
Financial Results Briefing for Q1 FYE 12/2022

May 10, 2022



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 2022.
(January 1, 2022 to June 30, 2022)

	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)	7,800	1,800	1,850	1,300	68.41
Forecast revised this time(B)	7,950	2,000	2,150	1,500	78.92
Difference(B-A)	150	200	300	200	
Percentage change (%)	1.9	11.1	16.2	15.4	
(Reference) Earnings for the first half of the previous year (First half of the fiscal year ended December 2021)	7,024	1,949	2,023	1,466	77.25

Notice of Revision of Earnings Forecast

Revision to the full-year consolidated earnings forecast for the fiscal year ending in December 2022.
(January 1, 2022 to December 31, 2022)

	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)	16,500	4,000	4,150	3,000	157.86
Forecast revised this time(B)	16,650	4,200	4,450	3,200	168.35
Difference(B-A)	150	200	300	200	
Percentage change (%)	0.9	5.0	7.2	6.7	
(Reference) Results for the previous term (Year ended December 2021)	15,038	3,939	4,104	2,949	155.28

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 FYE12/2022 Key factors

Assumed/actual exchange rate

1

JPY to NTD Assumed rate: 4.16 yen / Actual rate: 4.18 yen (previous year was 3.77 yen)
JPY to RMB Assumed rate: 18.07 yen / Actual rate: 18.44 yen (previous year was 16.32 yen)
JPY to EUR Assumed rate: 130.51 yen / Actual rate: 131.35 yen (previous year was 128.10 yen)
JPY to THB Assumed rate: 3.44 yen / Actual rate: 3.53 yen (previous year was 3.50 yen)
JPY to USD Assumed rate: 115.01 yen / Actual rate: 117.12 yen (previous year was 106.24 yen)

2

Sales: 3,955 million yen (YOY change: Up 12.8%)
Operating income: 1,051 million yen (YOY change: Up 8.0%)

3

Exchange rate impact (YOY change)
Sales: Up 228 million yen,
Operating income: Up 116 million yen.

4

Chemicals
Sales: 3,898 million yen (YOY change: Up 12.9%)
Shipments: 11,384 t (YOY change: Up 4.3%)

5

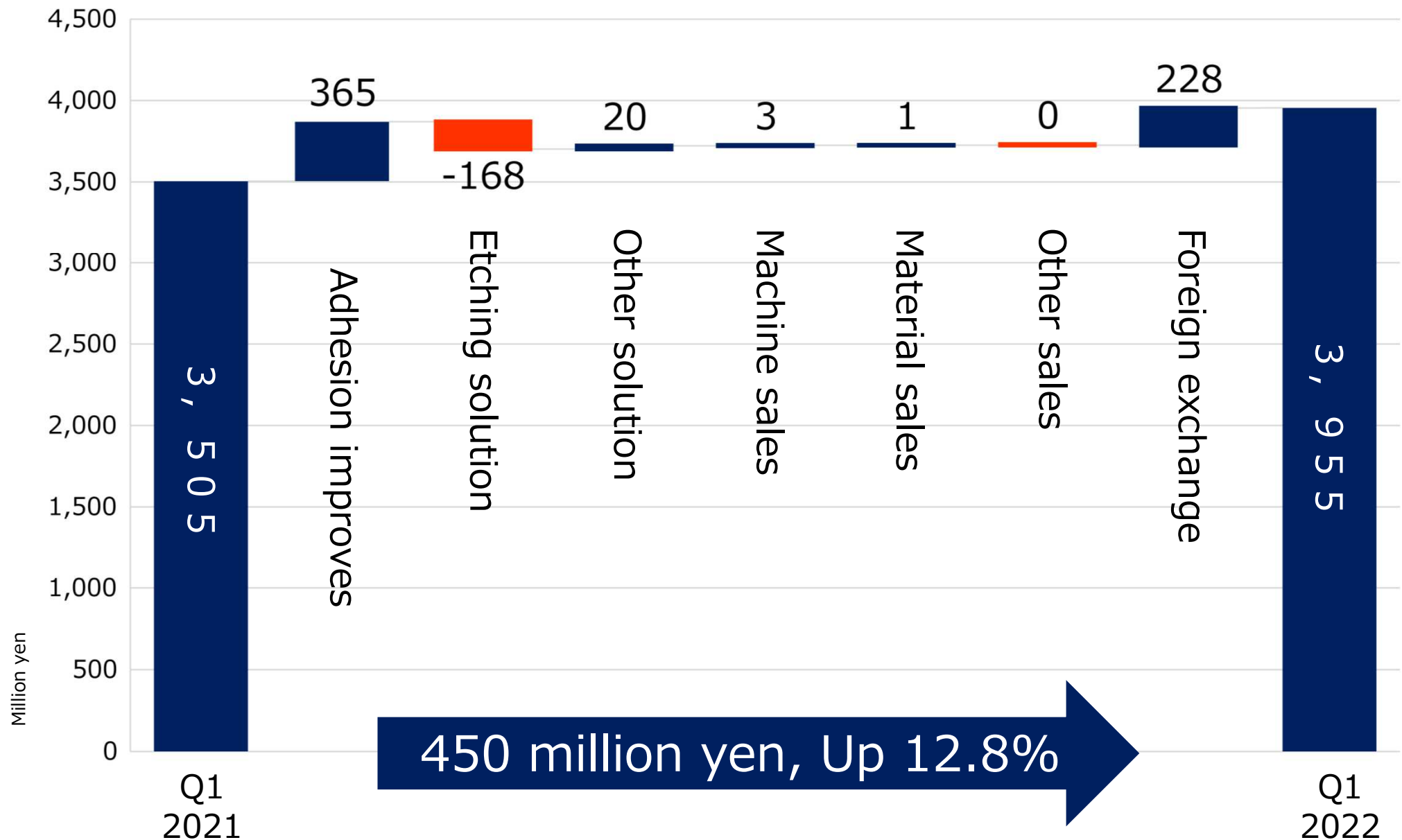
Major products sales (YOY change)
CZ: Up 26.1%, V-Bond: Up 11.0%, SF: Down 37.4%, EXE: Down 11.4%

Q1 FYE12/2022 Results

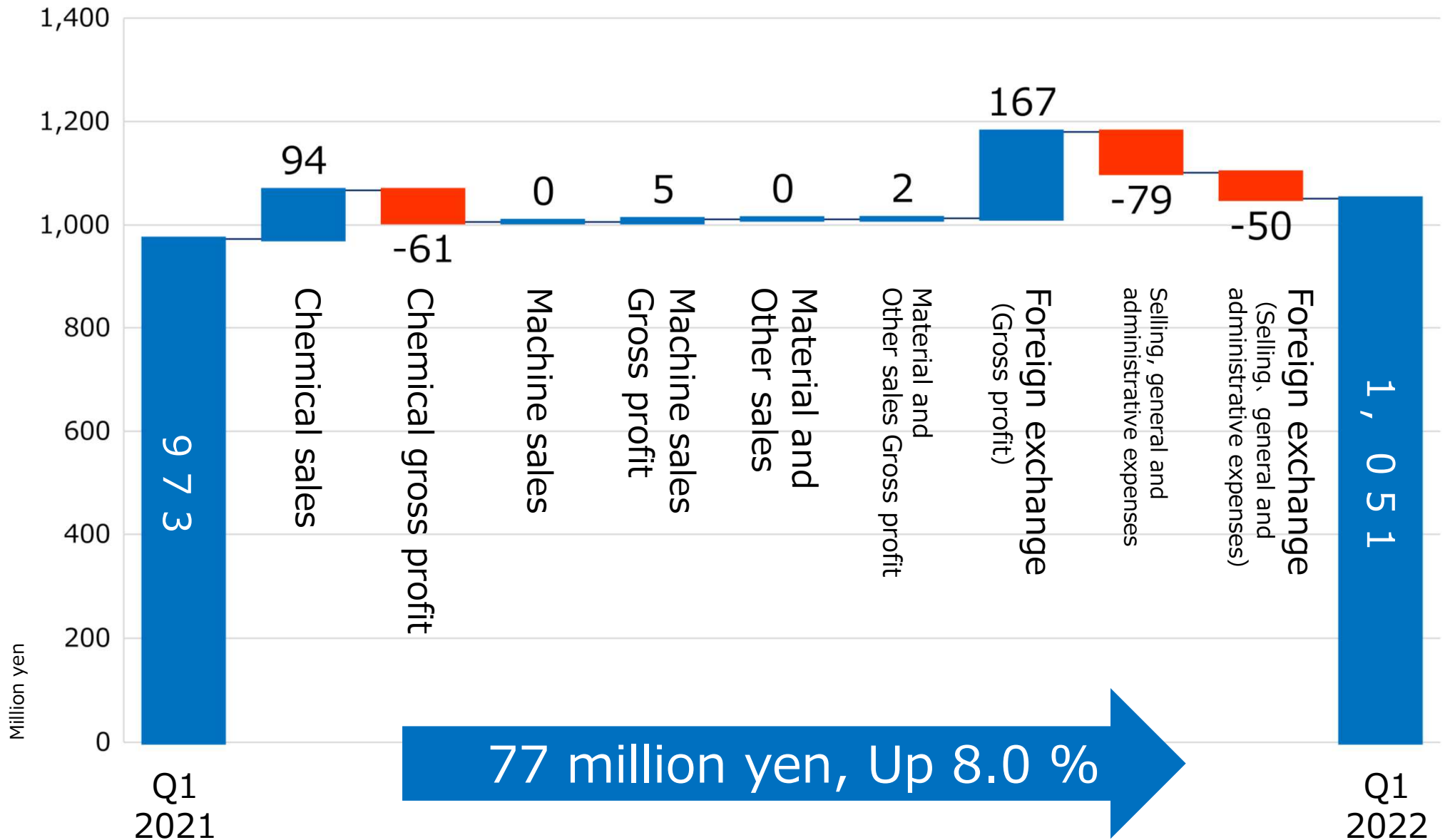
Unit : million yen

	Q1						Full-year		
	FYE12.2021		FYE12.2022				FYE12.2021	FYE12.2022	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)		Results	(Forecast)	YOY (%)
Net sales	3,505	23.3%	3,955	23.8%	450	12.8%	15,038	16,650	10.7%
Chemical sales	3,452	-	3,898	-	445	12.9%	14,756	-	-
Gross profit	2,220	-	2,428	-	208	9.4%	9,323	-	-
Gross profit margin	63.3%	-	61.4%	-	-	-	62.0%	-	-
SGA	1,246	-	1,377	-	130	10.5%	5,383	-	-
Sales ratio	35.6%	-	34.8%	-	-	-	35.8%	-	-
Operating income	973	24.7%	1,051	25.0%	77	8.0%	3,939	4,200	6.6%
Operating profit margin	27.8%	-	26.6%	-	-	-	26.2%	-	-
Ordinary income	1,036	25.2%	1,186	26.7%	150	14.5%	4,104	4,450	8.4%
Ordinary profit margin	29.6%	-	30.0%	-	-	-	27.3%	-	-
Profit before tax	1,036	-	1,185	-	149	14.4%	4,092	-	-
Net income	742	25.2%	793	24.8%	51	6.9%	2,949	3,200	8.5%
Net income per share	39.11	-	41.76	-	-	-	155.28	168.35	-

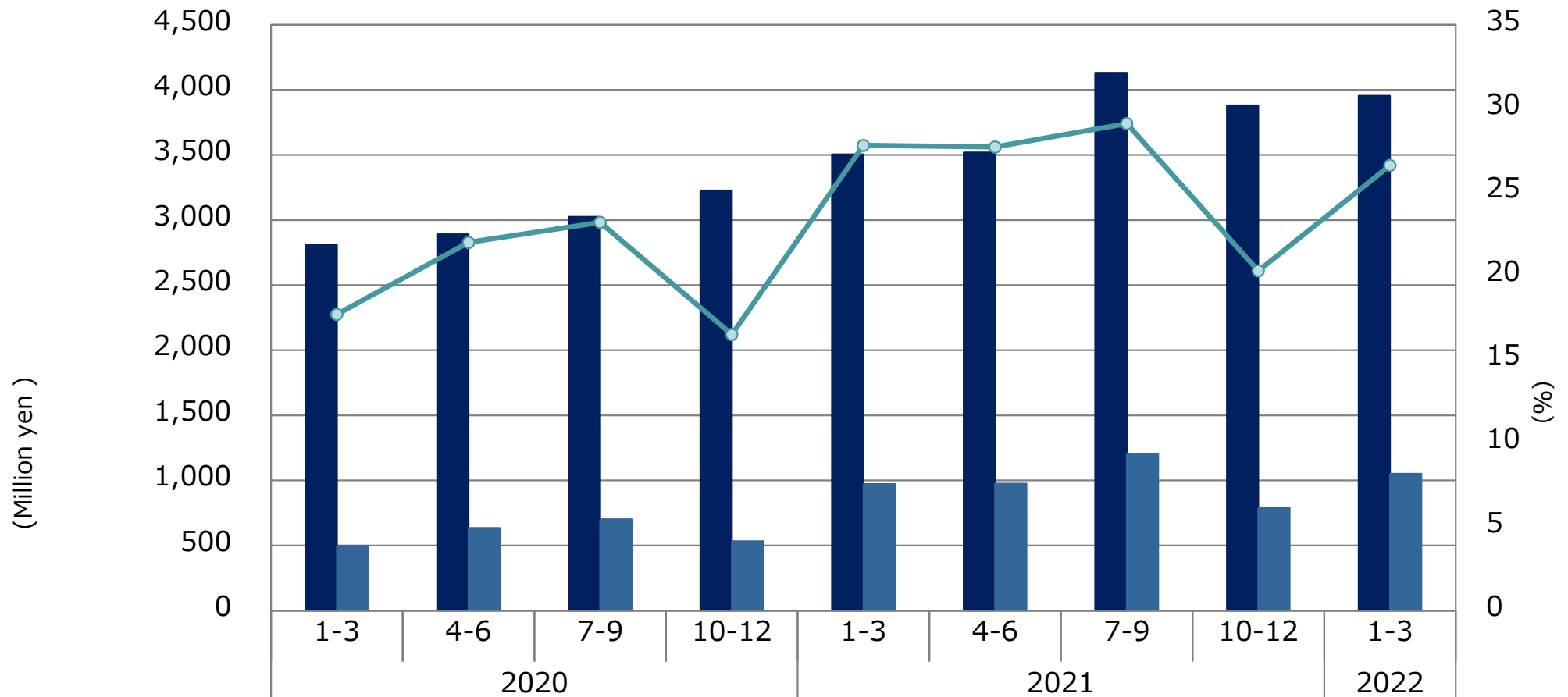
Net sales YOY



Operating income YOY

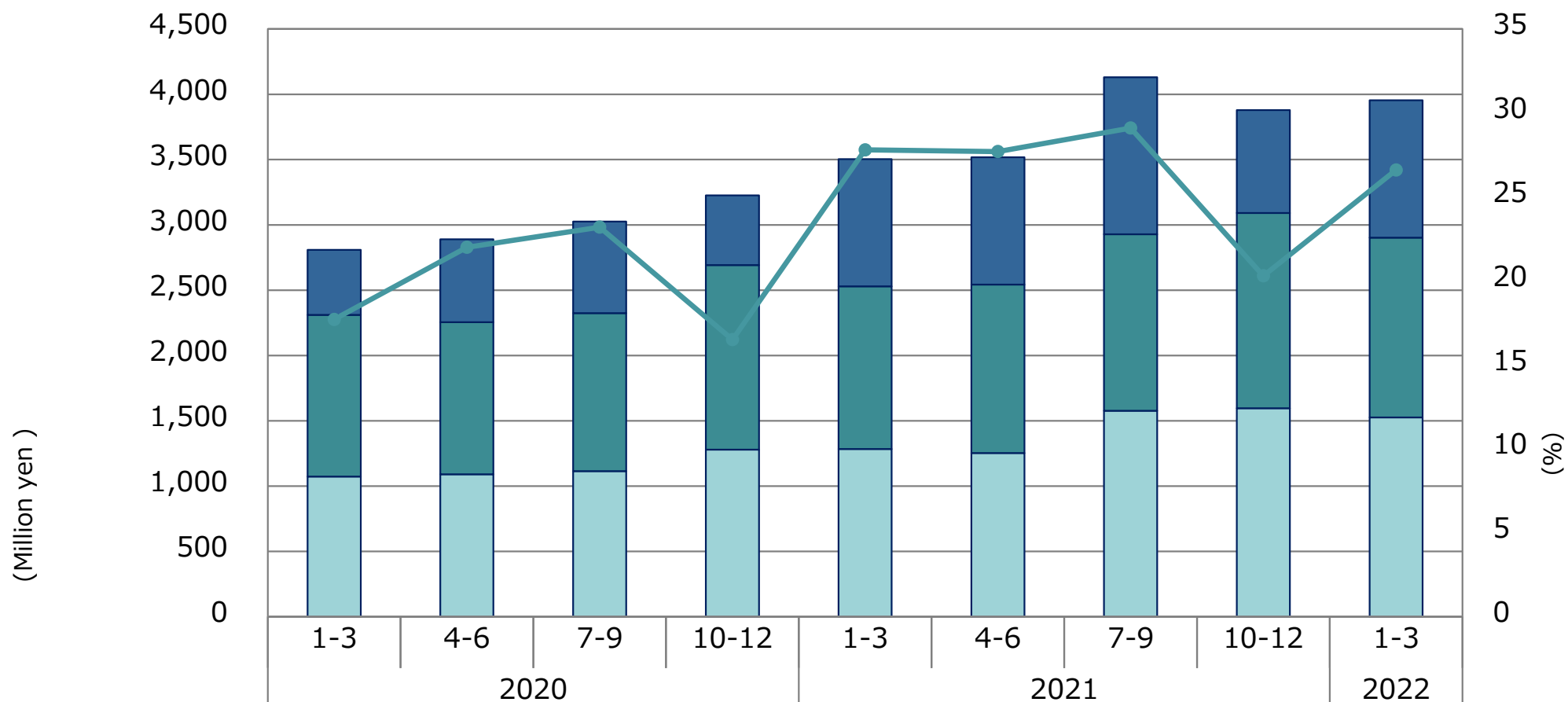


Quarterly performance: Sales, Operating income, Operating margin (Consolidated)



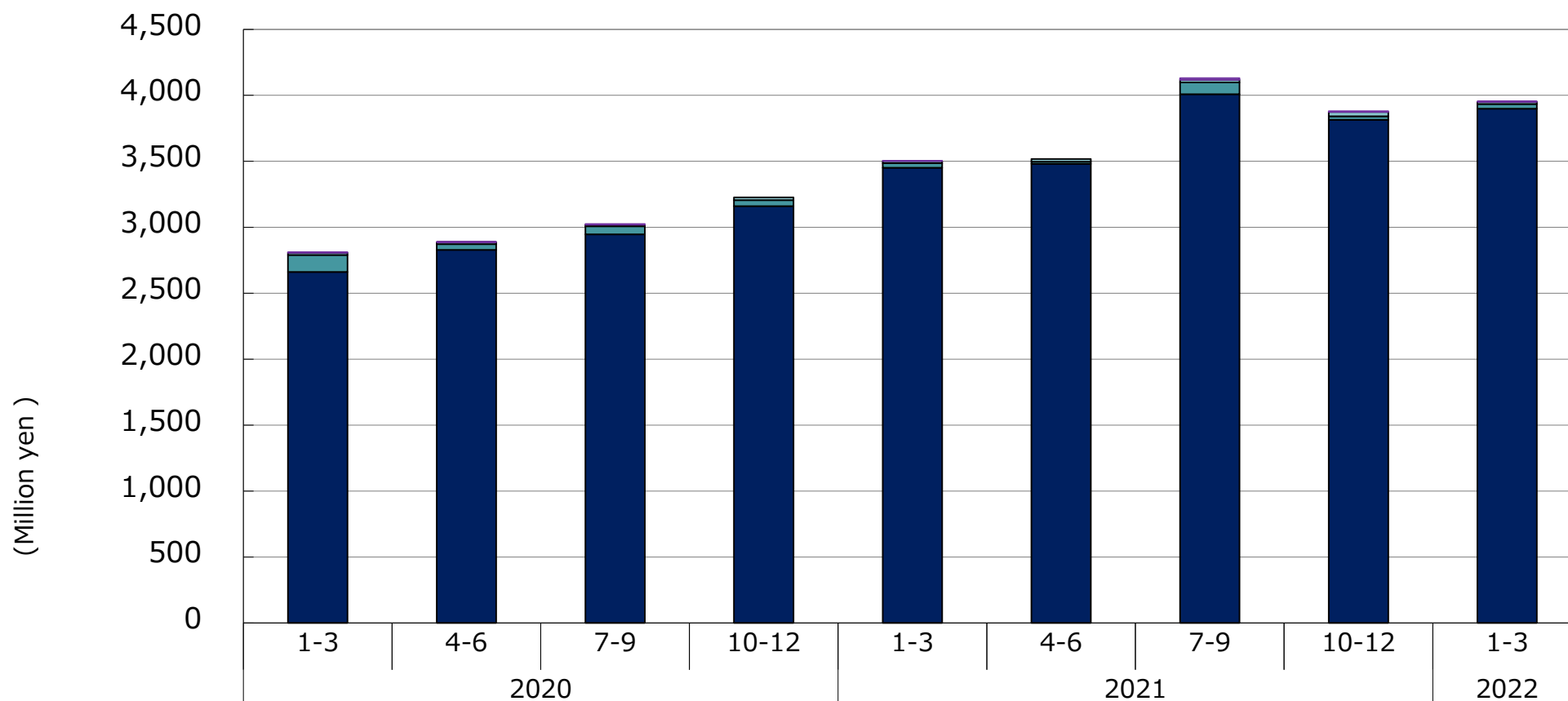
■ Net sales	2,809	2,891	3,026	3,228	3,505	3,519	4,132	3,881	3,955
■ Operating income	498	635	702	533	973	975	1,202	787	1,051
—○— Operating margin	17.7	22.0	23.2	16.5	27.8	27.7	29.1	20.3	26.6

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



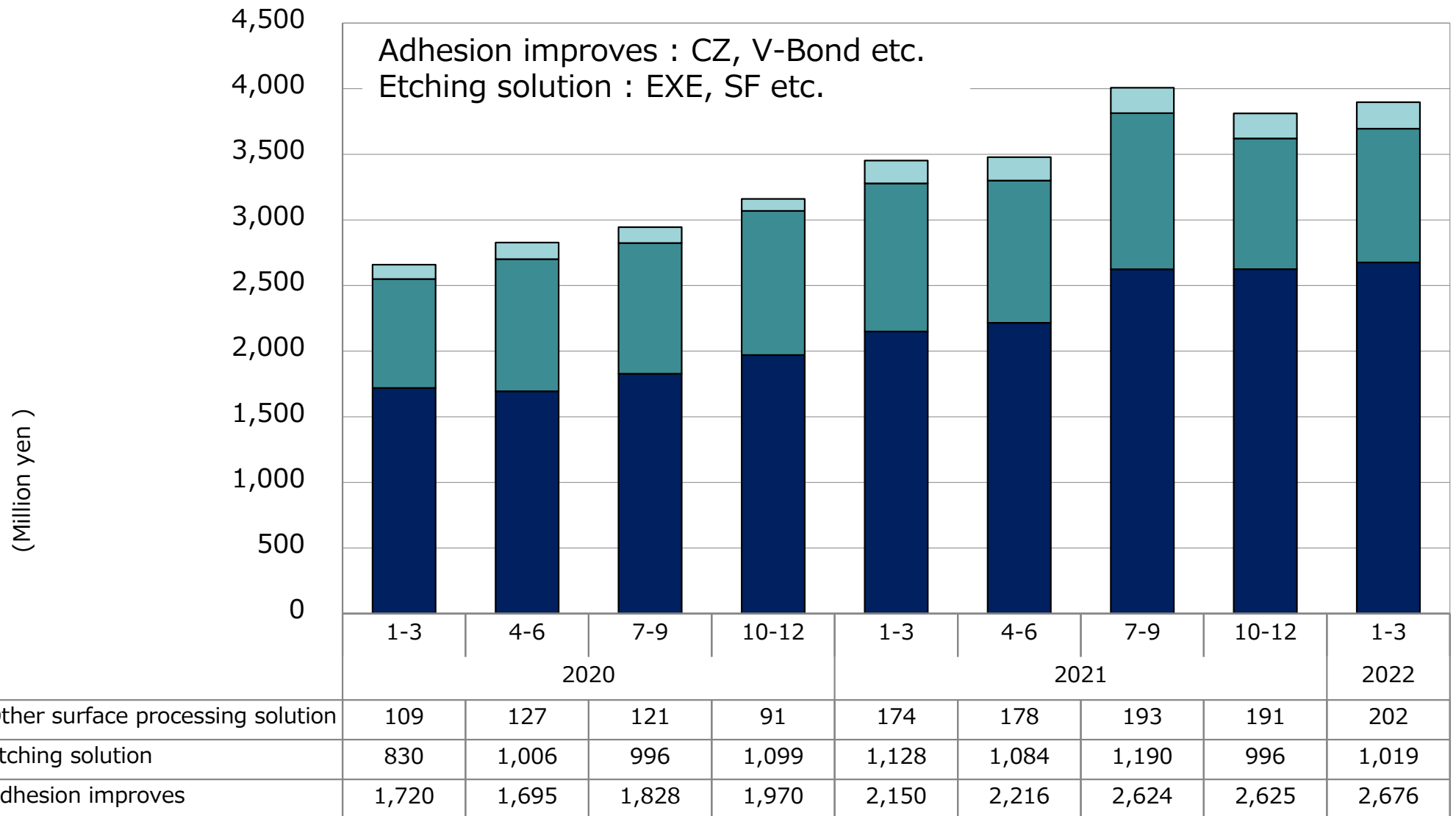
Operating income	498	635	702	533	973	975	1,202	787	1,051
SGA	1,238	1,164	1,209	1,413	1,246	1,289	1,352	1,495	1,377
COGS	1,073	1,091	1,115	1,280	1,284	1,254	1,577	1,597	1,526
Operating margin	17.7	22.0	23.2	16.5	27.8	27.7	29.1	20.3	26.6

Quarterly performance : Product-specific sales (Consolidated)



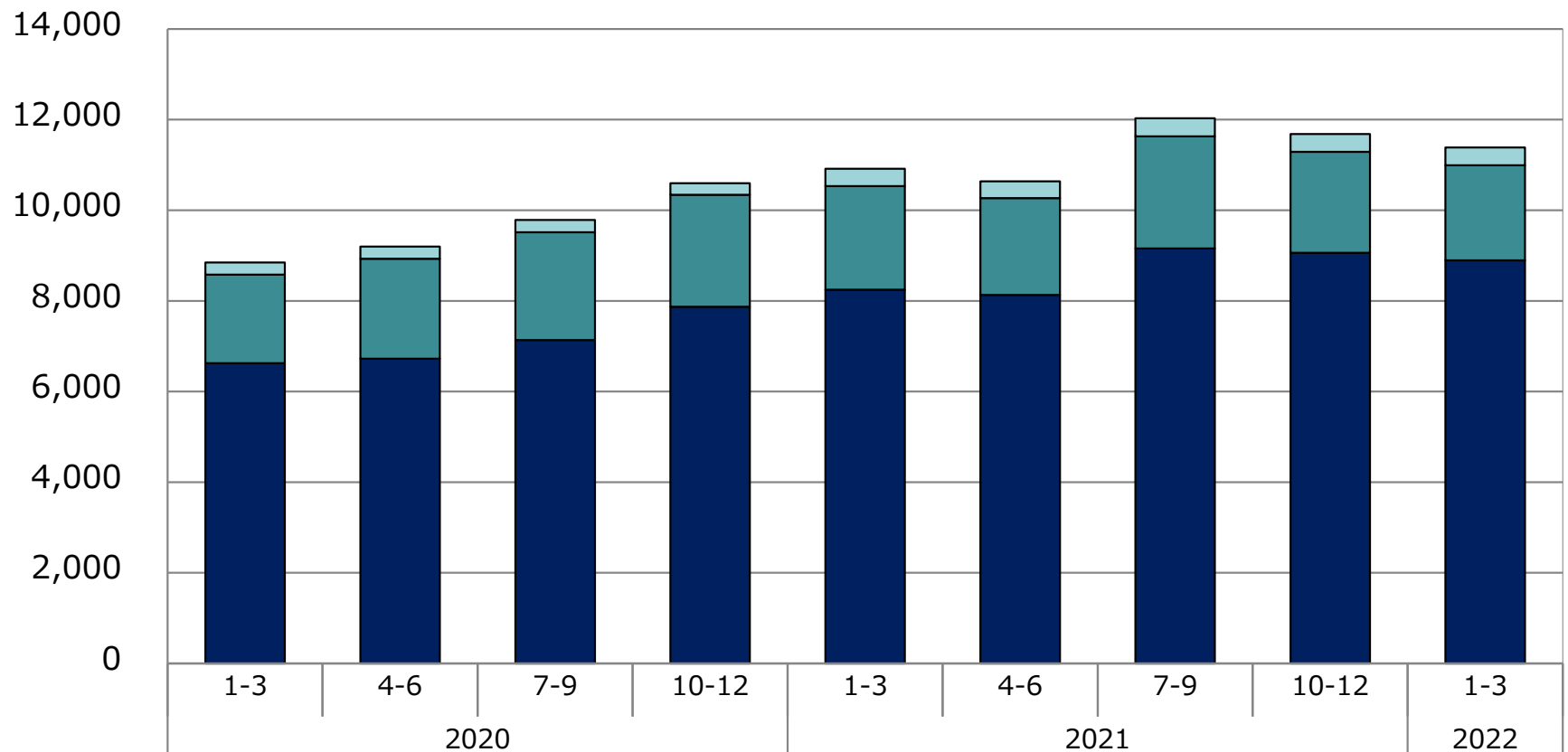
Other	4	1	5	0	2	0	13	6	1
Materials for PCBs	17	16	12	21	16	21	19	33	18
Equipments for PCBs	129	43	62	46	33	16	90	27	36
Chemicals for PCBs	2,661	2,829	2,946	3,160	3,452	3,480	4,008	3,814	3,898

Quarterly performance : Chemical sales (Consolidated)



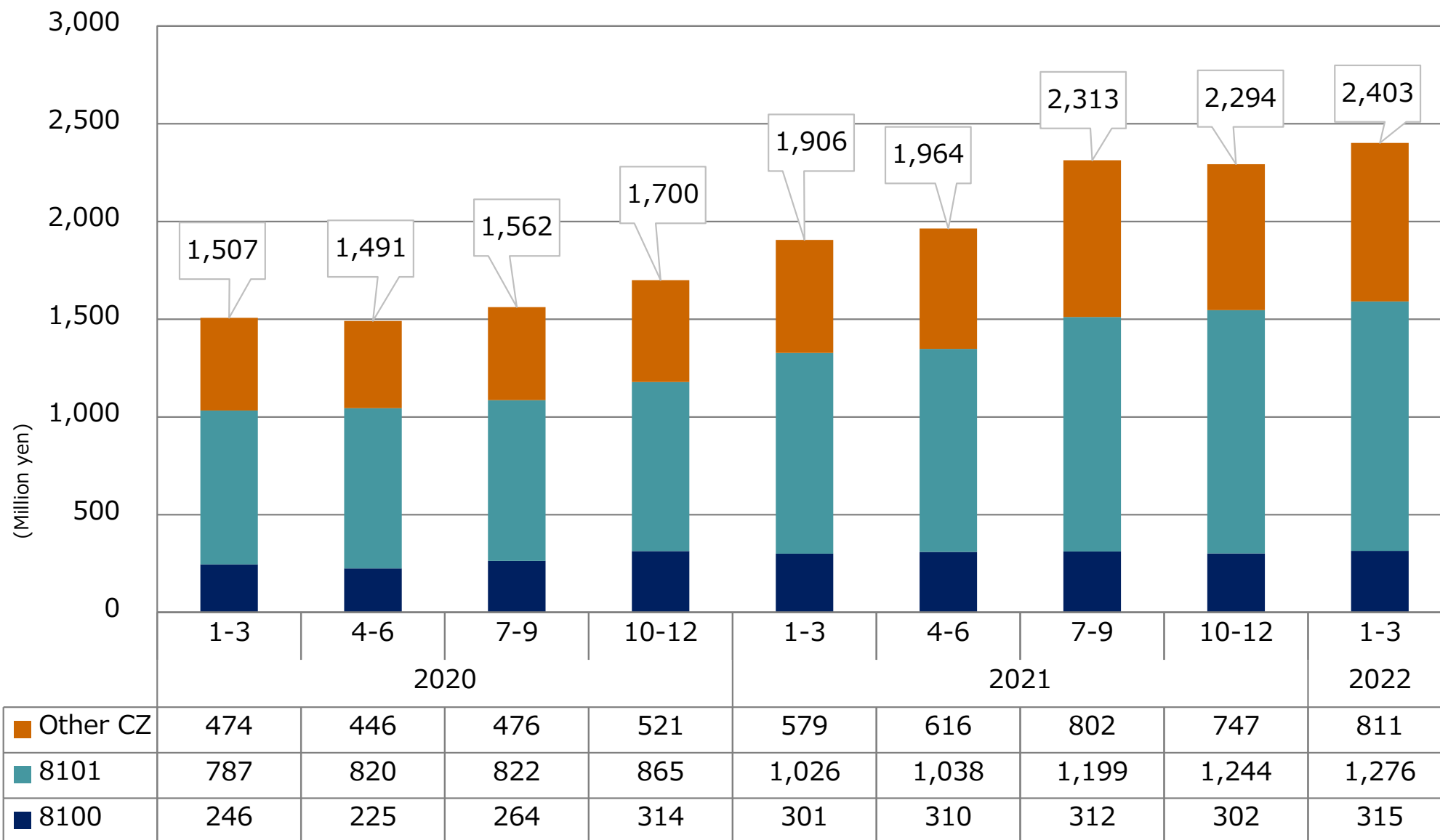
Quarterly performance : Chemical shipment volume (Consolidated)

(1)

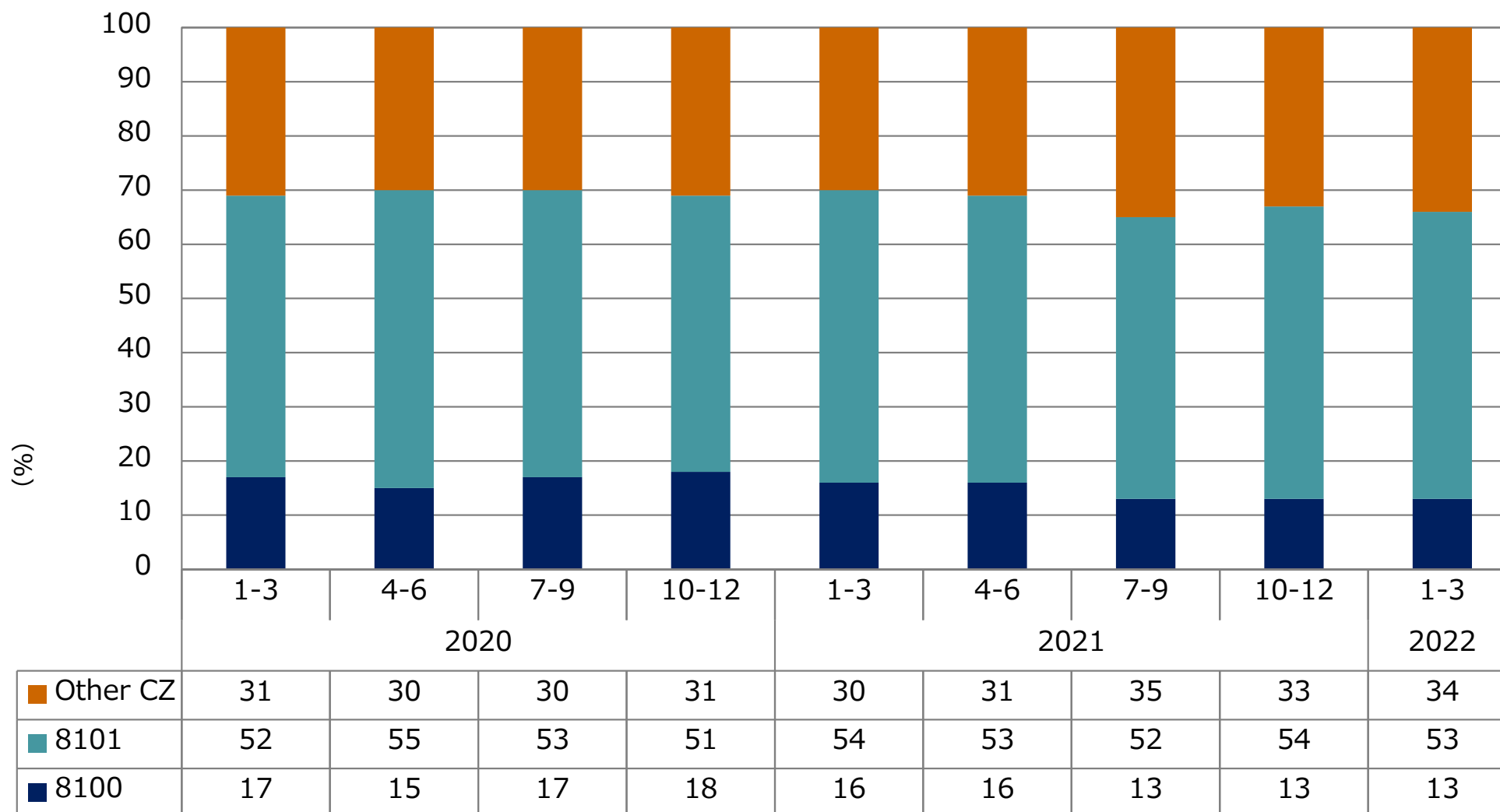


Other surface processing solution	267	269	273	257	384	371	402	394	391
Etching solution	1,955	2,209	2,378	2,471	2,287	2,138	2,470	2,226	2,098
Adhesion improves	6,626	6,723	7,137	7,871	8,248	8,132	9,159	9,063	8,895

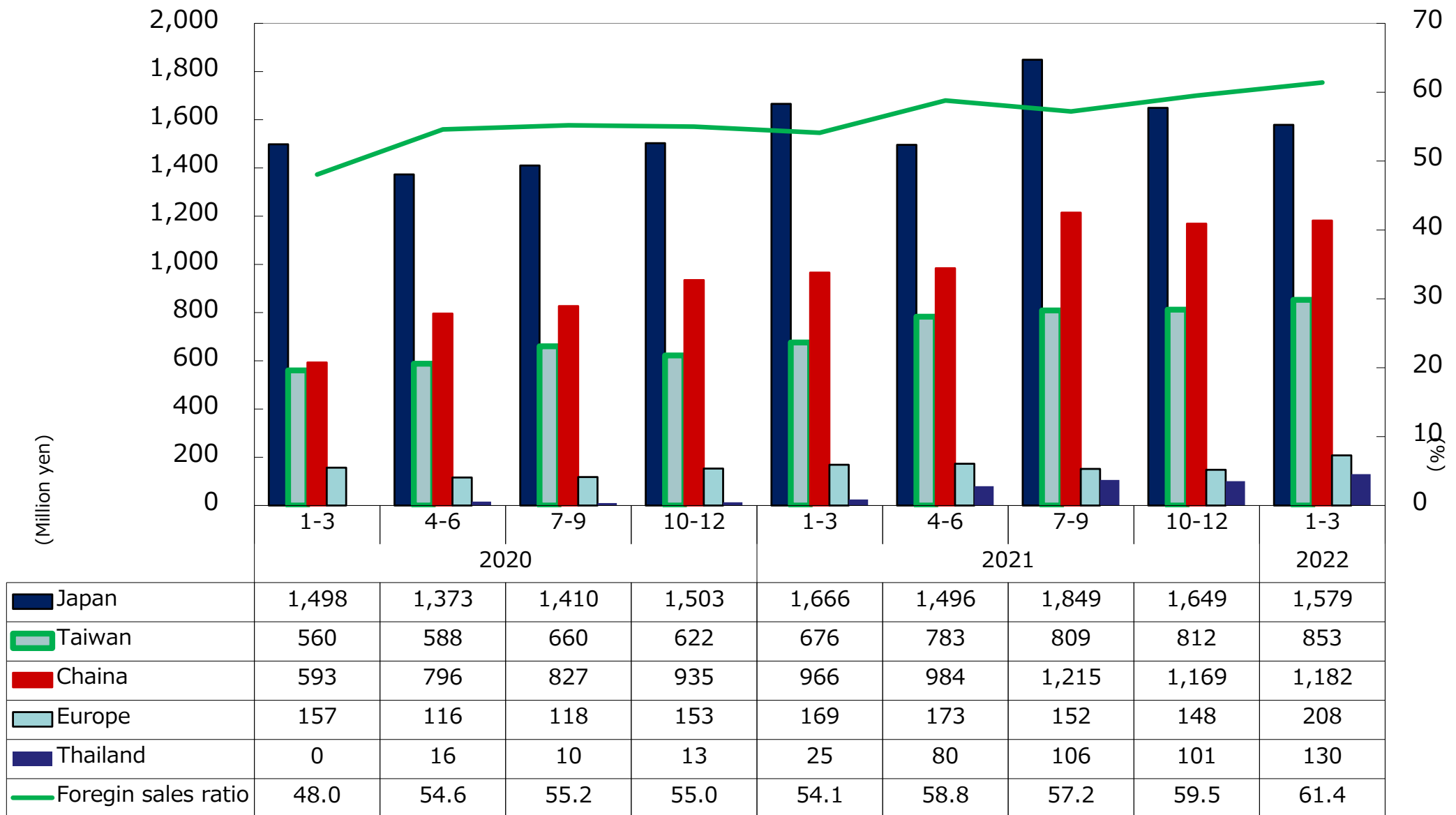
Quarterly performance : CZ series sales



Quarterly performance : CZ series sales (Composition ratio)



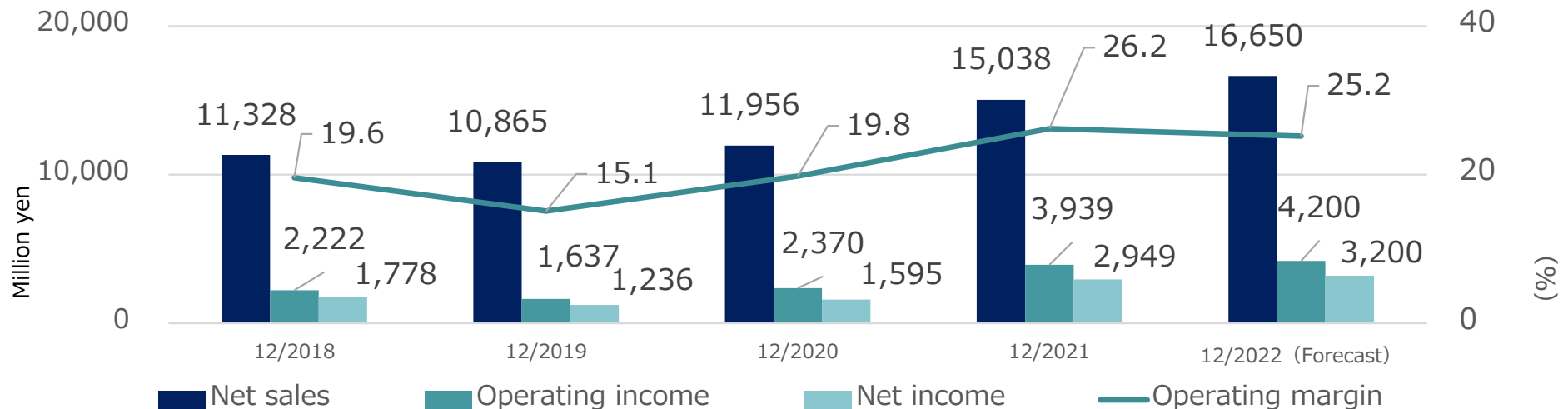
Quarterly performance : Region-specific sales and overseas sales ratio



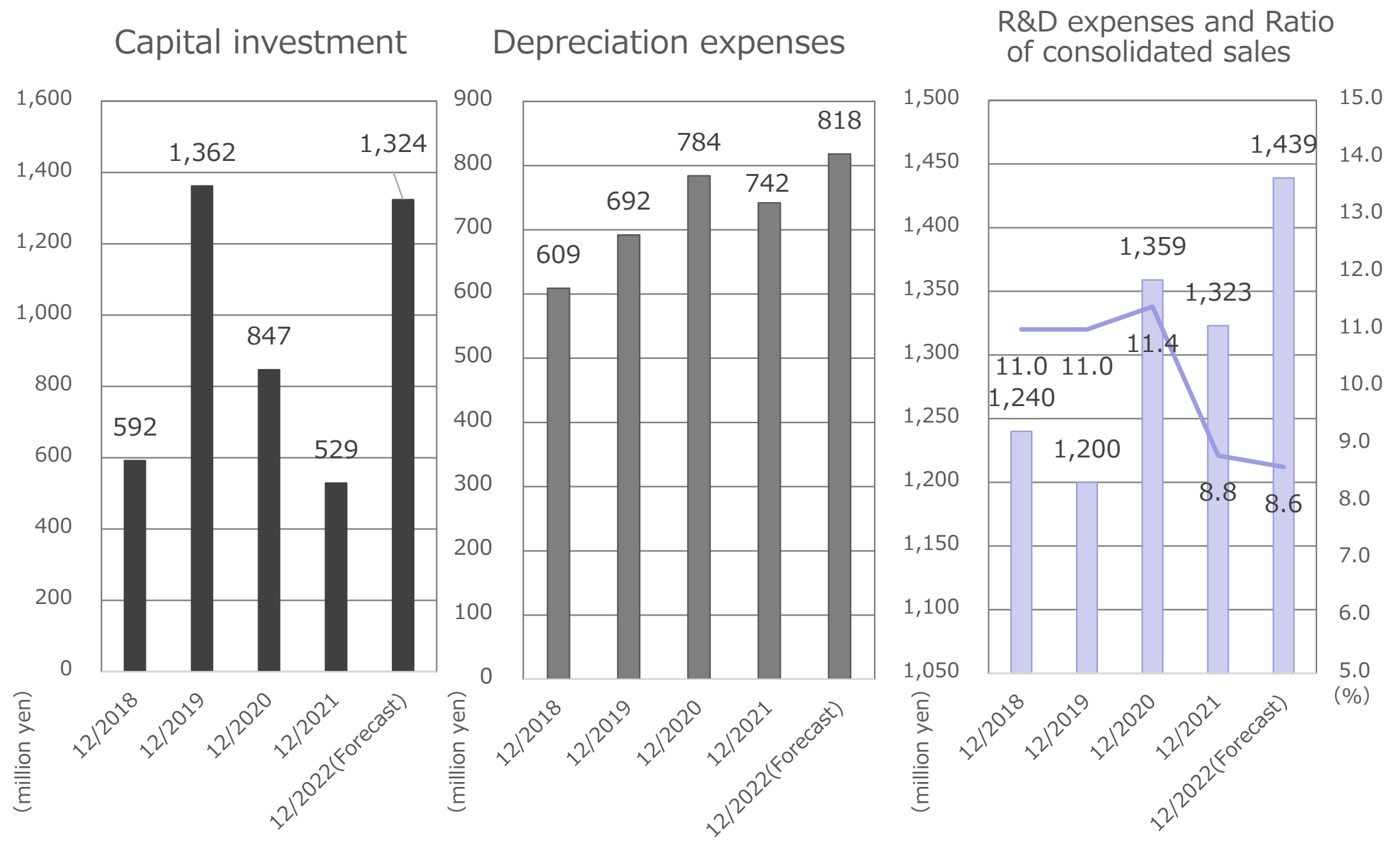
Overseas sales ratio is 79.0%(same period of the previous year: 75.8%)
if domestic agents' overseas chemical sales are included.

FYE12/2022 full-year forecast

	FYE12/2021 (53rd term)		FYE12/2022 (54th term) May, 10 2022					
	Full-year		1H			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	-	7,950	-	13.2	16,650	-	10.7
Operating income	3,939	26.2	2,000	25.2	2.6	4,200	25.2	6.6
Ordinary income	4,104	27.3	2,150	27.0	6.3	4,450	26.7	8.4
Net income	2,949	19.6	1,500	18.9	2.3	3,200	19.2	8.5
Net income per share(yen)	155.28	-	78.92	-	-	168.35	-	-



Capital investment, Depreciation expenses and R&D expenses



Dividend, payout ratio and ROE

Dividend policy

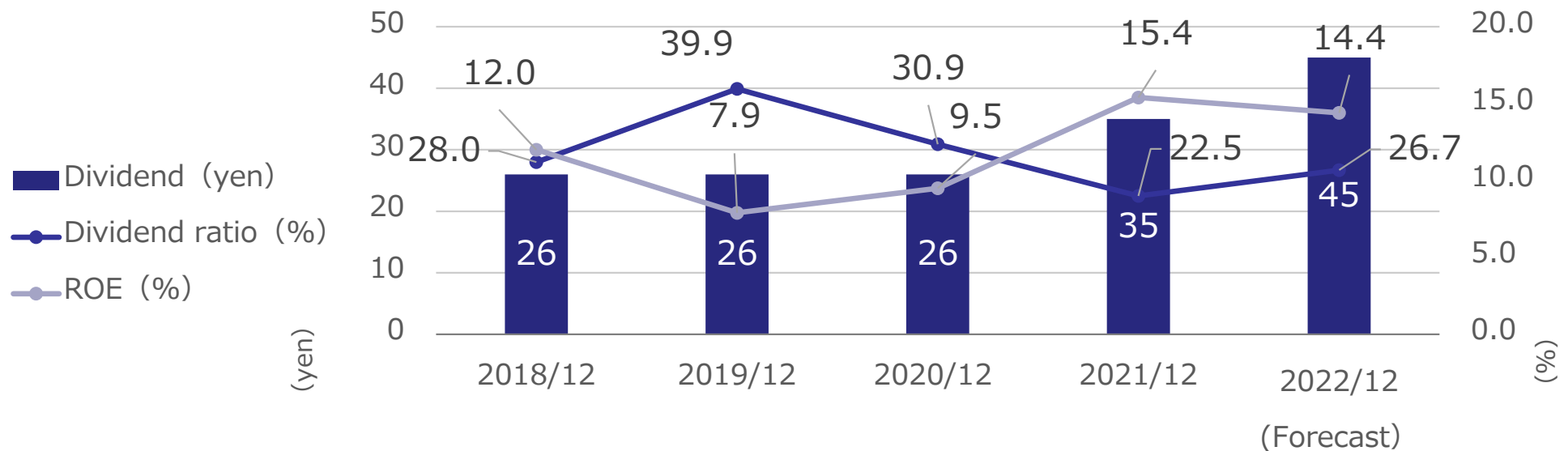
Medium-term goal
(consolidated payout ratio)
30%

Dividend (Forecast)

45.0 yen

Q2 end 20 yen
Fiscal year-end 25 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

- Implementing a personnel strategy based on “human capital management”

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