
Financial Results Briefing for FYE 12/2021

February 14, 2022

 **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

FYE12/2021 Key factors

Assumed/actual exchange rate

| | | | |
|----------|--------------------------|---------------------------|---|
| 1 | JPY to NTD Assumed rate: | 3.62 yen / Actual rate: | 3.93 yen (previous year was 3.62 yen) |
| | JPY to RMB Assumed rate: | 15.44 yen / Actual rate: | 17.04 yen (previous year was 15.44 yen) |
| | JPY to EUR Assumed rate: | 122.00 yen / Actual rate: | 130.11 yen (previous year was 122.00 yen) |
| | JPY to THB Assumed rate: | 3.42 yen / Actual rate: | 3.44 yen (previous year was 3.42 yen) |
| | JPY to USD Assumed rate: | 103.50 yen / Actual rate: | 109.86 yen (previous year was 106.66 yen) |

2 Sales: 15,038 million yen(YOY change: Up 25.8%)
Operating income: 3,939 million yen(YOY change: Up 66.2%)

3 Exchange rate impact (YOY change)
Sales: Up 691 million yen,
Operating income: Up 447 million yen.

4 Chemicals
Sales: 14,756 million yen (YOY change: Up 27.2%)
Shipments: 45,274 t (YOY change: Up 17.7%)

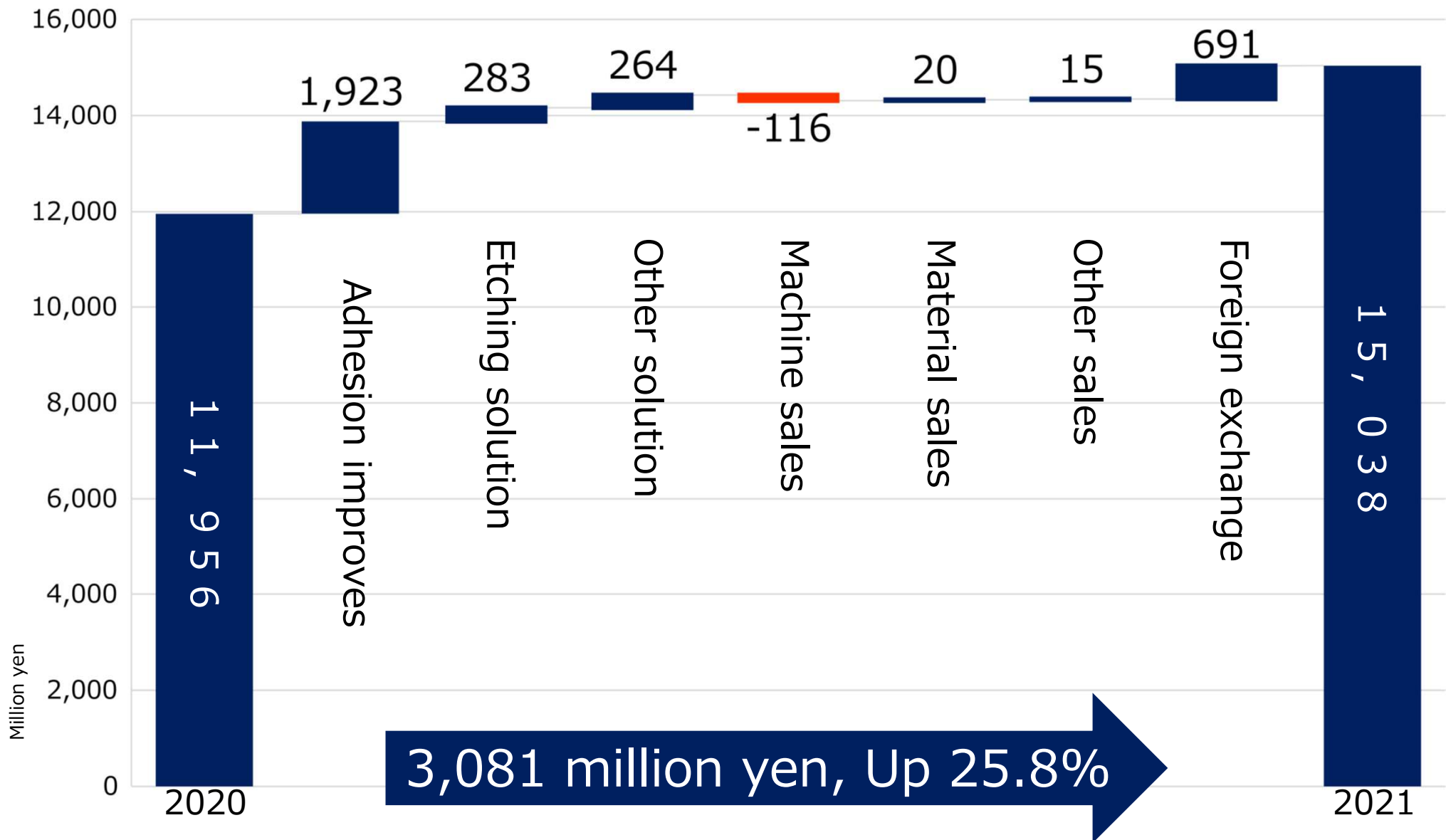
5 Major products sales (YOY change)
CZ: Up 35.4%, EXE: Up 23.8%, V-Bond: Up 22.3%, SF: down 2.8%

FYE12/2021 Results

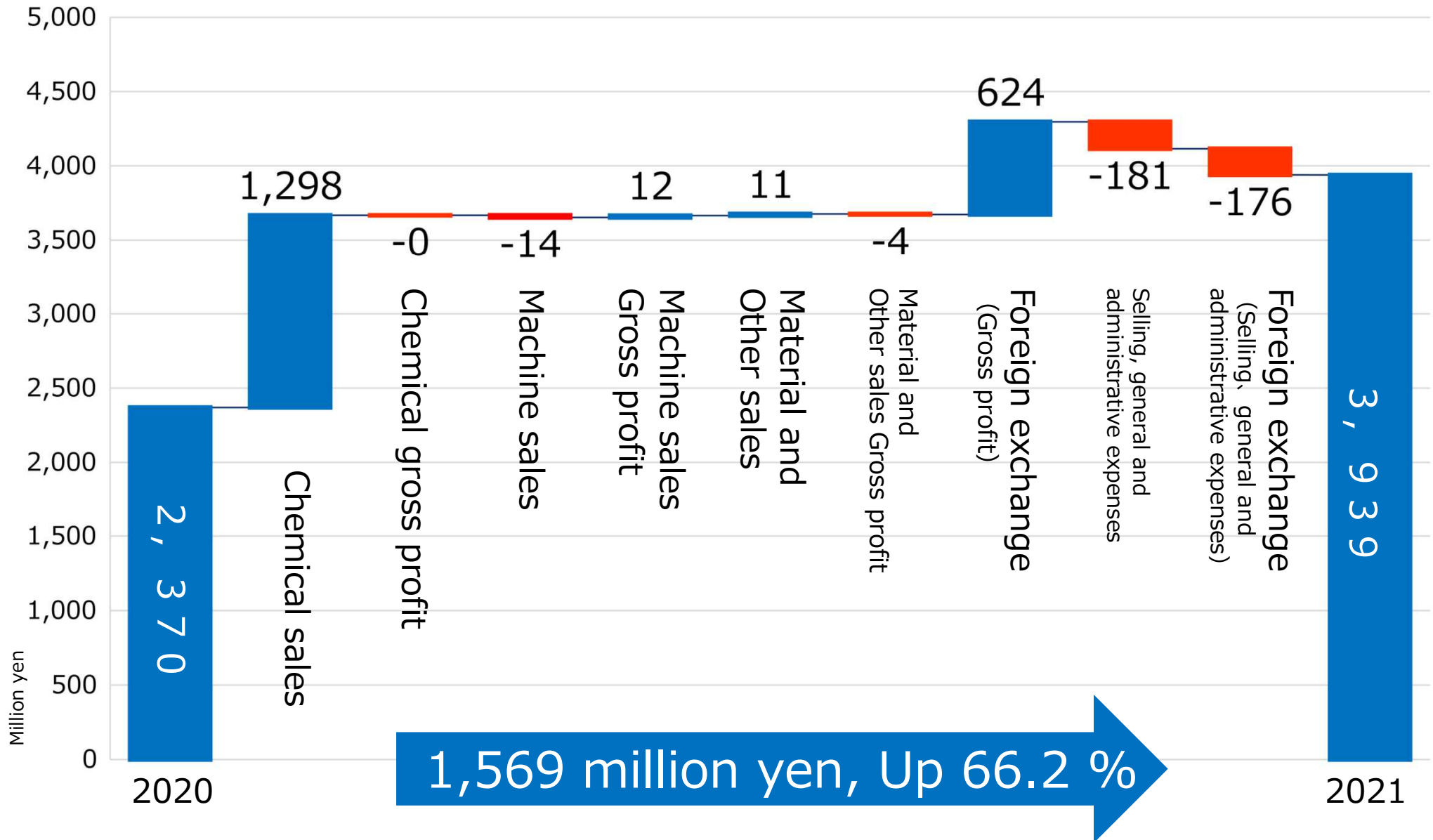
Unit : million yen

| | Full-year | | | | | | |
|------------------------|-----------|-----------|---------|-------|--------|------------|--------------|
| | FYE12/'20 | FYE12/'21 | | | | | |
| | | Results | Results | YOY | | (Forecast) | vs. Forecast |
| Net sales | 11,956 | 15,038 | 3,081 | 25.8% | 14,600 | 438 | 3.0% |
| Chemical sales | 11,598 | 14,756 | 3157 | 27.2% | - | - | - |
| Gross profit | 7,395 | 9,323 | 1927 | 26.1% | - | - | - |
| Gross profit margin | 61.9% | 62.0% | - | - | - | - | - |
| SGA | 5,025 | 5,383 | 357 | 7.1% | - | - | - |
| Sales ratio | 42.0% | 35.8% | - | - | - | - | - |
| Operating income | 2,370 | 3,939 | 1569 | 66.2% | 3,750 | 189 | 5.1% |
| Operating margin | 19.8% | 26.2% | - | - | - | - | - |
| Ordinary income | 2,388 | 4,104 | 1716 | 71.8% | 3,850 | 254 | 6.6% |
| Ordinary profit margin | 20.0% | 27.3% | - | - | - | - | - |
| Profit before tax | 2,309 | 4,092 | 1783 | 77.2% | - | - | - |
| Net income | 1,595 | 2,949 | 1353 | 84.8% | 2,750 | 197 | 7.3% |
| Net income per share | 84.09 | 155.28 | - | - | 144.78 | - | - |

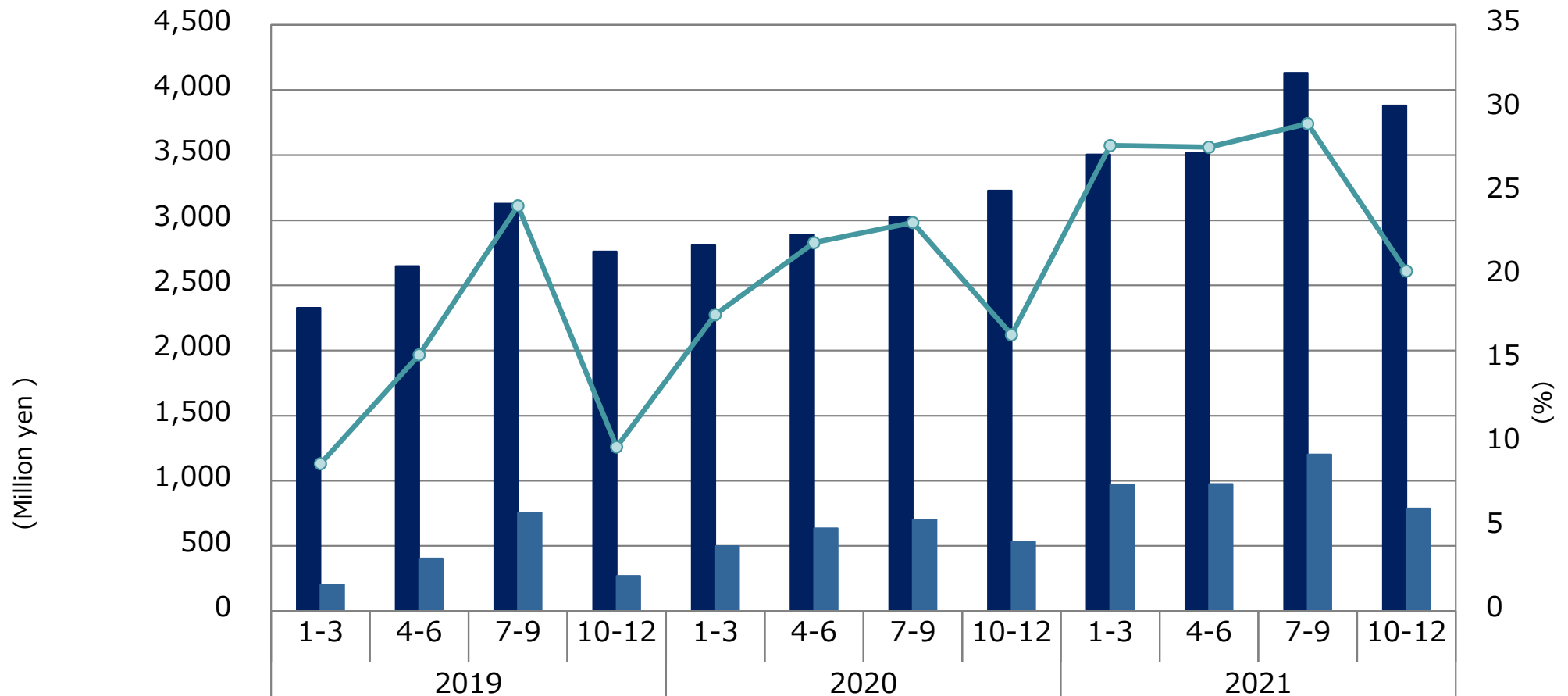
Net sales YOY



Operating income YOY

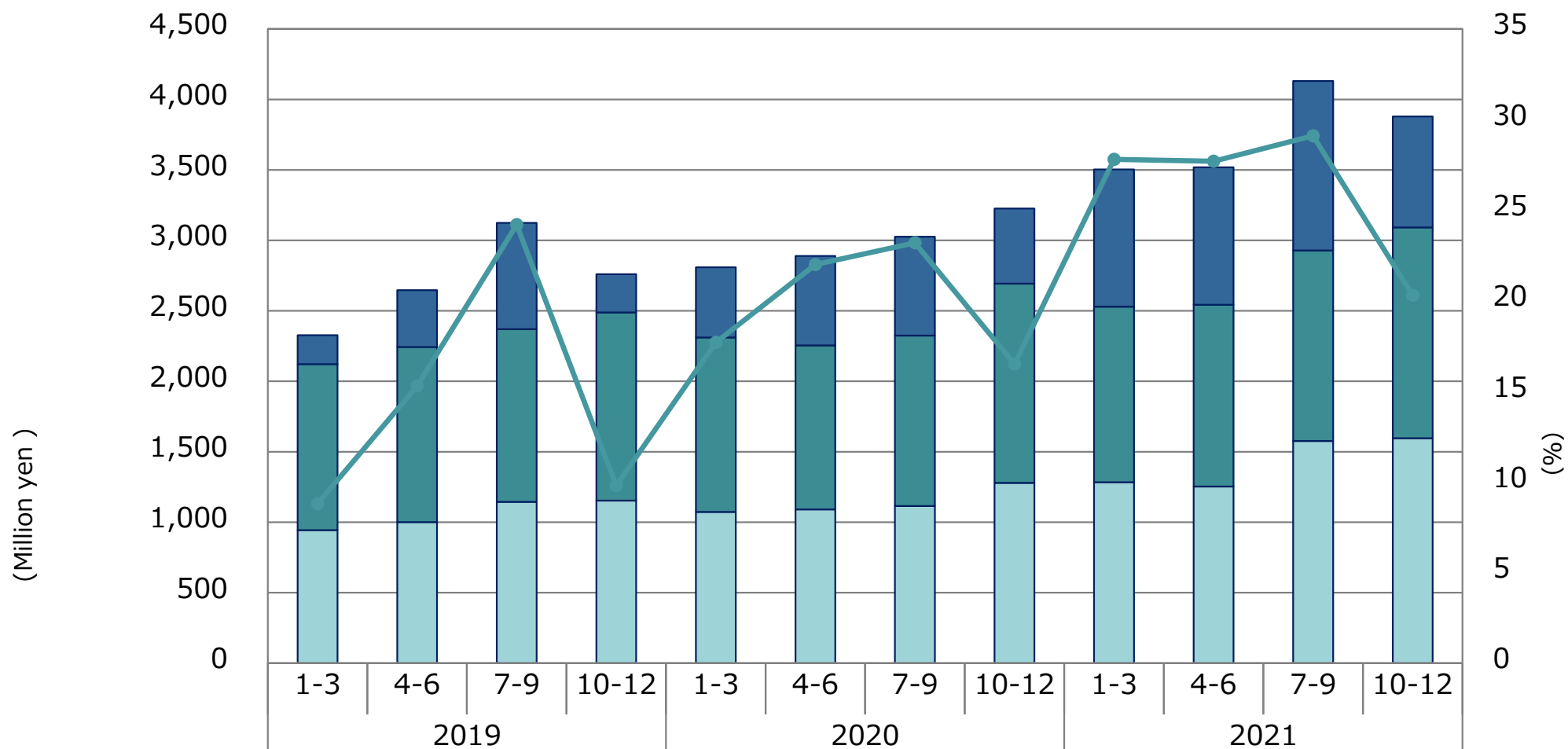


Quarterly performance: Sales, Operating income, Operating margin (Consolidated)



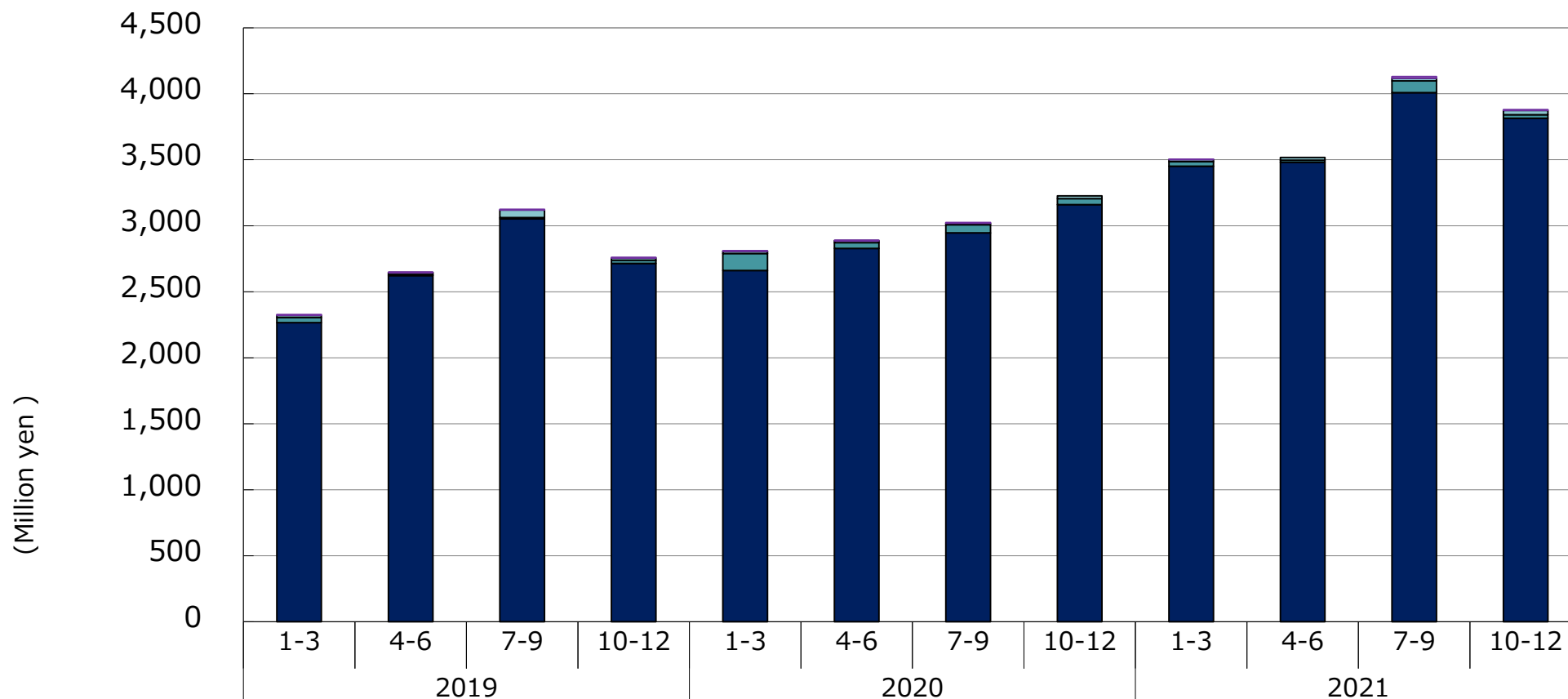
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|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ■ Net sales | 2,328 | 2,648 | 3,128 | 2,761 | 2,809 | 2,891 | 3,026 | 3,228 | 3,505 | 3,519 | 4,132 | 3,881 |
| ■ Operating income | 205 | 404 | 755 | 271 | 498 | 635 | 702 | 533 | 973 | 975 | 1,202 | 787 |
| —○— Operating margin | 8.8 | 15.3 | 24.2 | 9.8 | 17.7 | 22.0 | 23.2 | 16.5 | 27.8 | 27.7 | 29.1 | 20.3 |

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



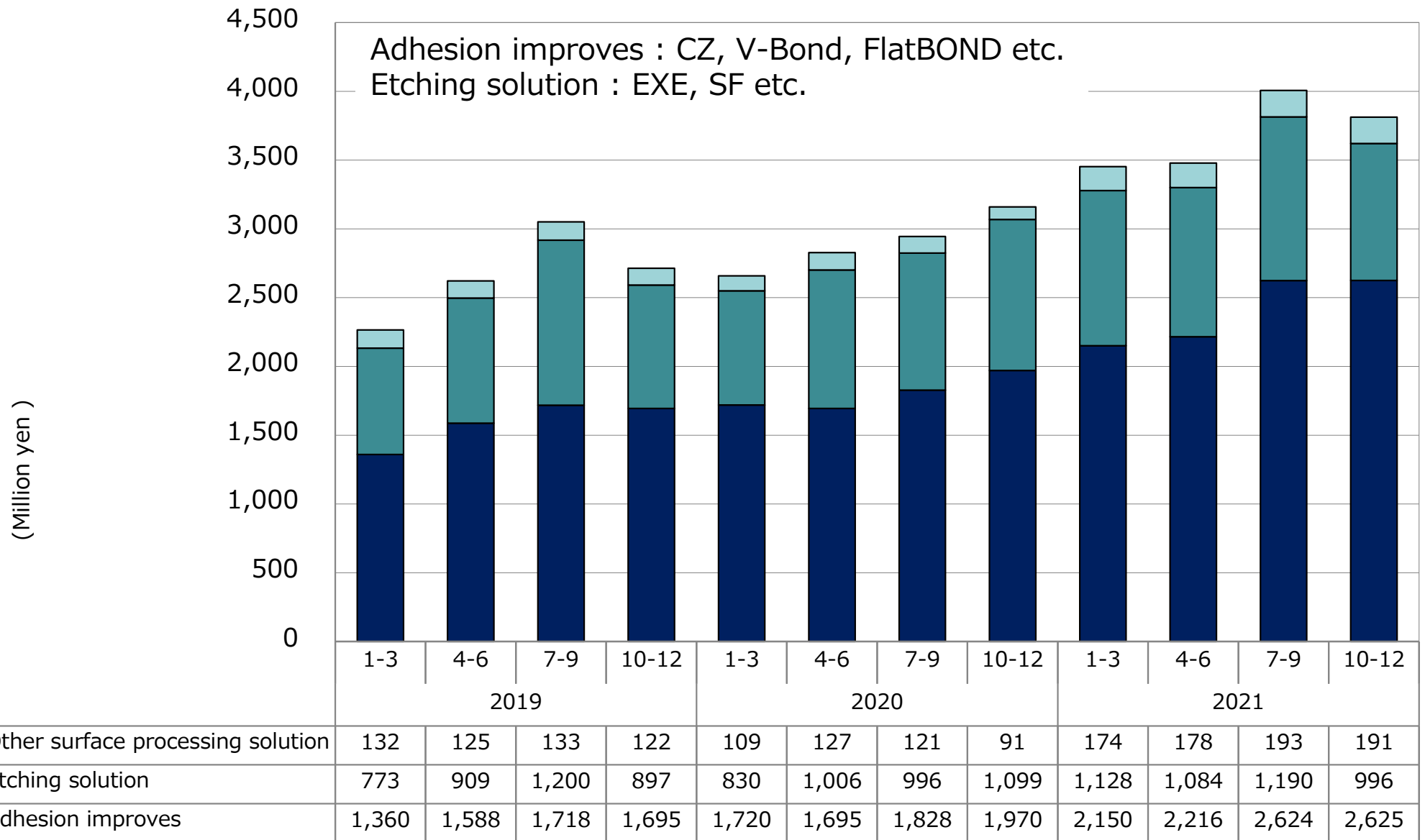
| | | | | | | | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Operating income | 205 | 404 | 755 | 271 | 498 | 635 | 702 | 533 | 973 | 975 | 1,202 | 787 |
| SGA | 1,178 | 1,242 | 1,225 | 1,335 | 1,238 | 1,164 | 1,209 | 1,413 | 1,246 | 1,289 | 1,352 | 1,495 |
| COGS | 944 | 1,001 | 1,145 | 1,154 | 1,073 | 1,091 | 1,115 | 1,280 | 1,284 | 1,254 | 1,577 | 1,597 |
| Operating margin | 8.8 | 15.3 | 24.2 | 9.8 | 17.7 | 22.0 | 23.2 | 16.5 | 27.8 | 27.7 | 29.1 | 20.3 |

Quarterly performance : Product-specific sales (Consolidated)

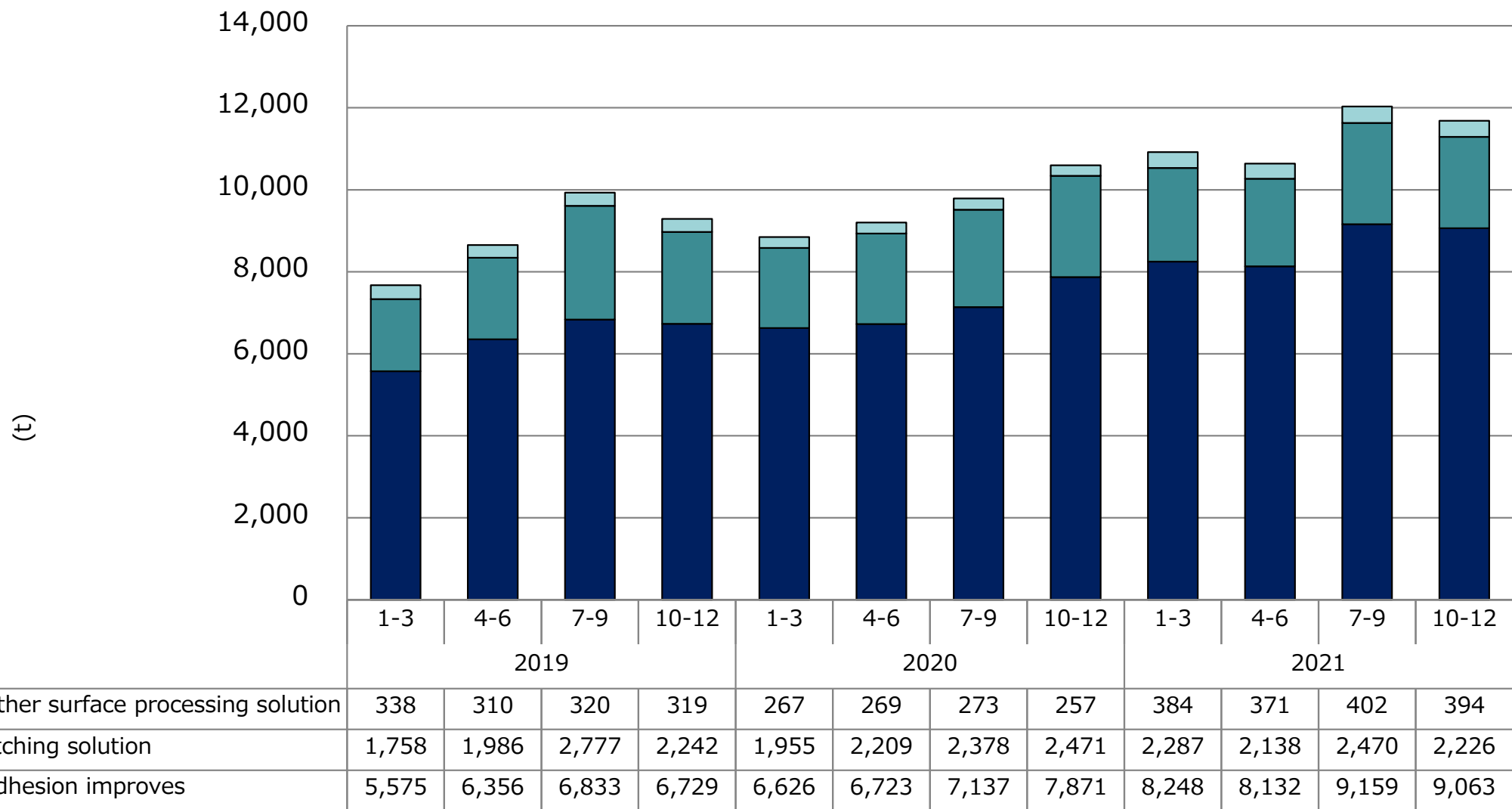


| | | | | | | | | | | | | |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Other | 6 | 1 | 5 | 4 | 4 | 1 | 5 | 0 | 2 | 0 | 13 | 6 |
| Materials for PCBs | 15 | 15 | 58 | 17 | 17 | 16 | 12 | 21 | 16 | 21 | 19 | 33 |
| Equipments for PCBs | 40 | 8 | 10 | 24 | 129 | 43 | 62 | 46 | 33 | 16 | 90 | 27 |
| 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 | 3,814 |

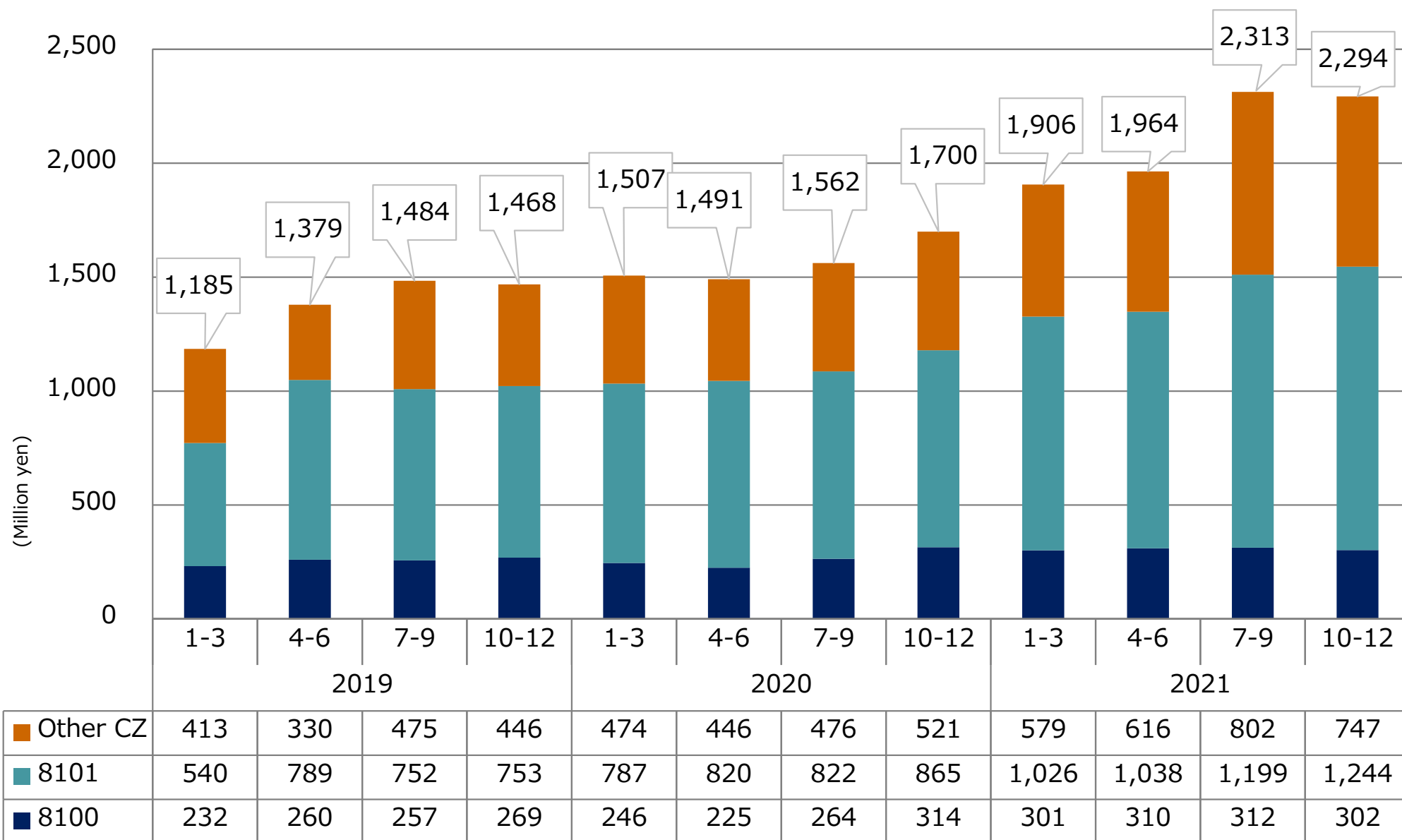
Quarterly performance : Chemical sales (Consolidated)



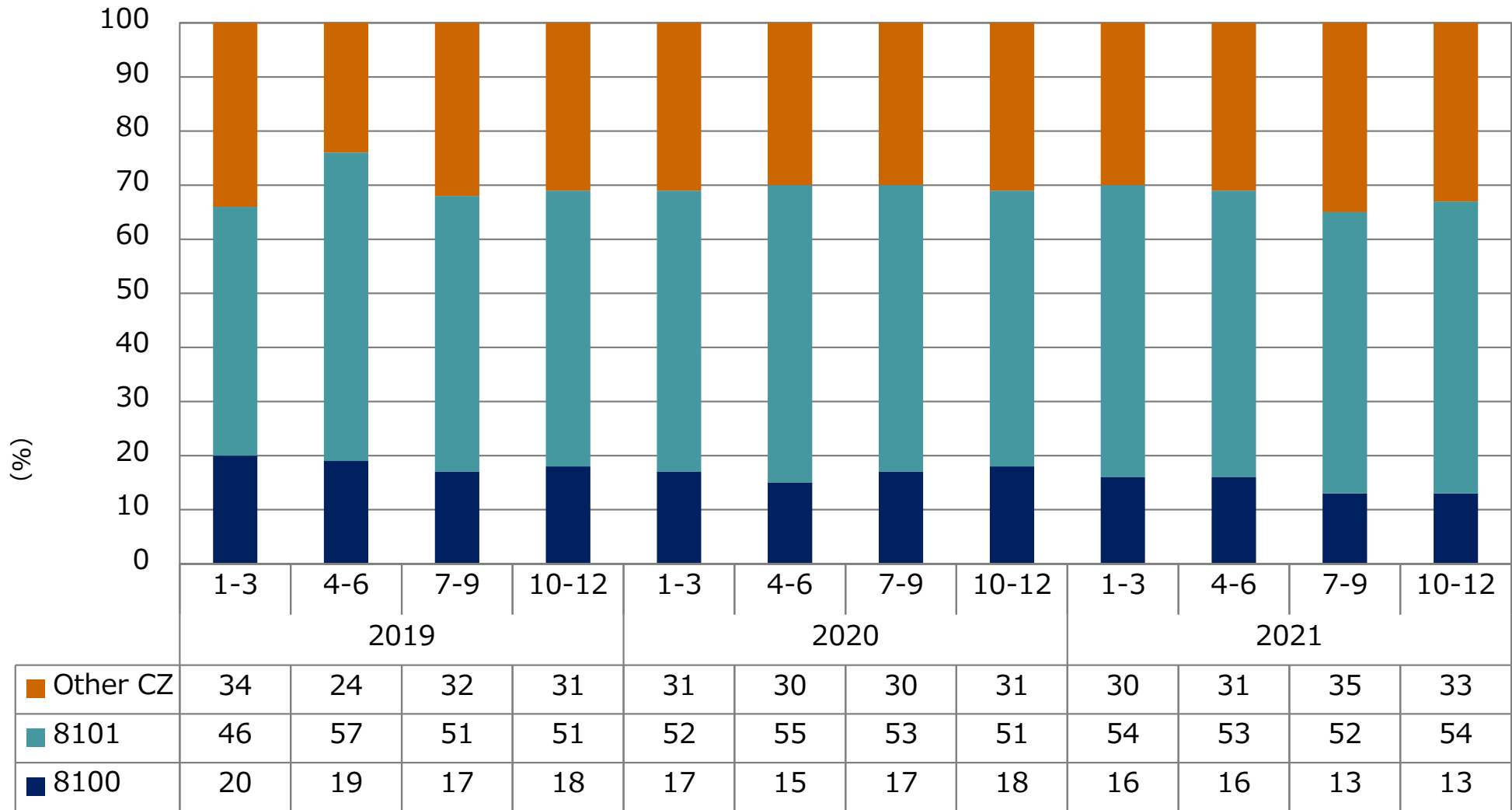
Quarterly performance : Chemical shipment volume (Consolidated)



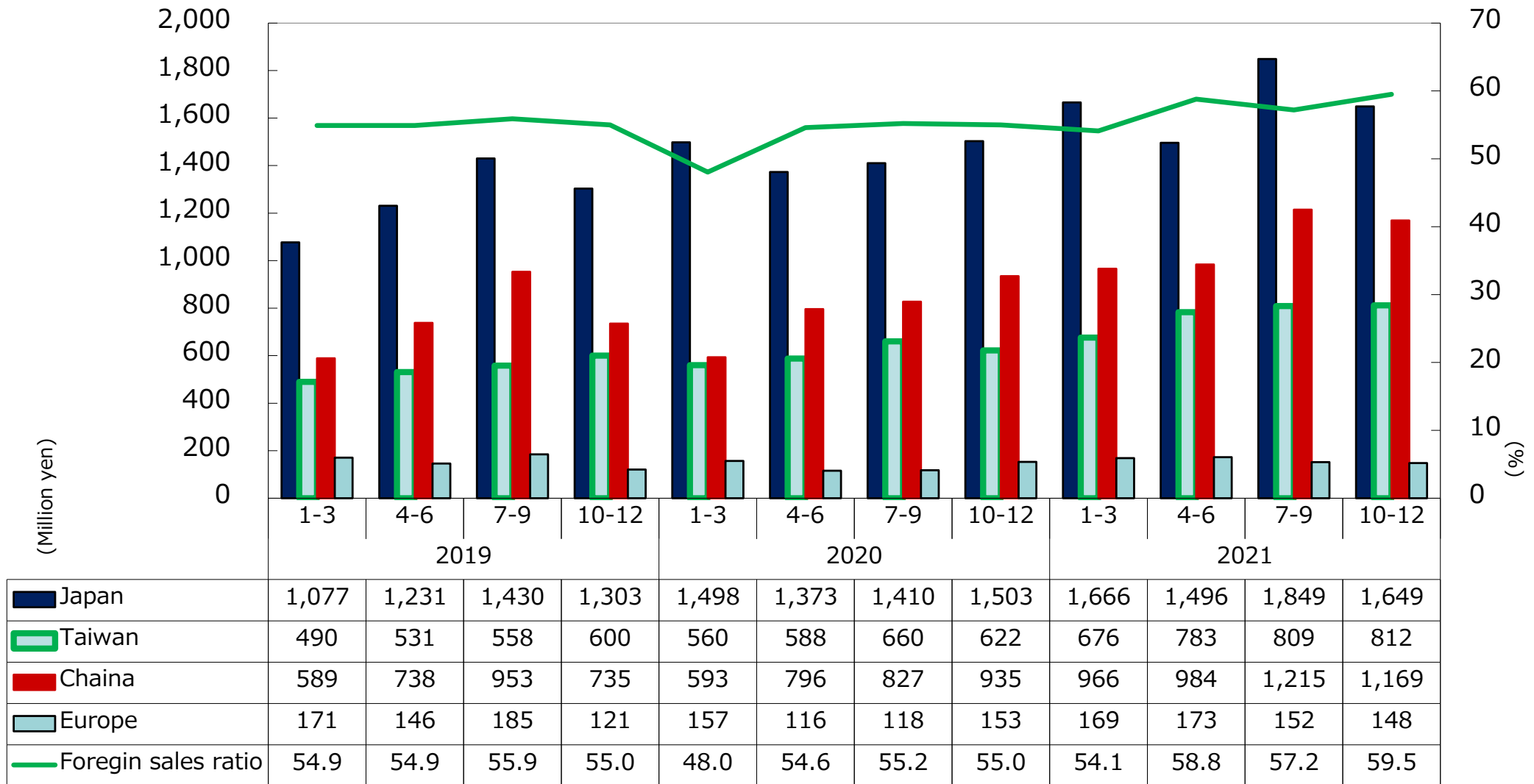
Quarterly performance : CZ series sales



Quarterly performance : CZ series sales (Composition ratio)



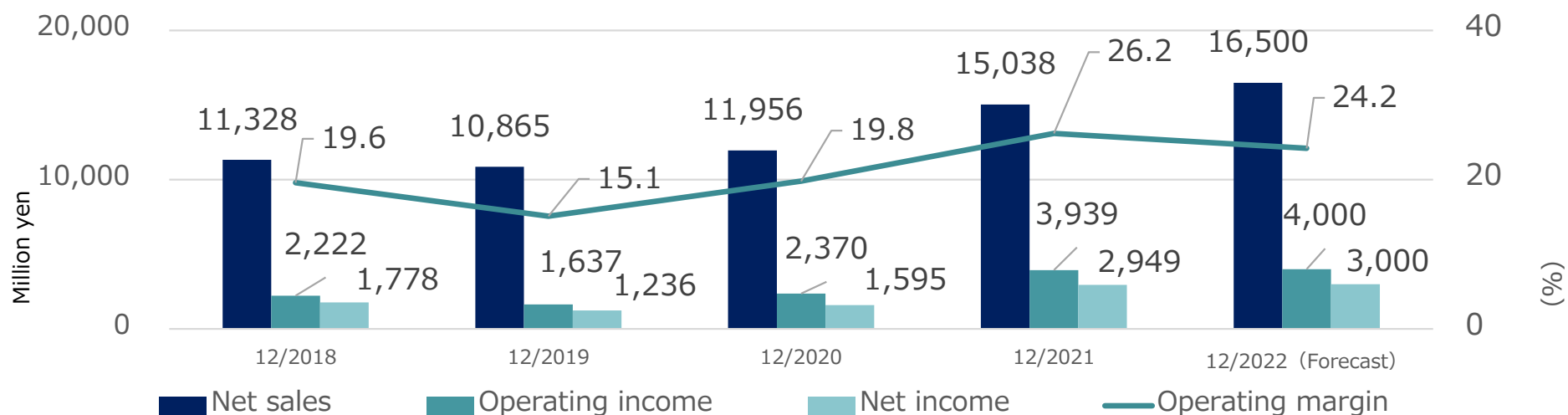
Quarterly performance : Region-specific sales and overseas sales ratio



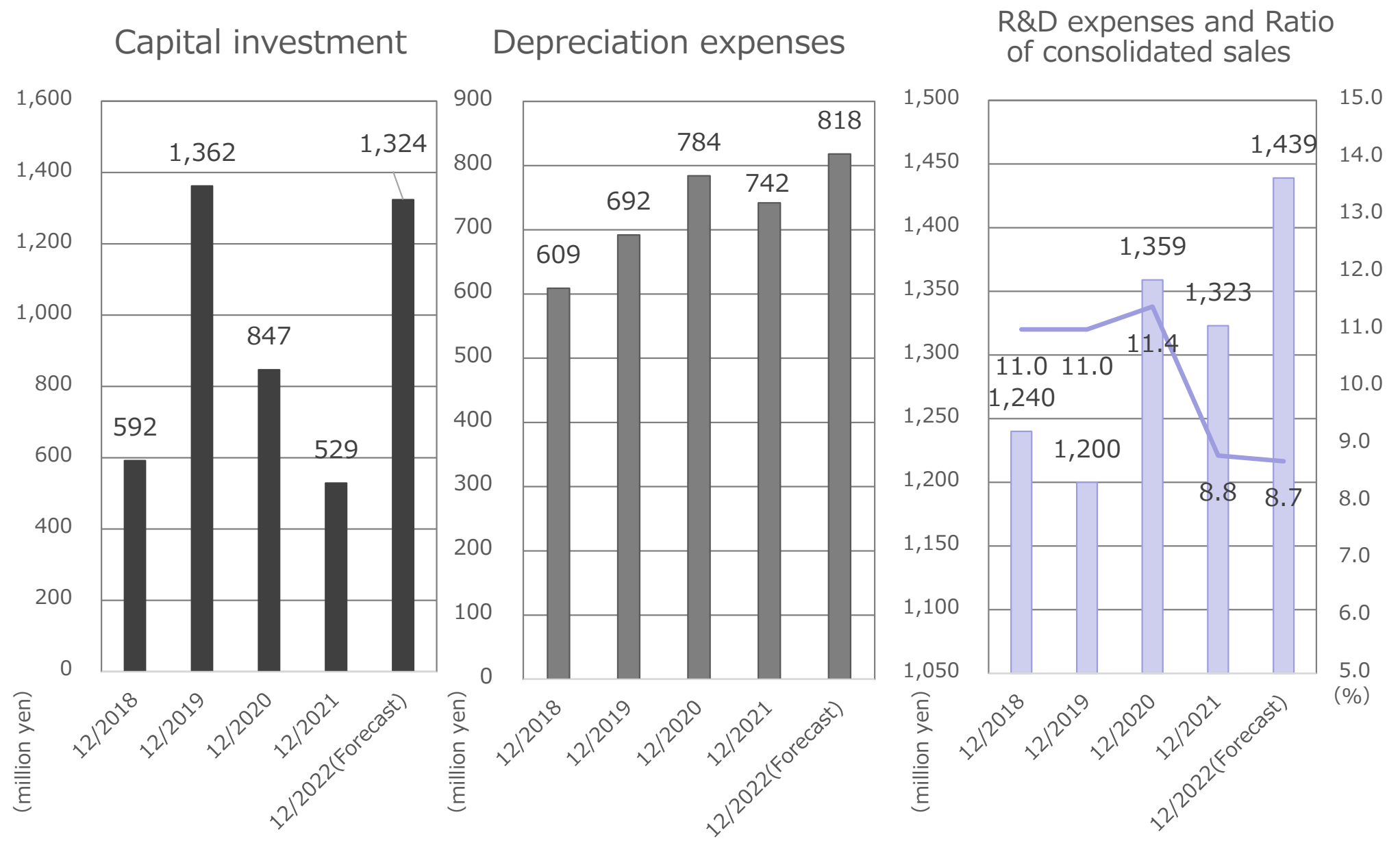
Overseas sales ratio is 77.4%(same period of the previous year: 74.5%)
if domestic agents' overseas chemical sales are included.

FYE12/2022 full-year forecast

| | FYE12/2021 (53rd term) | | FYE12/2022 (54th term) February, 14 2022 | | | | | |
|---------------------------|---------------------------|------------------------|---|------------------------|----------------------|-------------------------|------------------------|----------------------|
| | 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 | 15,038 | - | 7,800 | - | 11.0 | 16,500 | - | 9.7 |
| Operating income | 3,939 | 26.2 | 1,800 | 23.1 | -7.7 | 4,000 | 24.2 | 1.5 |
| Ordinary income | 4,104 | 27.3 | 1,850 | 23.7 | -8.6 | 4,150 | 25.2 | 1.1 |
| Net income | 2,949 | 19.6 | 1,300 | 16.7 | -11.4 | 3,000 | 18.2 | 1.7 |
| Net income per share(yen) | 155.28 | - | 68.41 | - | - | 157.86 | - | - |



Capital investment, Depreciation expenses and R&D expenses



Dividend, payout ratio and ROE

Dividend policy

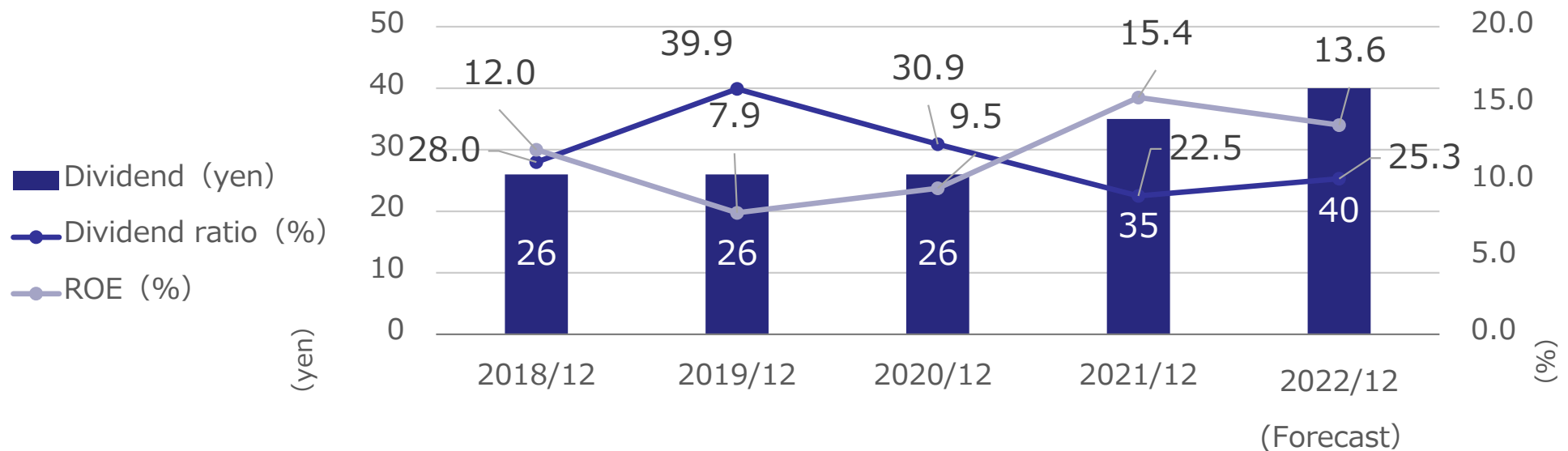
Medium-term goal
(consolidated payout ratio)
30%

Dividend (Forecast)

40.0 yen

Q2 end 20 yen
Fiscal year-end 20 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