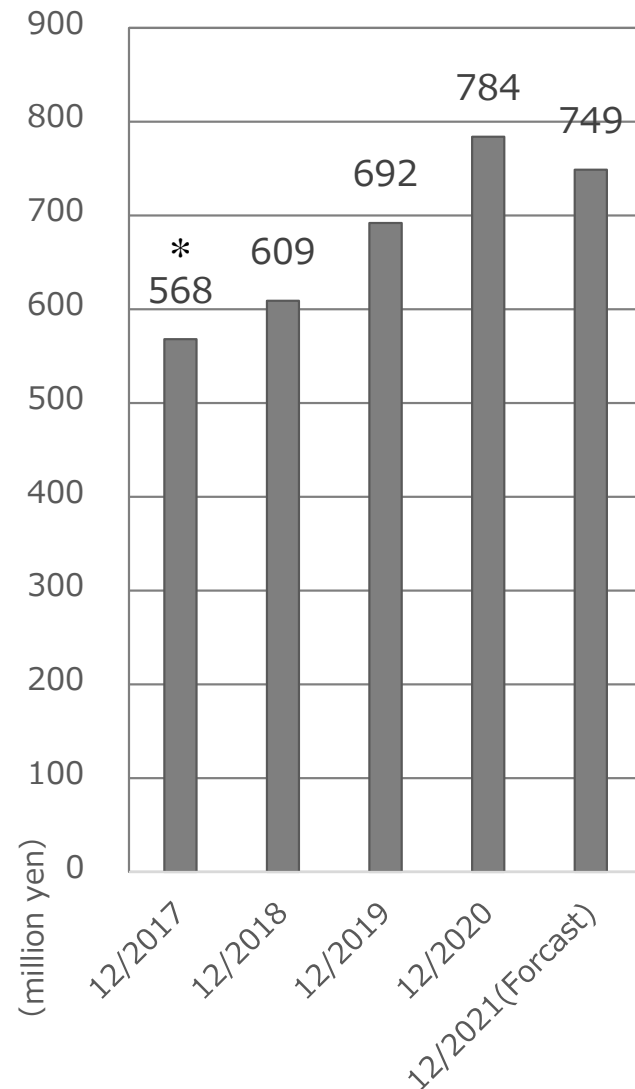


# Capital investment, Depreciation expenses and R&D expenses

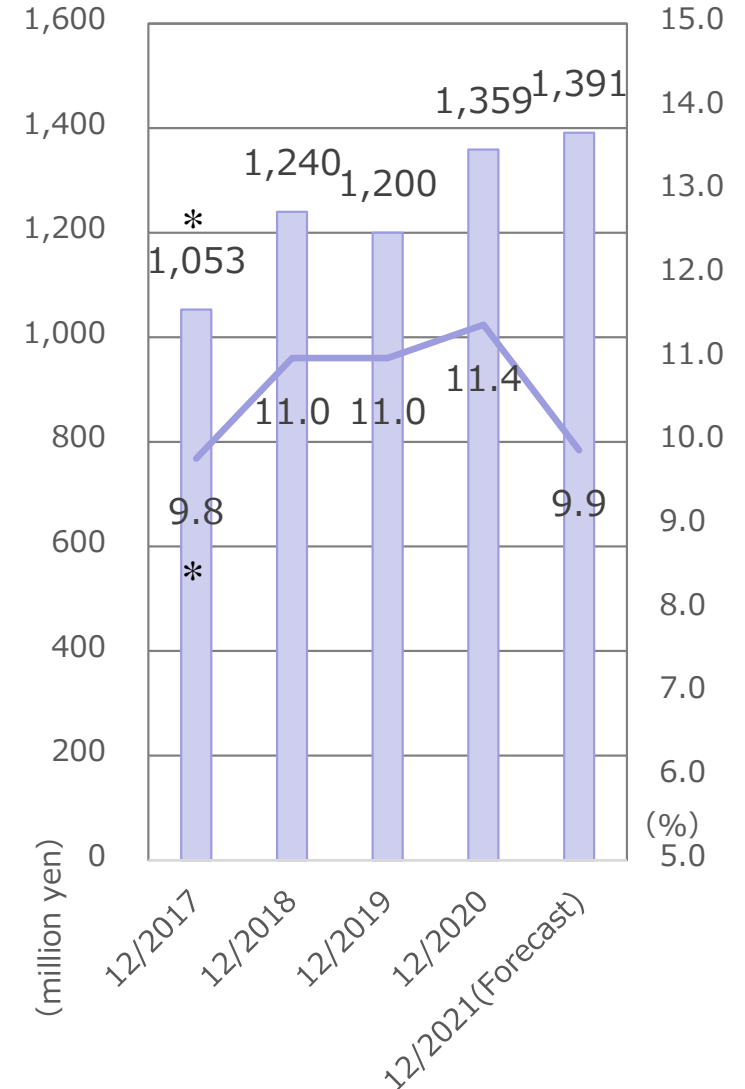
Capital investment



Depreciation expenses



R&D expenses and Ratio of consolidated sales



\*Converted

# Dividend, payout ratio and ROE

## Dividend policy

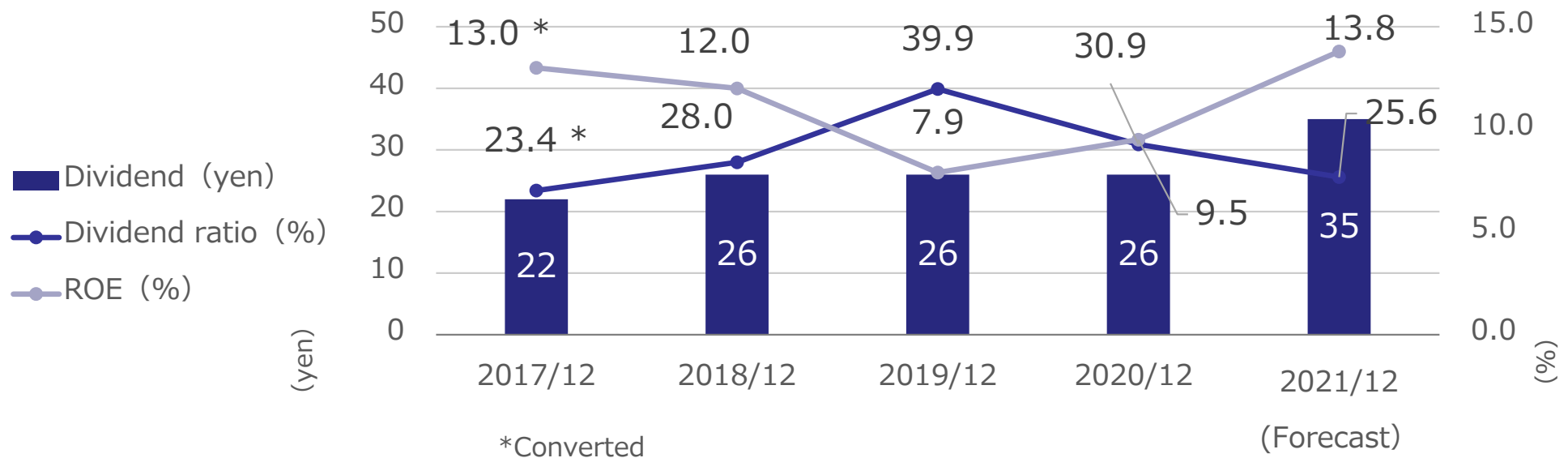
Medium-term goal  
(consolidated payout ratio)  
**30%**

## Dividend (Forecast)

**35.0 yen**

Q2 14 yen  
Q4 21 yen

## Dividend / Dividend ratio



# ESG-H effort

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## 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

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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

# *Creating and Fostering Value at Various Interfaces*



## ■ Contact ■

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