

Question-and-Answer Session

Financial Results Briefing Outline

Monday, February 14, 2022, 4:00 p.m. - 5:00 p.m. / Japan Standard Time

Zoom Webinar

For institutional investors and analysts

Question 1. Regarding package substrates (PKG), what impact next-generation PKGs have on MEC?

Answer We believe that sales of the CZ series will increase when the mass production of next-generation PKGs begins in the future.

Question 2. What is their demand for existing PKGs?

Answer Since all PKG manufacturers are investing in production equipment, we believe that their demand for existing PKGs will remain strong.

Question 3. Looking at trends in PKG manufacturers, I think you can make a more bullish sales forecast.

Answer We recognize that our forecast is conservative. Since we expect that demand for PKGs will increase steadily in the future, we will increase the production capacity of the existing factories. In addition, we are considering building a new production site in Japan with the aim of starting its operations in 2025.

Question 4. Although sales are planned to increase by about 9% in the fiscal year ending December 2022, why will your profits be almost flat?

Answer The main reason is an increase in selling, general and administrative expenses. This increase is caused mainly by a rise in labor costs and shipping freight costs. We also expect raw material costs to rise slightly.

Question 5. Will labor costs increase by about 300 million yen in the fiscal year ending December 2022 as in the fiscal year ended December 2021?

Answer Yes, that's right.

Question 6. Please tell us about the new domestic production site as far as you can answer regarding its location and production capacity.

Answer Its location and production capacity have not yet been decided. However, we intend to establish a new production site in a place that meets the needs of our customers. In addition, since the existing factories are located in Nagaoka City, Niigata Prefecture and Amagasaki City, Hyogo Prefecture, we think it should be located in a different place partly in terms of the BCP.