
Financial Results Briefing for Q3 FYE 12/2021

November 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)	14,000	3,500	3,600	2,600	136.88
Forecast revised this time(B)	14,600	3,750	3,850	2,750	144.78
Difference(B-A)	600	250	250	150	
Percentage change (%)	4.3	7.1	6.9	5.8	
(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

Q3 FYE12/2021 Key factors

Assumed/actual exchange rate

1

JPY to NTD Assumed rate: 3.62 yen / Actual rate: 3.88 yen (previous year was 3.61 yen)
JPY to RMB Assumed rate: 15.44 yen / Actual rate: 16.78 yen (previous year was 15.34 yen)
JPY to EUR Assumed rate: 122.00 yen / Actual rate: 129.96 yen (previous year was 121.25 yen)
JPY to THB Assumed rate: 3.42 yen / Actual rate: 3.45 yen (previous year was 3.42 yen)
JPY to USD Assumed rate: 103.50 yen / Actual rate: 108.57 yen (previous year was 107.46 yen)

2

Sales: 11,157 million yen (YOY change: Up 27.8%)
Operating income: 3,152 million yen (YOY change: Up 71.7%)

3

Exchange rate impact (YOY change)
Sales: Up 466 million yen,
Operating income: Up 295 million yen.

4

Chemicals
Sales: 10,941 million yen (YOY change: Up 29.7%)
Shipments: 33,590 t (YOY change: Up 20.5%)

5

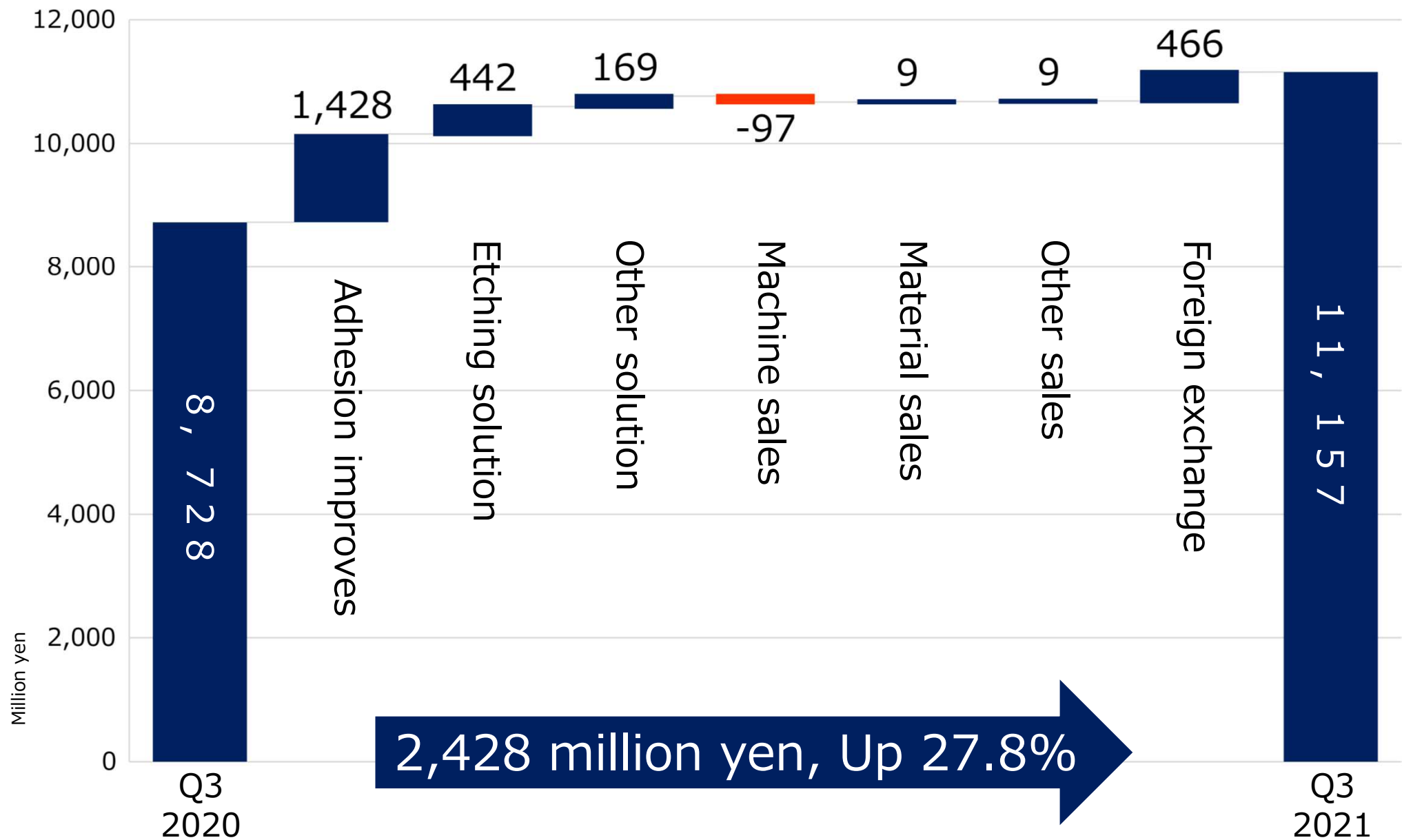
Major products sales (YOY change)
CZ: Up 35.6%, EXE: Up 32.6%, V-Bond: Up 23.7%, SF: Up 16.6%

Q3 FYE12/2021 Results

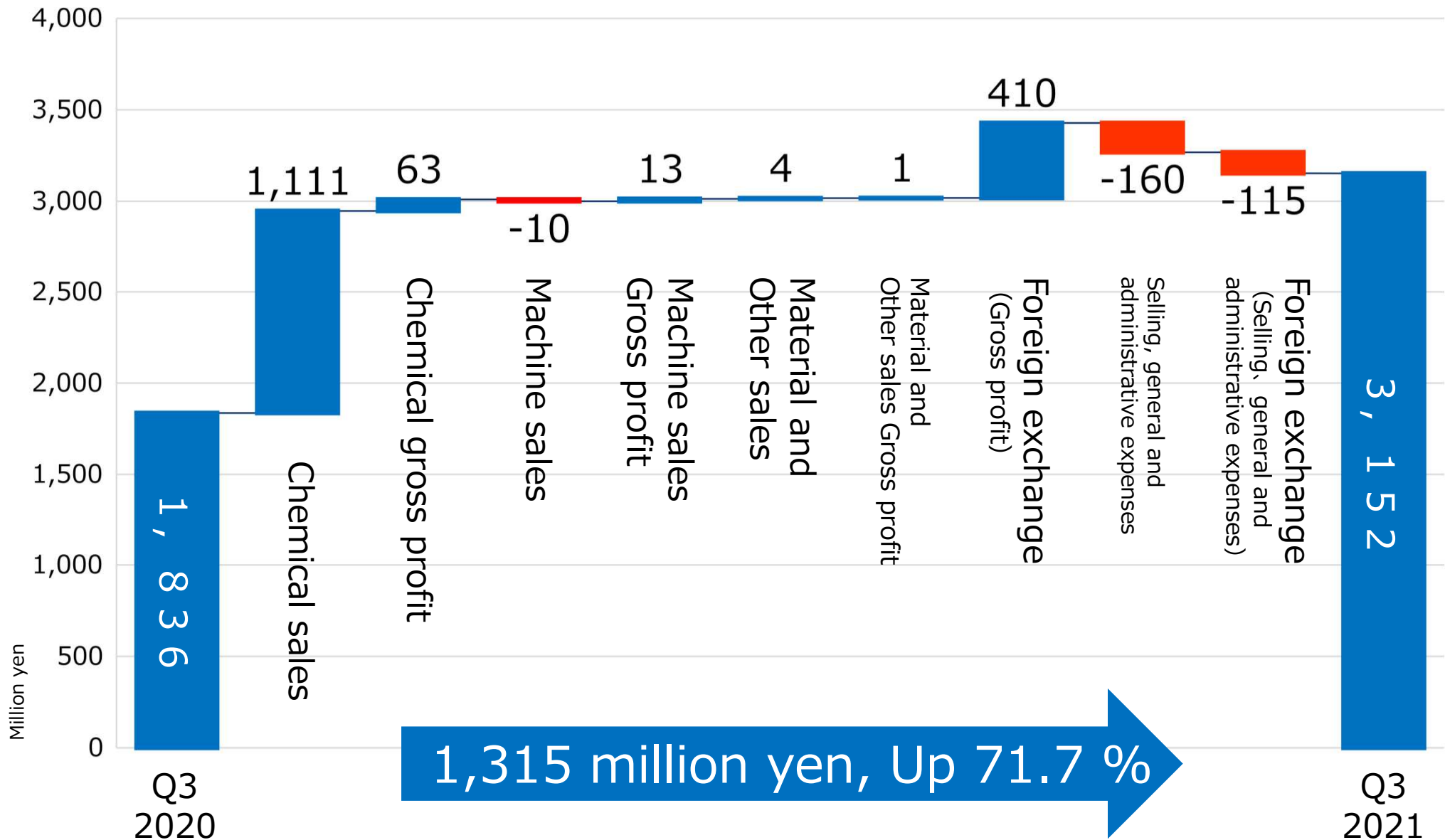
Unit : million yen

	Q3						Full-year		
	FYE12.2020		FYE12.2021				FYE12.2020 Results	FYE12.2021	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)	(Forecast)		YOY (%)	
Net sales	8,728	73.0%	11,157	76.4%	2,428	27.8%	11,956	14,600	22.1%
Chemical sales	8,438	72.8%	10,941	-	2,503	29.7%	11,598	-	-
Gross profit	5,447	73.7%	7,039	-	1,591	29.2%	7,395	-	-
Gross profit margin	62.4%	-	63.1%	-	-	-	61.9%	-	-
SG&A	3,611	71.9%	3,887	-	276	7.6%	5,025	-	-
Sales ratio	41.4%	-	34.8%	-	-	-	42.0%	-	-
Operating income	1,836	77.5%	3,152	84.1%	1,315	71.7%	2,370	3,750	58.2%
Operating profit margin	21.0%	-	28.3%	-	-	-	19.8%	-	-
Ordinary income	1,819	76.2%	3,220	83.6%	1,400	77.0%	2,388	3,850	61.2%
Ordinary profit margin	20.8%	-	28.9%	-	-	-	20.0%	-	-
Profit before tax	1,757	76.1%	3,210	-	1,453	82.7%	2,309	-	-
Net income	1,196	75.0%	2,284	83.1%	1,088	91.0%	1,595	2,750	72.3%
Net income per share	63.03	-	120.30	-	-	-	84.09	144.78	-

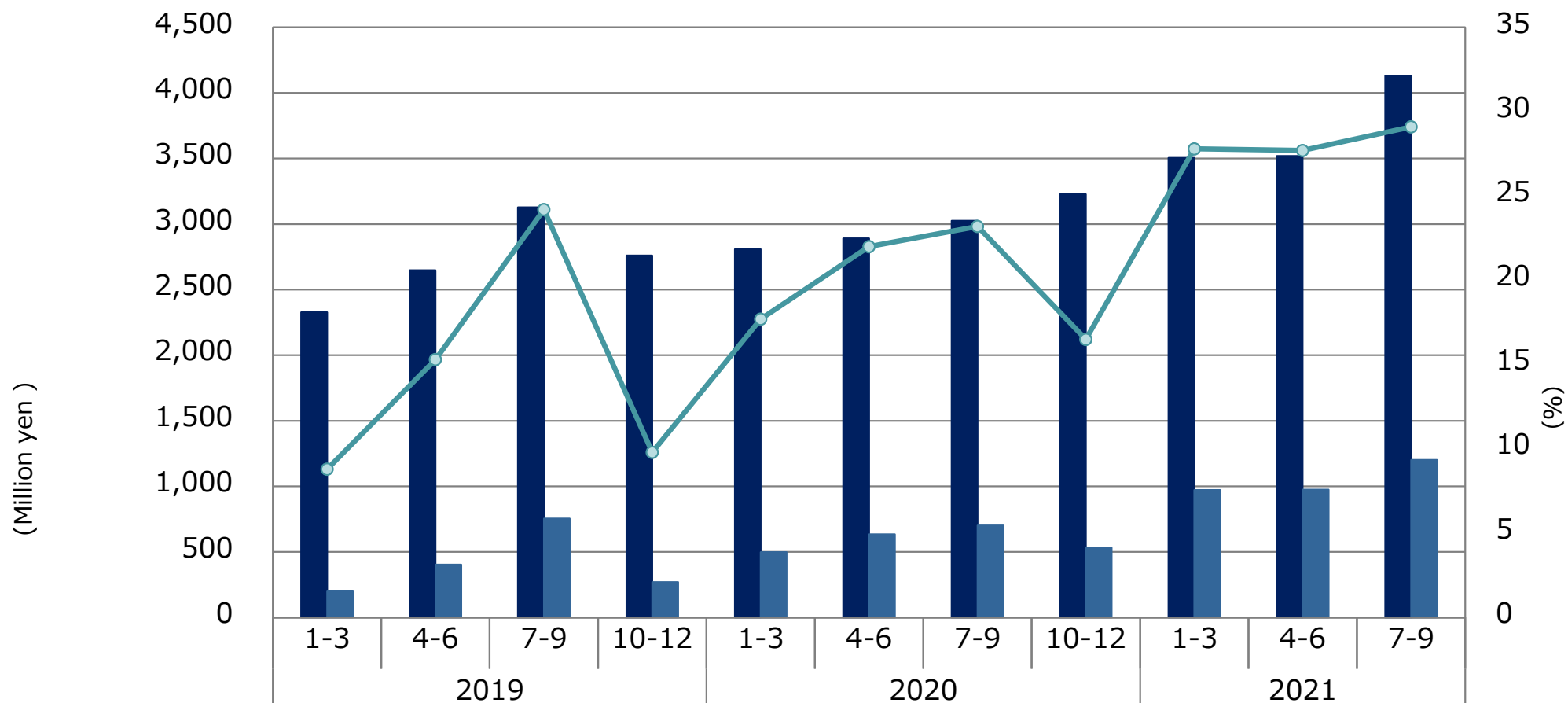
Net sales YOY



Operating income YOY

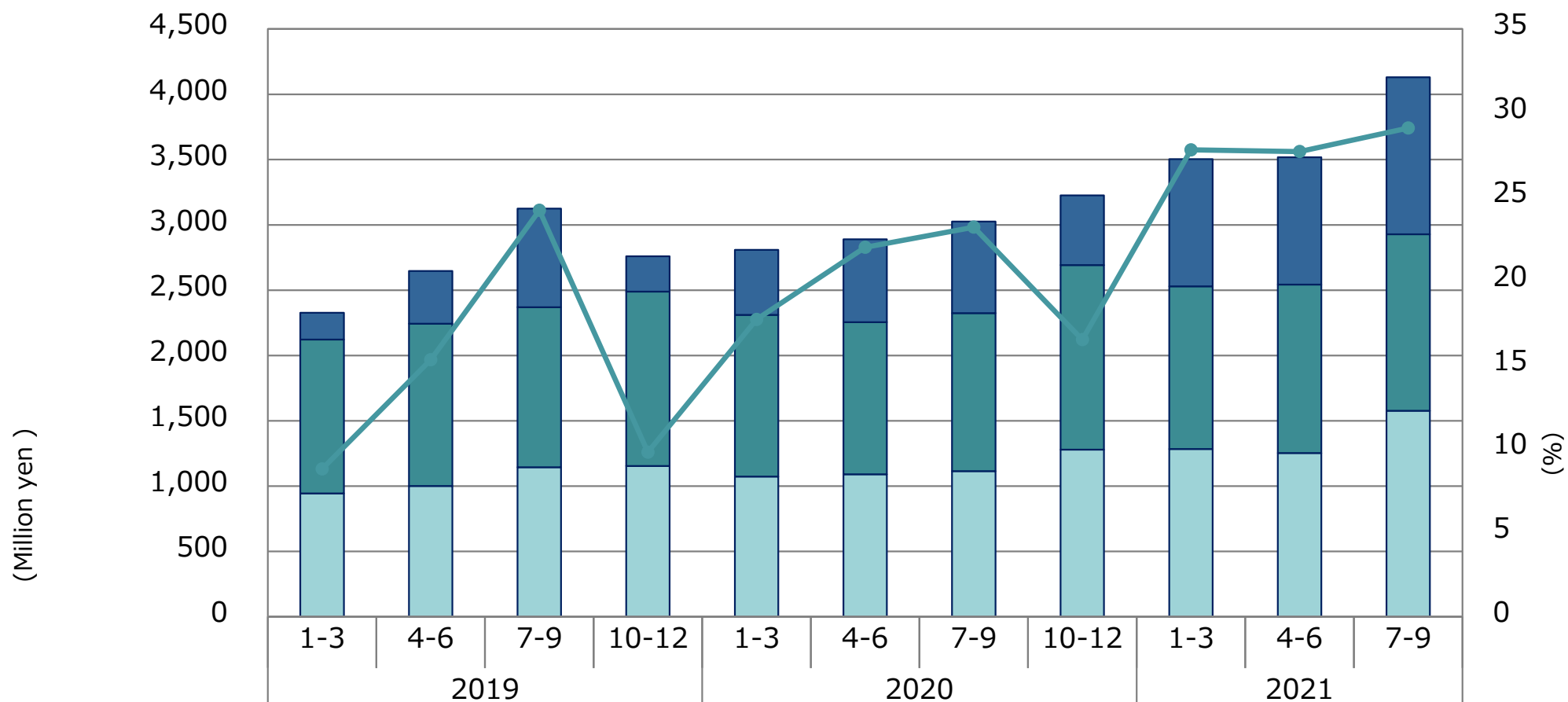


Quarterly performance: Sales, Operating income, Operating margin (Consolidated)



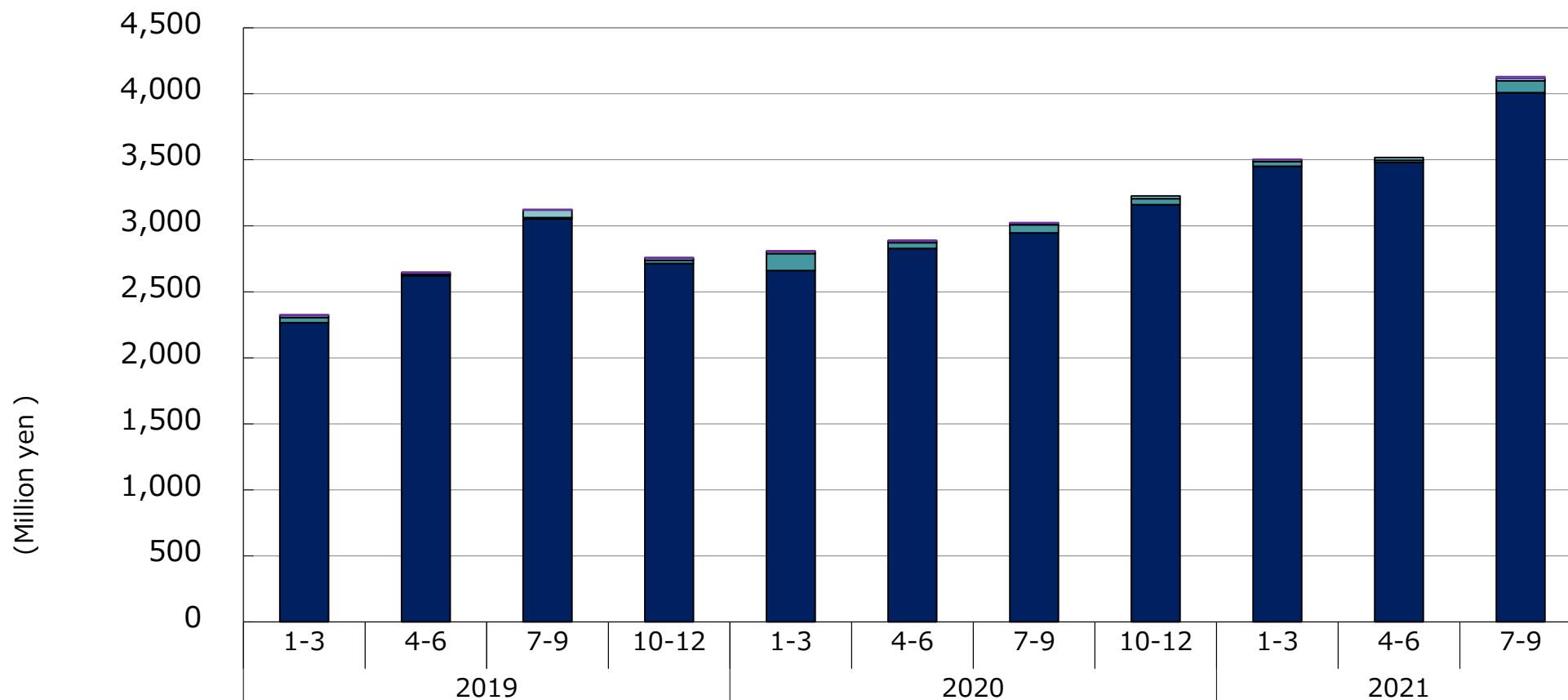
■ Net sales	2,328	2,648	3,128	2,761	2,809	2,891	3,026	3,228	3,505	3,519	4,132
■ Operating income	205	404	755	271	498	635	702	533	973	975	1,202
—○— Operating margin	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5	27.8	27.7	29.1

Quarterly composition: Operating income, SG&A, CODS (Consolidated)



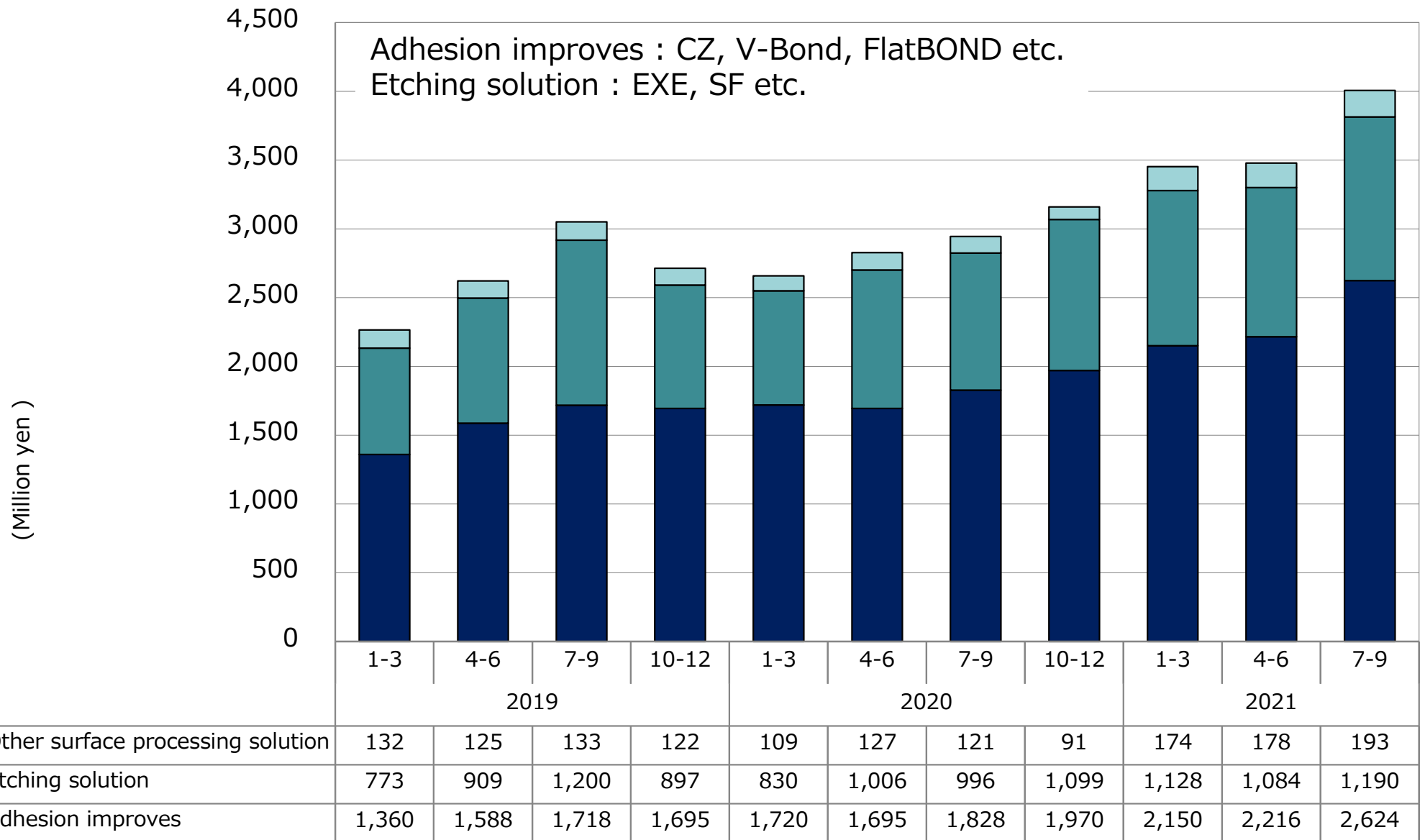
Operating income	205	404	755	271	498	635	702	533	973	975	1,202
SGA	1,178	1,242	1,225	1,335	1,238	1,164	1,209	1,413	1,246	1,289	1,352
COGS	944	1,001	1,145	1,154	1,073	1,091	1,115	1,280	1,284	1,254	1,577
Operating margin	8.8	15.3	24.2	9.8	17.7	22.0	23.2	16.5	27.8	27.7	29.1

Quarterly performance : Product-specific sales (Consolidated)



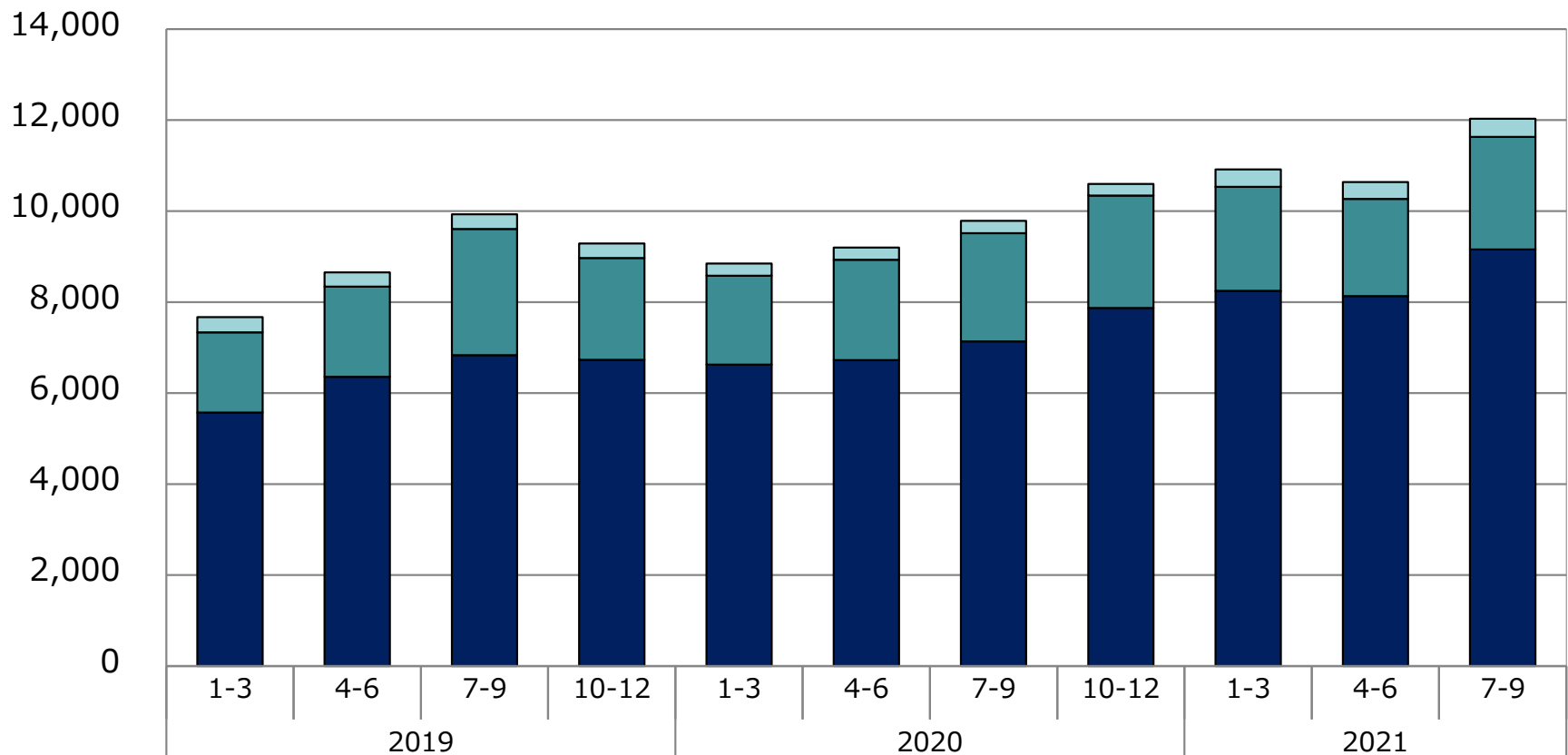
Other	6	1	5	4	4	1	5	0	2	0	13
Materials for PCBs	15	15	58	17	17	16	12	21	16	21	19
Equipments for PCBs	40	8	10	24	129	43	62	46	33	16	90
Chemicals for PCBs	2,266	2,623	3,052	2,715	2,661	2,829	2,946	3,160	3,452	3,480	4,008

Quarterly performance : Chemical sales (Consolidated)



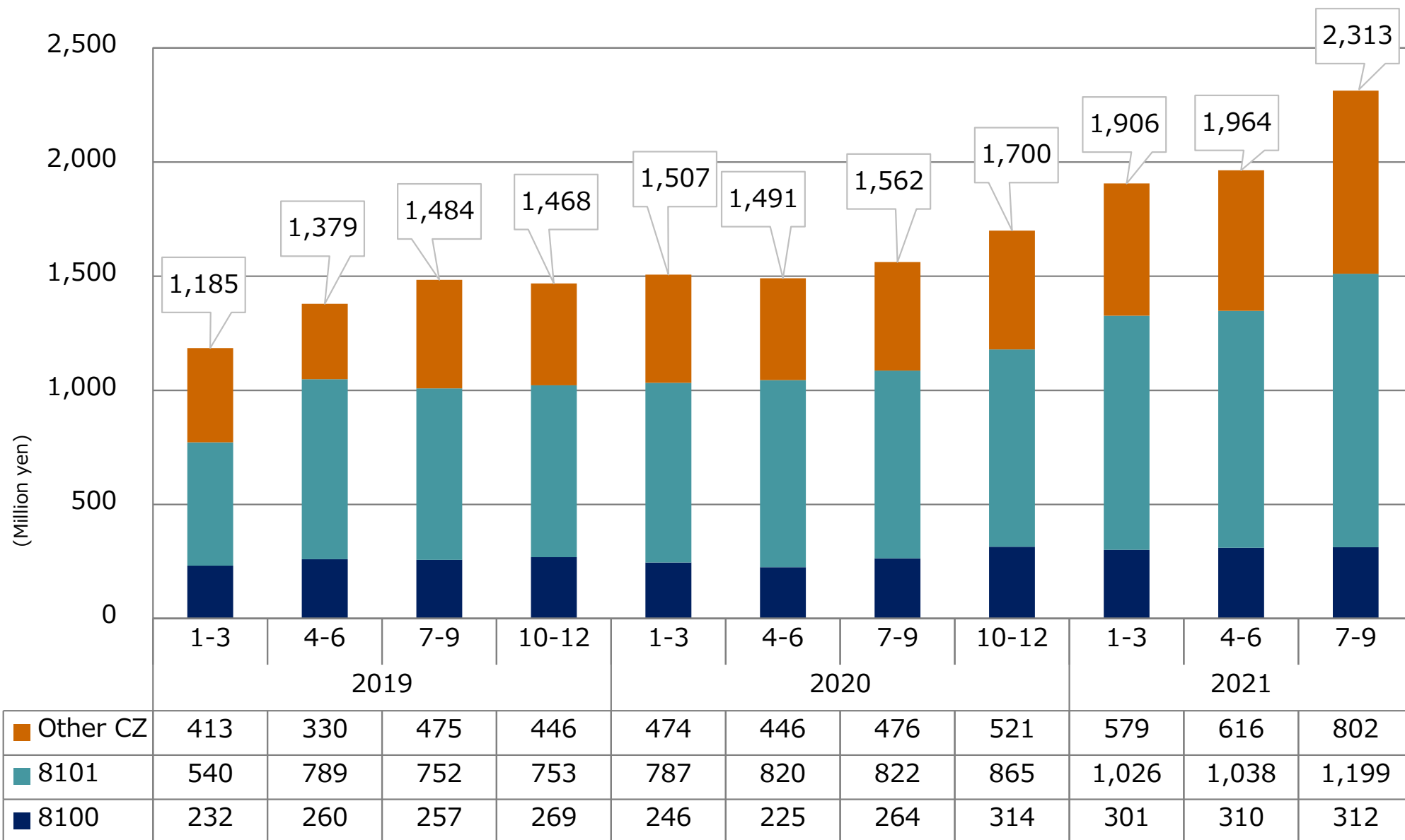
Quarterly performance : Chemical shipment volume (Consolidated)

(1)

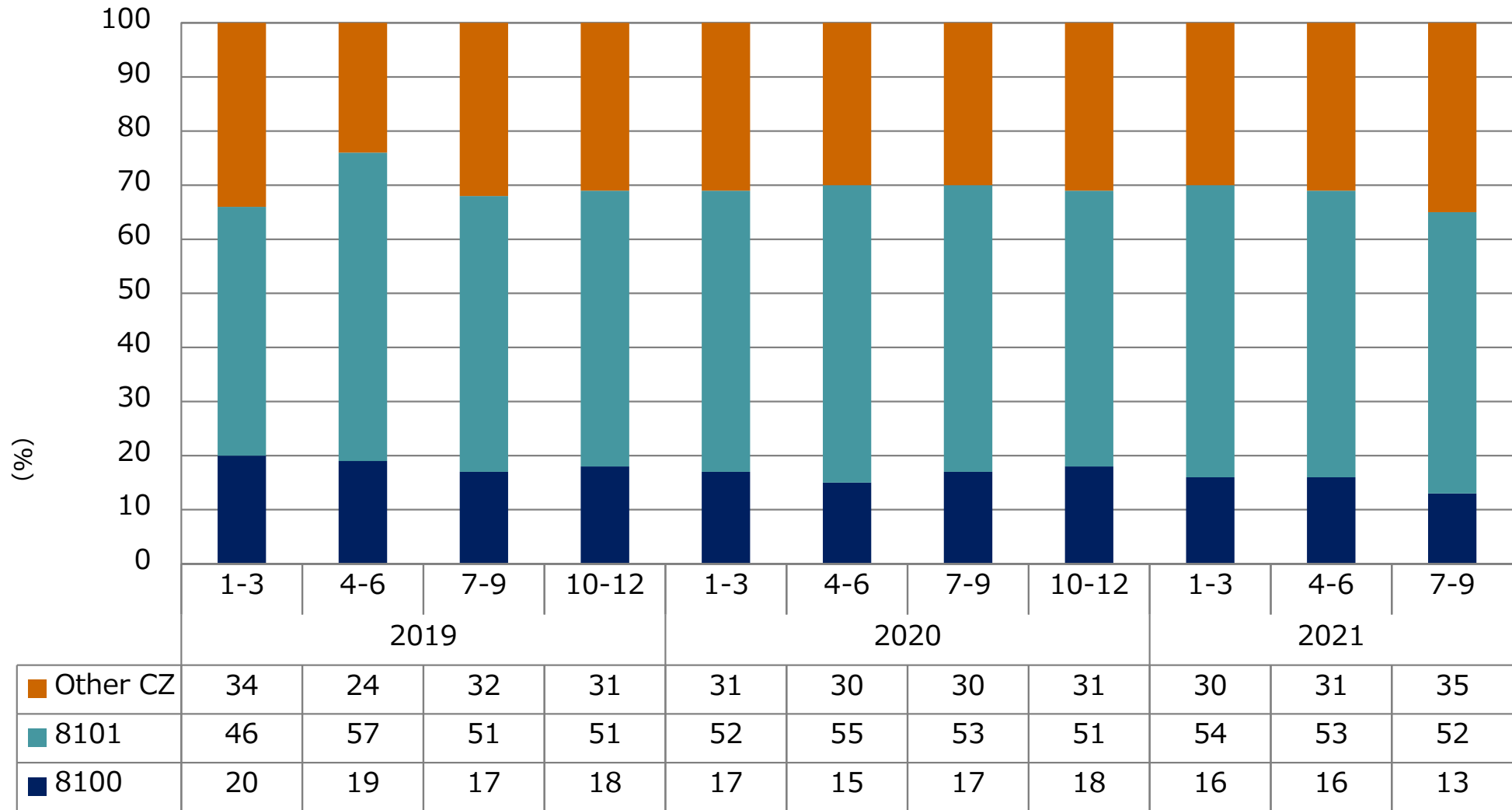


Other surface processing solution	338	310	320	319	267	269	273	257	384	371	402
Etching solution	1,758	1,986	2,777	2,242	1,955	2,209	2,378	2,471	2,287	2,138	2,470
Adhesion improves	5,575	6,356	6,833	6,729	6,626	6,723	7,137	7,871	8,248	8,132	9,159

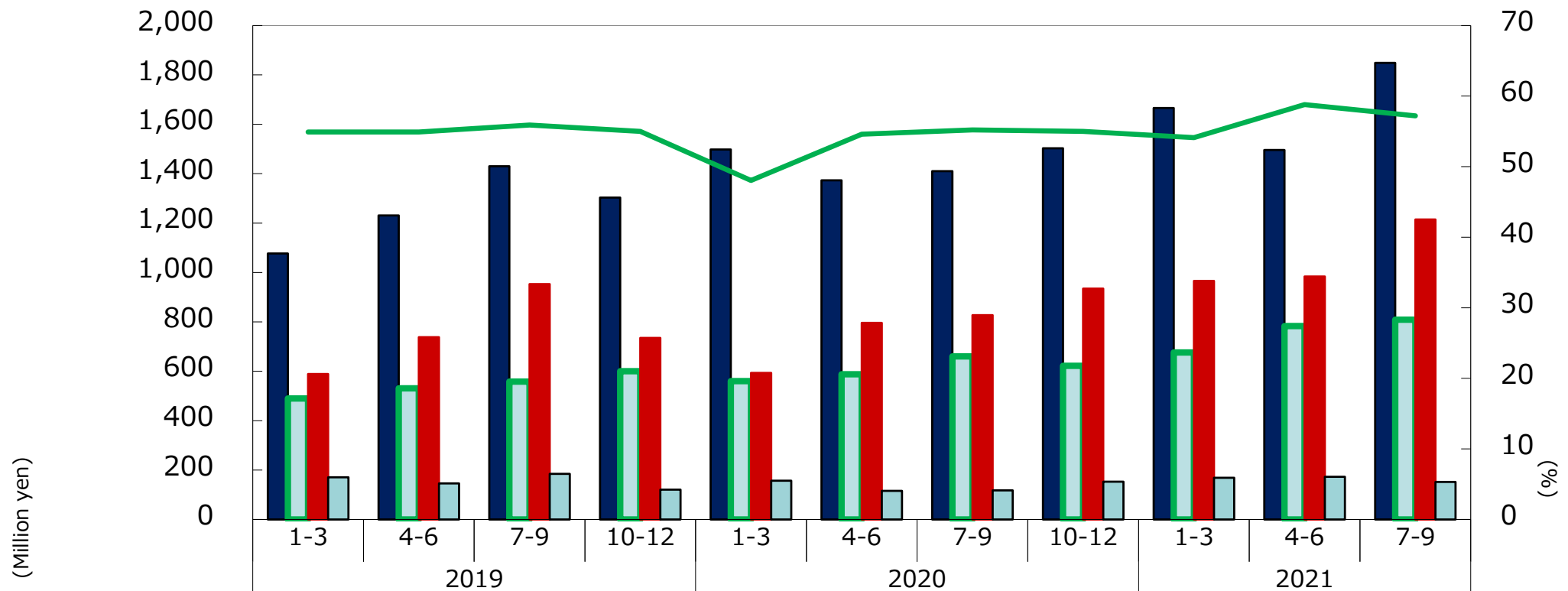
Quarterly performance : CZ series sales



Quarterly performance : CZ series sales (Composition ratio)



Quarterly performance : Region-specific sales and overseas sales ratio

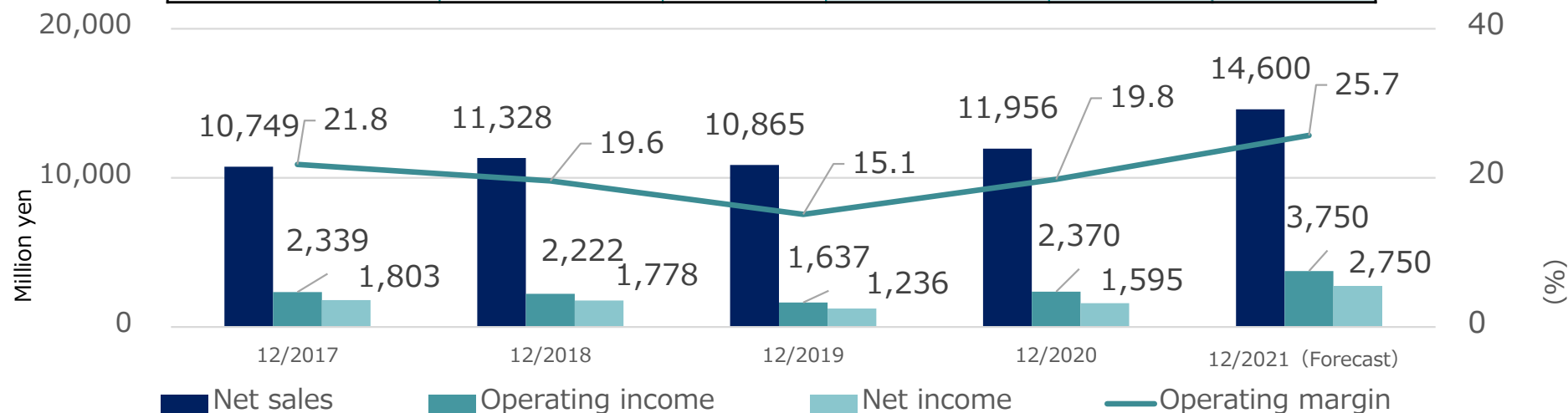


■ Japan	1,077	1,231	1,430	1,303	1,498	1,373	1,410	1,503	1,666	1,496	1,849
■ Taiwan	490	531	558	600	560	588	660	622	676	783	809
■ China	589	738	953	735	593	796	827	935	966	984	1,215
■ Europe	171	146	185	121	157	116	118	153	169	173	152
— Foreign sales ratio	54.9	54.9	55.9	55.0	48.0	54.6	55.2	55.0	54.1	58.8	57.2

Overseas sales ratio is 77.3%(same period of the previous year: 74.5%)
if domestic agents' overseas chemical sales are included.

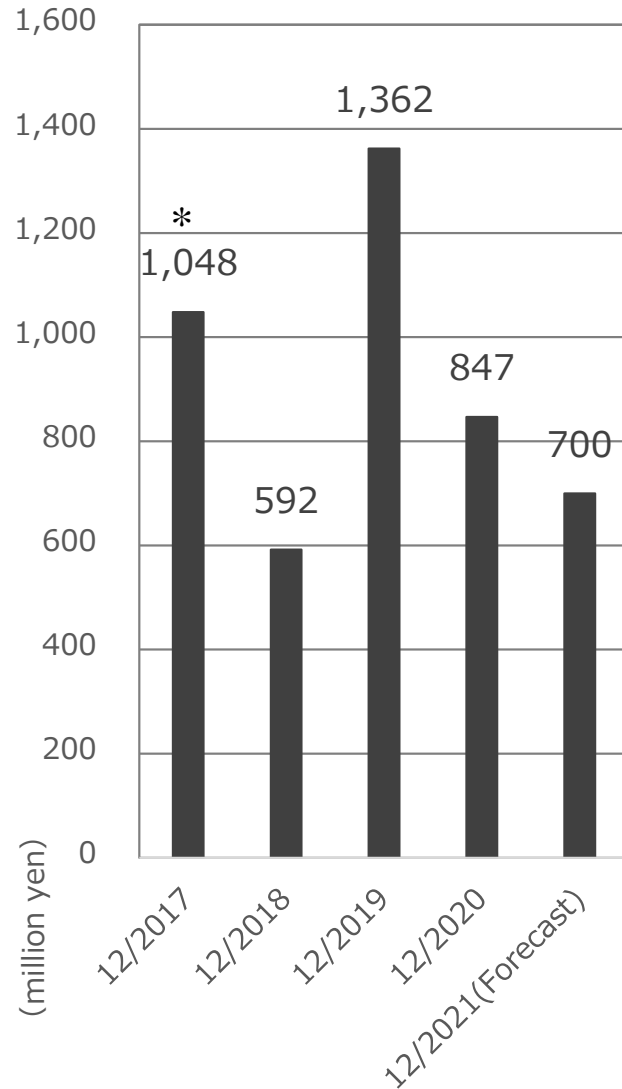
FYE12/2021 full-year forecast

	FYE12/2020 (52nd term)		FYE12/2021 (53rd term) Revised on November 10, 2021		
	Full-year		Full-year		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	11,956	-	14,600	-	22.1
Operating income	2,370	19.8	3,750	25.7	58.2
Ordinary income	2,388	20.0	3,850	26.4	61.2
Net income	1,595	13.3	2,750	18.8	72.3
Net income per share(yen)	84.09	-	144.78	-	-

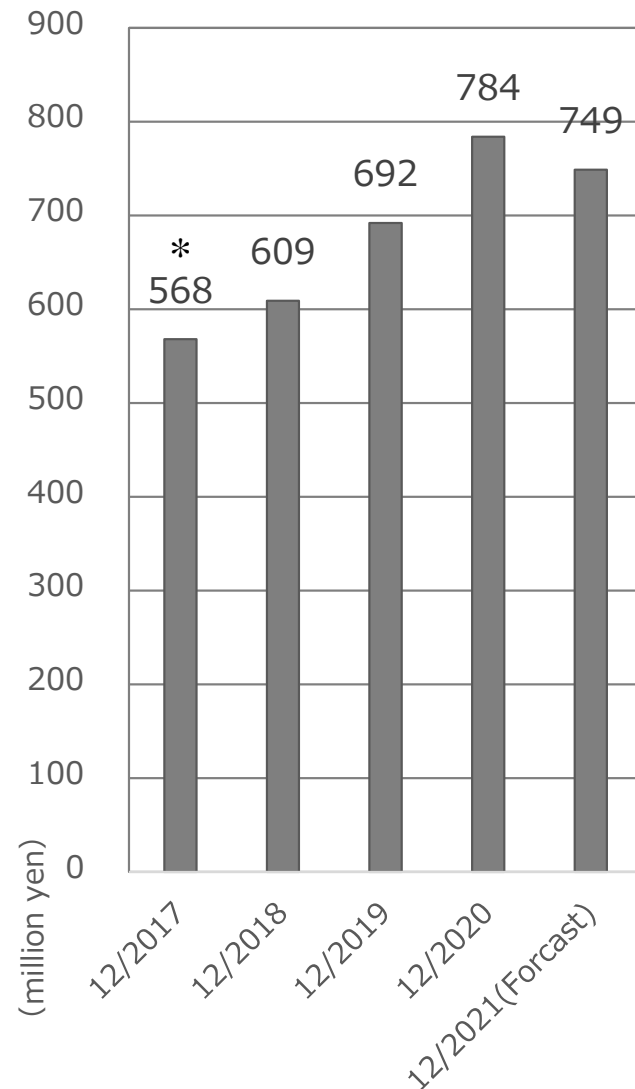


Capital investment, Depreciation expenses and R&D expenses

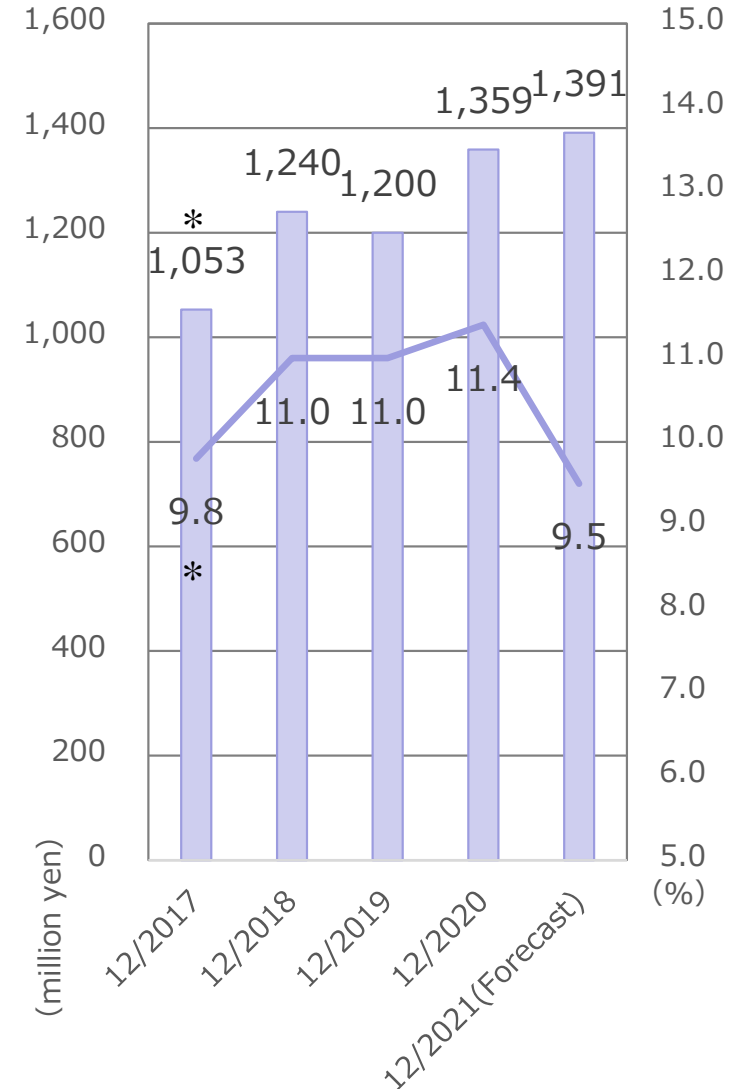
Capital investment



Depreciation expenses



R&D expenses and Ratio of consolidated sales



*Converted

Dividend, payout ratio and ROE

Dividend policy

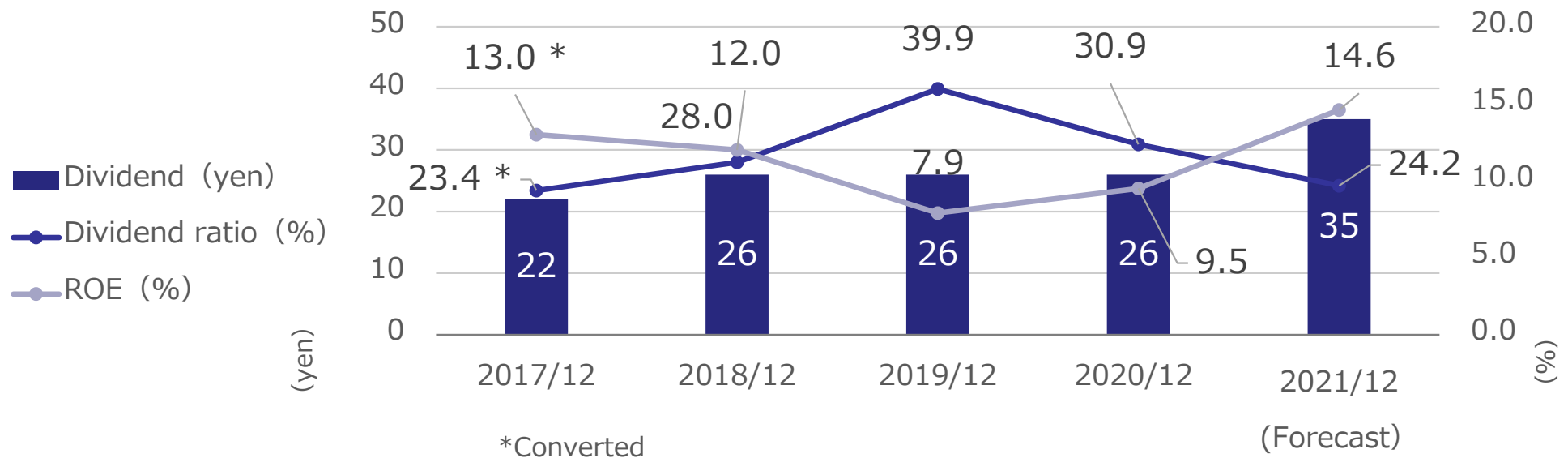
Medium-term goal
(consolidated payout ratio)
30%

Dividend (Forecast)

35.0 yen

Q2 end 14 yen
Fiscal year-end 21 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