
Financial Results Briefing for Q3 FYE 12/2023

November 10, 2023



MEC COMPANY LTD.

Securities code: 4971

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

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Notice of Revision of Earnings Forecast

Revision to the full-year consolidated earnings forecast for the fiscal year ending in December 2023.
(January 1, 2023 to December 31, 2023)

	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)	13,500	1,800	1,900	1,730	91.89
Forecast revised this time(B)	13,800	2,250	2,500	2,150	114.07
Difference(B-A)	300	450	600	420	
Percentage change (%)	2.2	25.0	31.6	24.3	
(Reference) Results for the previous term (Year ended December 2022)	16,329	4,004	4,246	3,064	161.22

Q3 FYE12/2023 Key factors

1

Sales: 9,981 million yen(YOY change: Down 19.3%)
Operating income: 1,671 million yen(YOY change: Down 46.4%)

2

Exchange rate impact (YOY change)
Sales: Up 202 million yen,
Operating income: Up 69 million yen.

3

Chemicals

Sales: 9,834 million yen (YOY change: Down 19.5%)
Shipments: 25,439 t (YOY change: Down 26.7%)

4

Major products sales (YOY change)

EXE: Up 0.1%

V-Bond: Down 7.4%

CZ: Down 22.8%

SF: Down 37.6%

Exchange rate

	Initial forecast	23Q3	22Q3	23Q2	23Q1
NTD	4.37	4.48	4.37	4.44	4.37
RMB	19.33	19.66	19.33	19.48	19.33
HKD	16.34	17.73	16.34	17.36	17.02
THB	3.69	4.01	3.69	3.95	3.90
EUR	136.04	150.22	136.04	147.00	143.34
USD	128.03	138.87	128.03	135.99	133.26

- Overseas subsidiaries are basically transactions denominated in local currency, and are affected by the yen / local currency rate when converting to yen in consolidated accounting.
- Our major foreign currencies are the Taiwan dollar (NTD) and the Chinese yuan (RMB). Both use the average rate during the period.

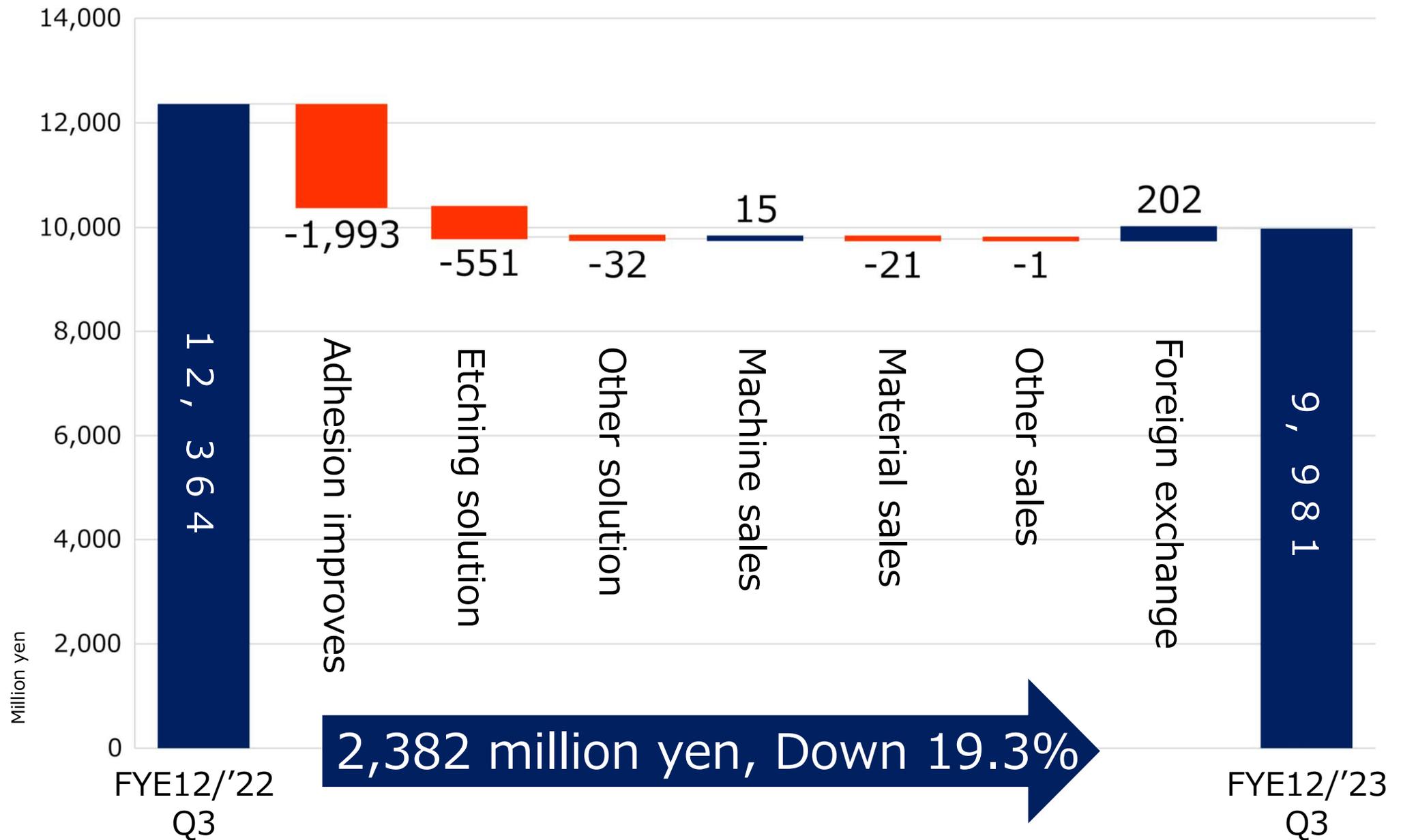
Exchange sensitivity NTD: (Sale) 42 (Operating income) 22
 (9 months conversion)(million yen) : RMB: (Sale) 15 (Operating income) 6

Q3 FYE12/2023 Results

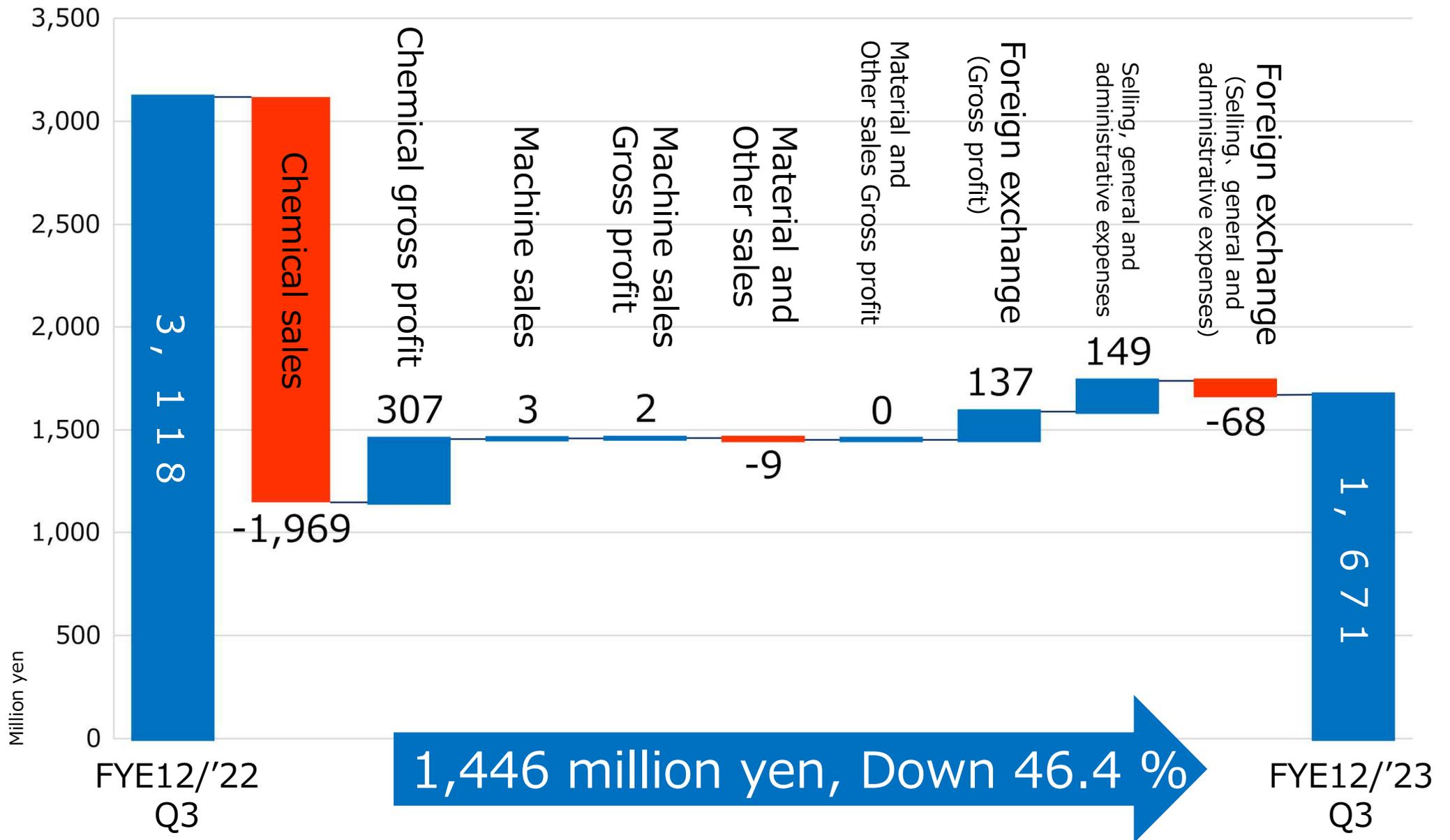
Unit : million yen

	Q3						Full-year		
	FYE12.2022		FYE12.2023				FYE12.2022	FYE12.2023	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)		Results	(Forecast)	YOY (%)
Net sales	12,364	75.7%	9,981	72.3%	-2,382	-19.3%	16,329	13,800	-15.5%
Chemical sales	12,214	-	9,834	-	-2,379	-19.5%	16,042	-	-
Gross profit	7,414	-	5,886	-	-1,527	-20.6%	9,803	-	-
Gross profit margin	60.0%	-	59.0%	-	-	-	60.0%	-	-
SGA	4,295	-	4,214	-	-81	-1.9%	5,799	-	-
Sales ratio	34.7%	-	42.2%	-	-	-	35.5%	-	-
Operating income	3,118	77.9%	1,671	74.3%	-1,446	-46.4%	4,004	2,250	-43.8%
Operating profit margin	25.2%	-	16.8%	-	-	-	24.5%	-	-
Ordinary income	3,438	81.0%	1,878	75.1%	-1,560	-45.4%	4,246	2,500	-41.1%
Ordinary profit margin	27.8%	-	18.8%	-	-	-	26.0%	-	-
Profit before tax	3,410	-	2,422	-	-988	-29.0%	4,224	-	-
Net income	2,382	80.8%	1,707	79.4%	-675	-28.4%	3,064	2,150	-29.8%
Net income per share	125.35	-	90.39	-	-	-	161.22	114.07	-

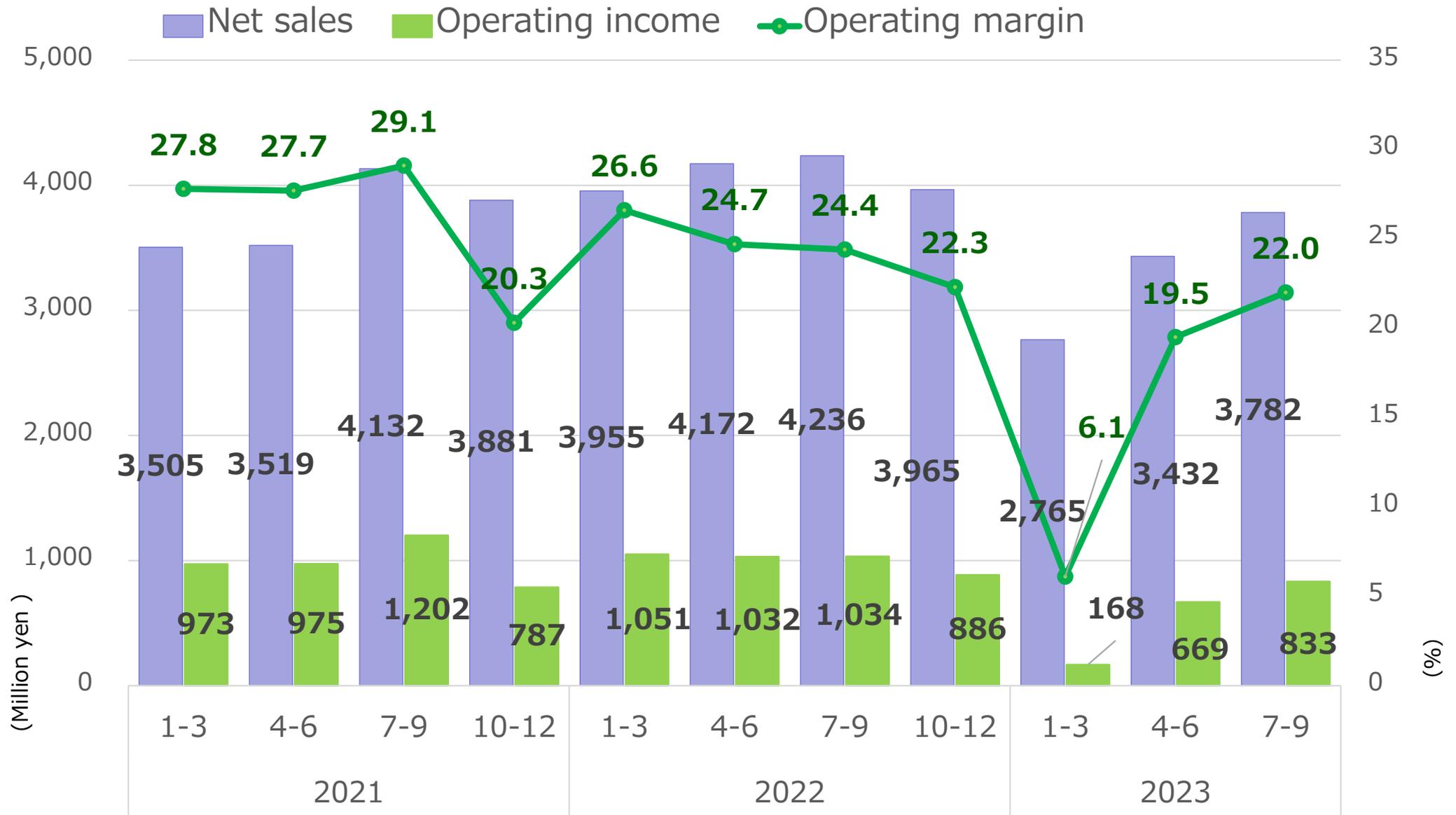
Net sales YOY



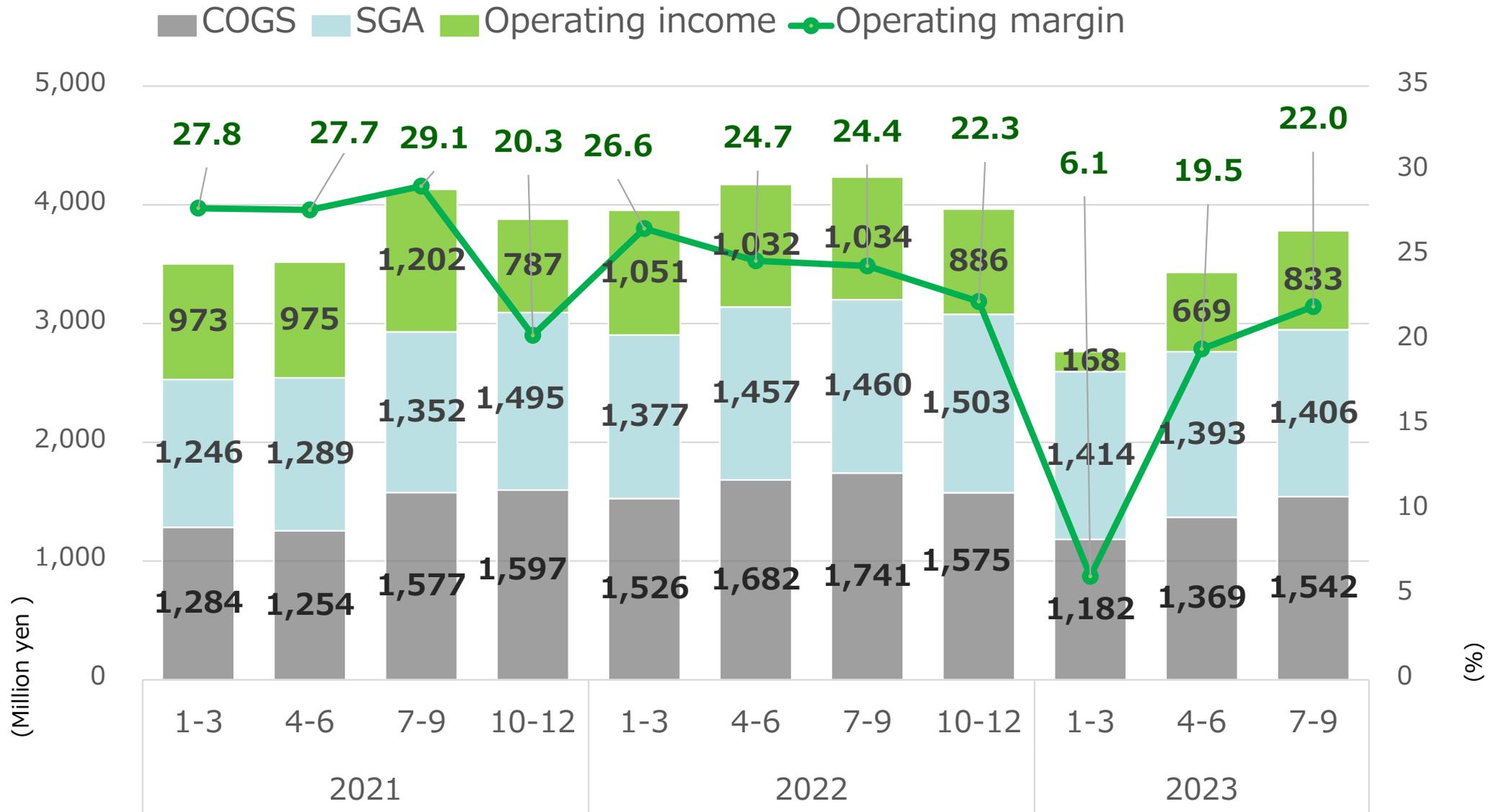
Operating income YOY



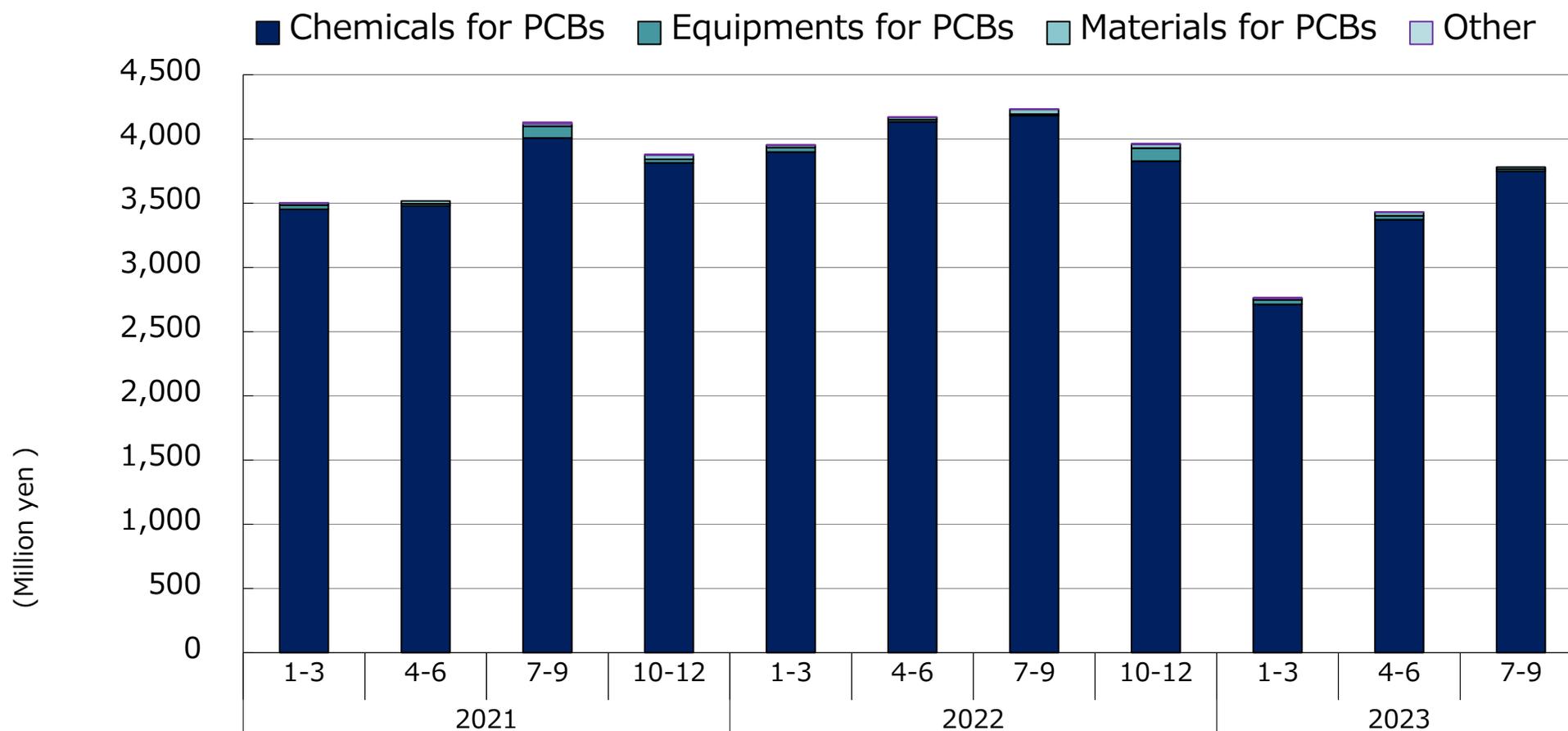
Quarterly performance: Sales, Operating income, Operating margin (Consolidated)



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

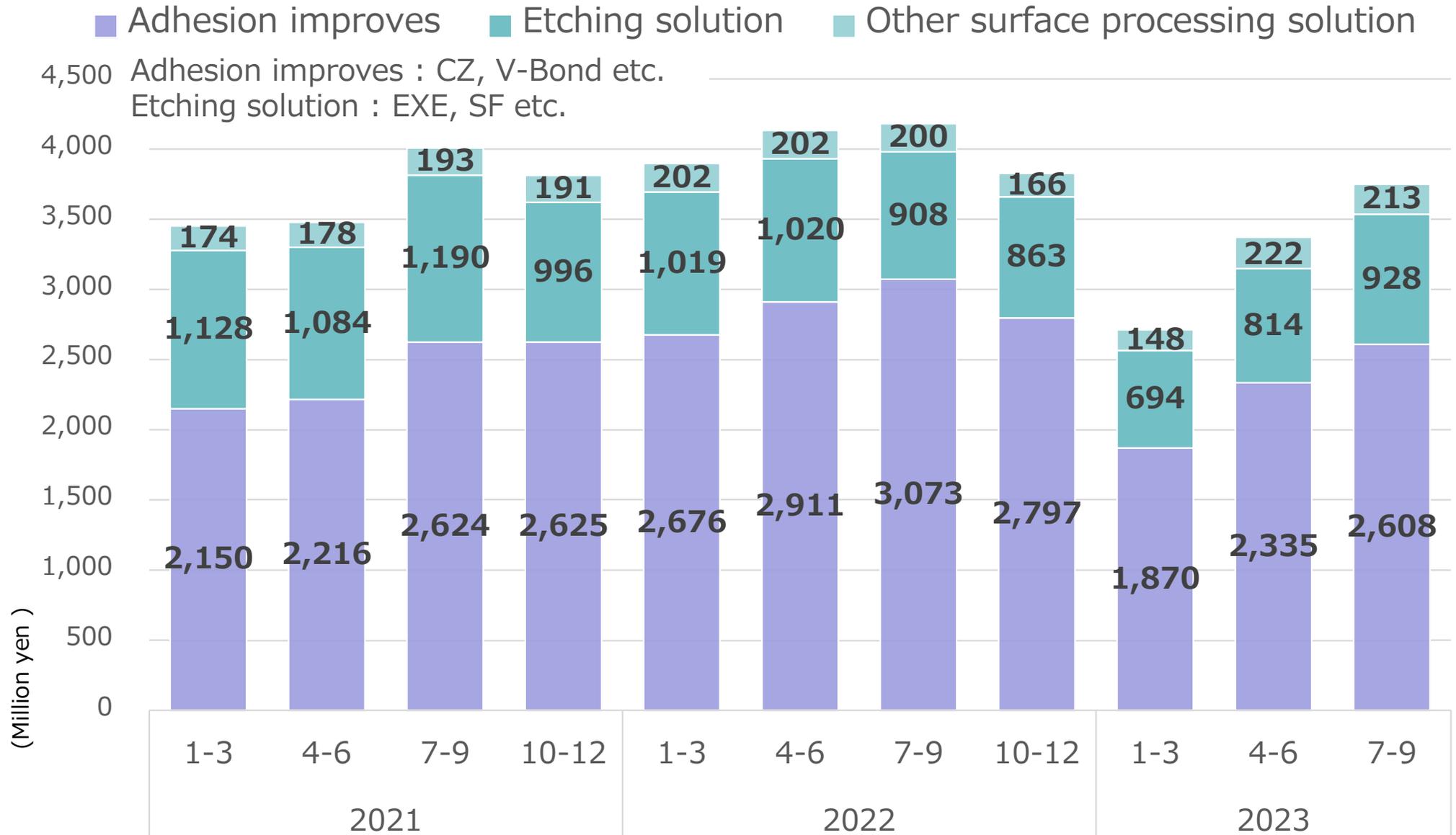


Quarterly performance : Product-specific sales (Consolidated)

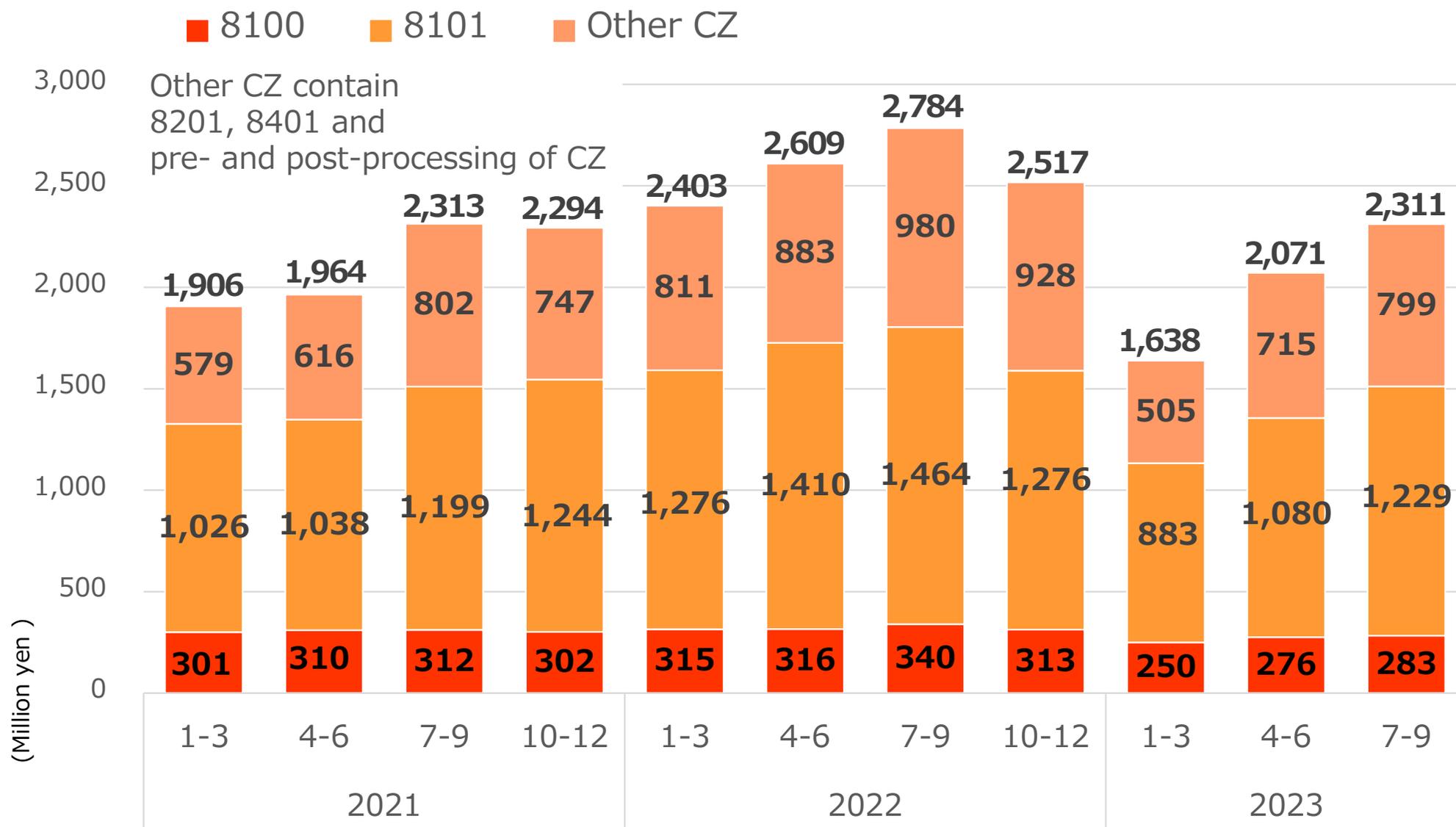


Other	2	0	13	6	1	1	1	3	1	1	0
Materials for PCBs	16	21	19	33	18	19	38	31	16	27	15
Equipments for PCBs	33	16	90	27	36	17	13	102	34	31	17
Chemicals for PCBs	3,452	3,480	4,008	3,814	3,898	4,134	4,181	3,827	2,712	3,372	3,749

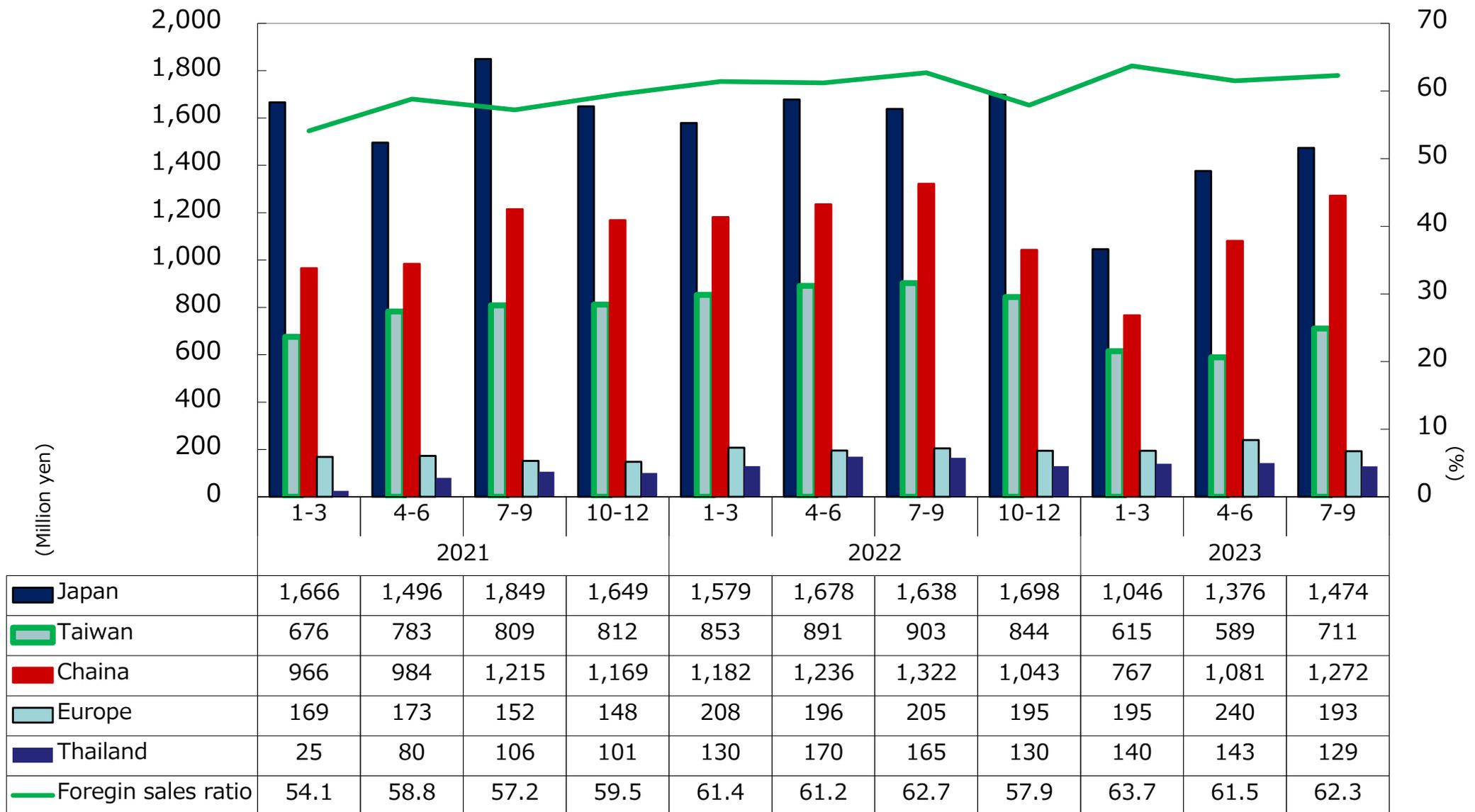
Quarterly performance : Chemical sales (Consolidated)



Quarterly performance : CZ series sales



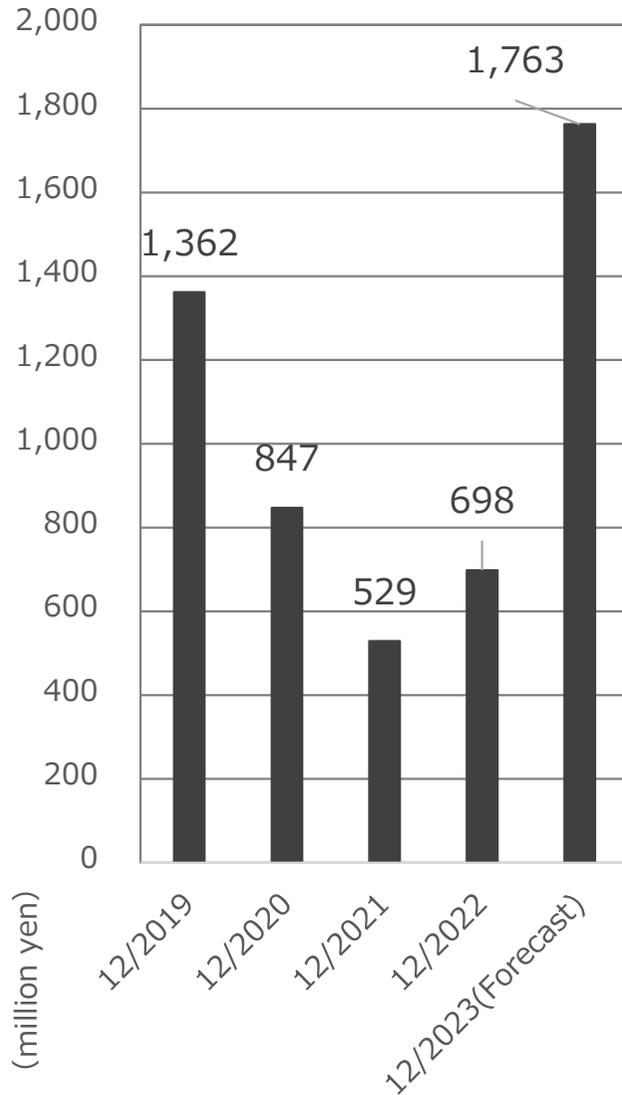
Quarterly performance : Region-specific sales and overseas sales ratio



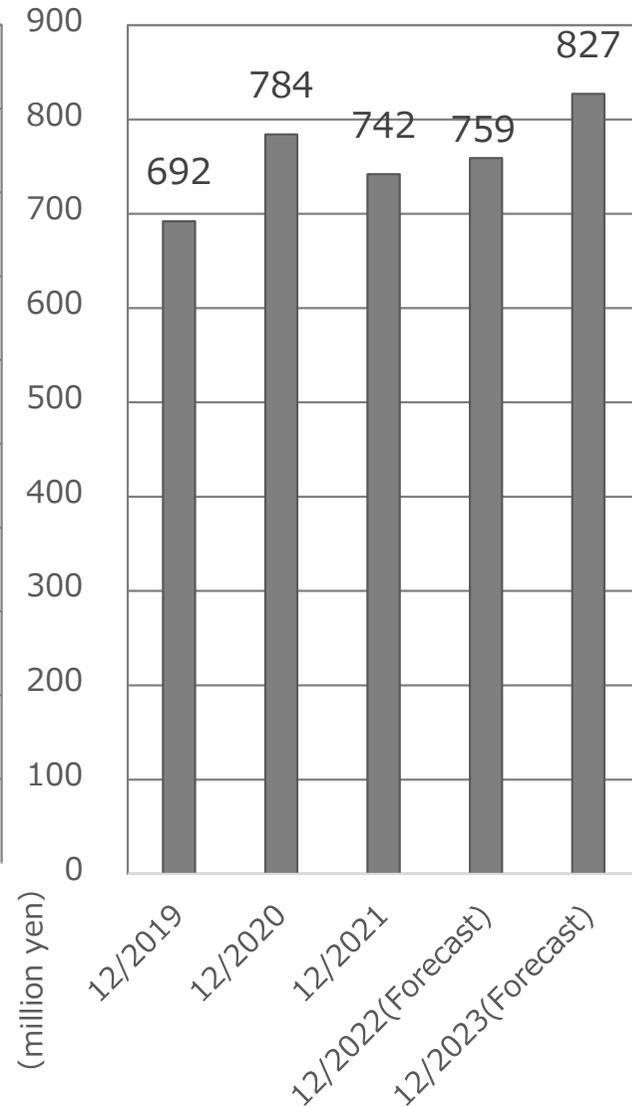
Overseas sales ratio is 78.3%(same period of the previous year: 80.5%) including sales to overseas customers through agents in Japan.

Capital investment, Depreciation expenses and R&D expenses

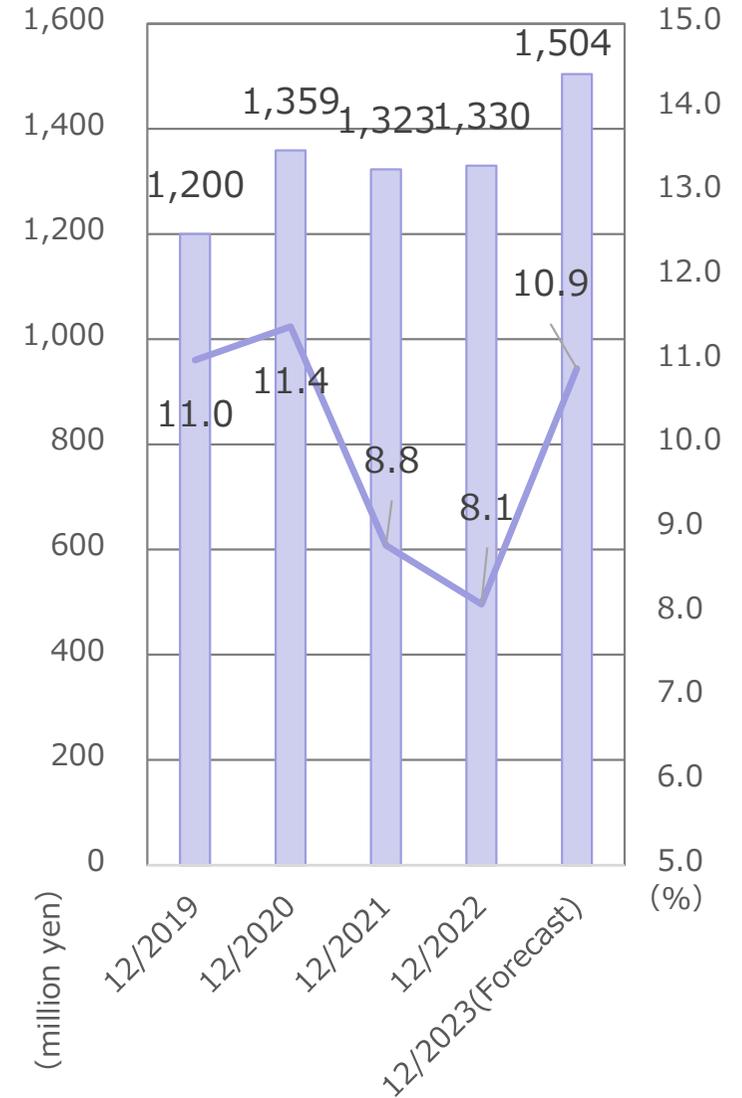
Capital investment



Depreciation expenses



R&D expenses and Ratio of consolidated sales



Our future plans

Examples of major chemical applications and final products

Major chemical	Characteristic	Final products
Super-roughening type adhesive enhancement CZ series	Adhesion improver mainly for PKG substrates. A copper surface treatment agent that enhances adhesion between copper and resin.	Infrastructure (5G-related, data centers, etc.) and high-function devices (PCs, smartphones, tablet PCs, etc.)
Adhesion improvers for multilayer substrates V-Bond series	Adhesion improver mainly for multilayer substrates. A copper surface treatment agent that enhances adhesion between copper and resin. Not used for PKG substrates.	Smartphones, cars, etc.
Anisotropic etchant EXE series	Etching agent for COF substrates. Fine wiring can be formed through subtraction.	TV and PC monitors, etc.
Selective etchant SF series	Etching agent with selectivity to copper.	Tablet PCs, etc.

Our future plans

Business environment

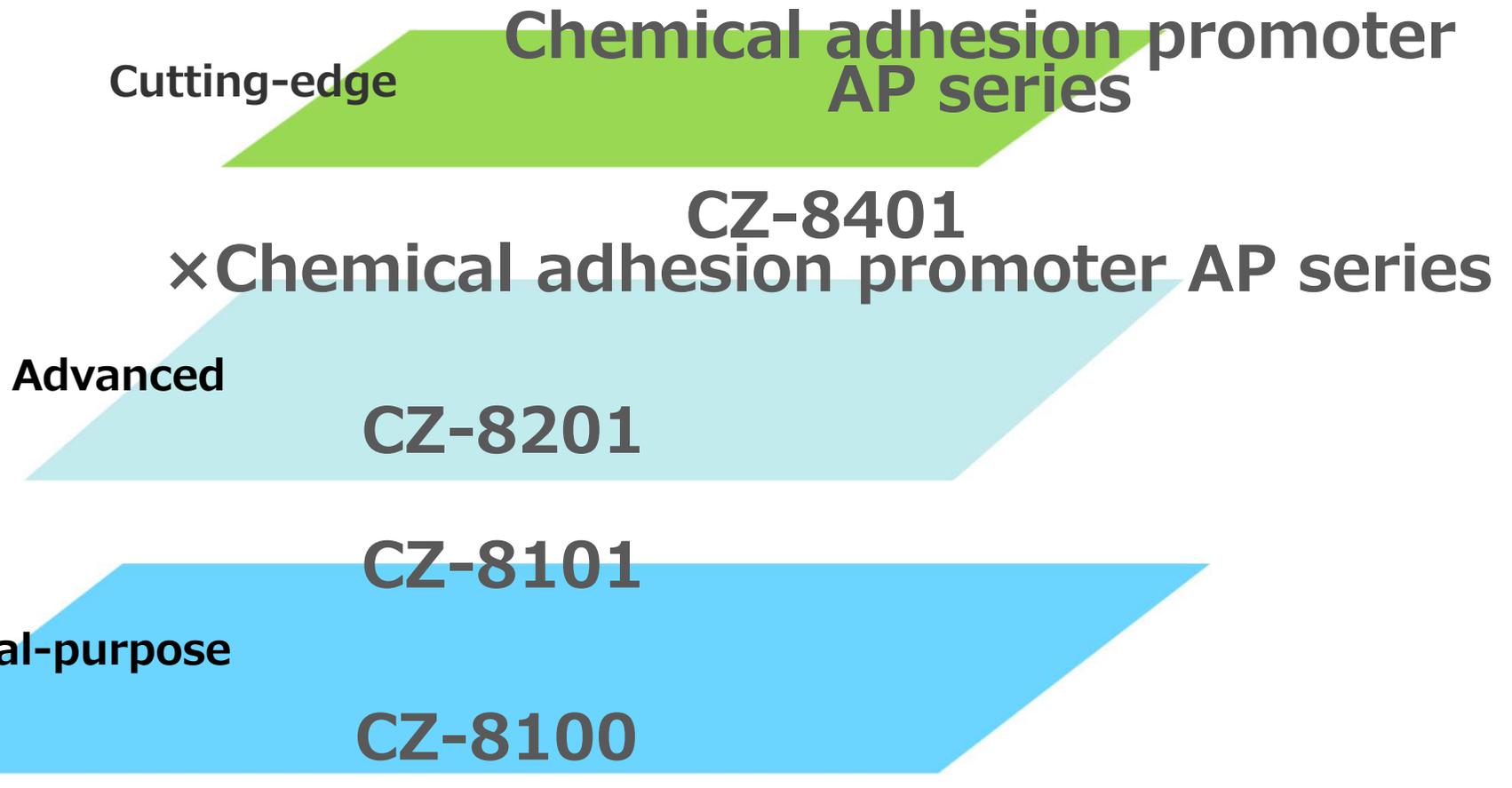
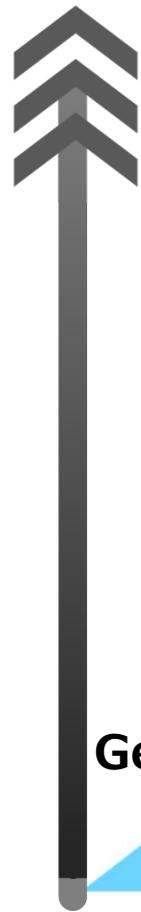
- In the short term, the market for semiconductors, which is in an adjustment phase, and sluggish consumer spending are expected to have a negative impact.
- In the medium to long term, technological innovation will advance against the backdrop of the spread of technologies such as IoT, AI, 5G, electrification of vehicles, and the promotion of DX and GX, and markets related to our company will continue expanding.
- Demand for the related CZ Series and Chemical adhesion promoter is expected to grow thanks to Ultra-high density, Ultra-high frequency and higher performance and increase in PKG substrates due to growing demand for semiconductors.

Major chemical

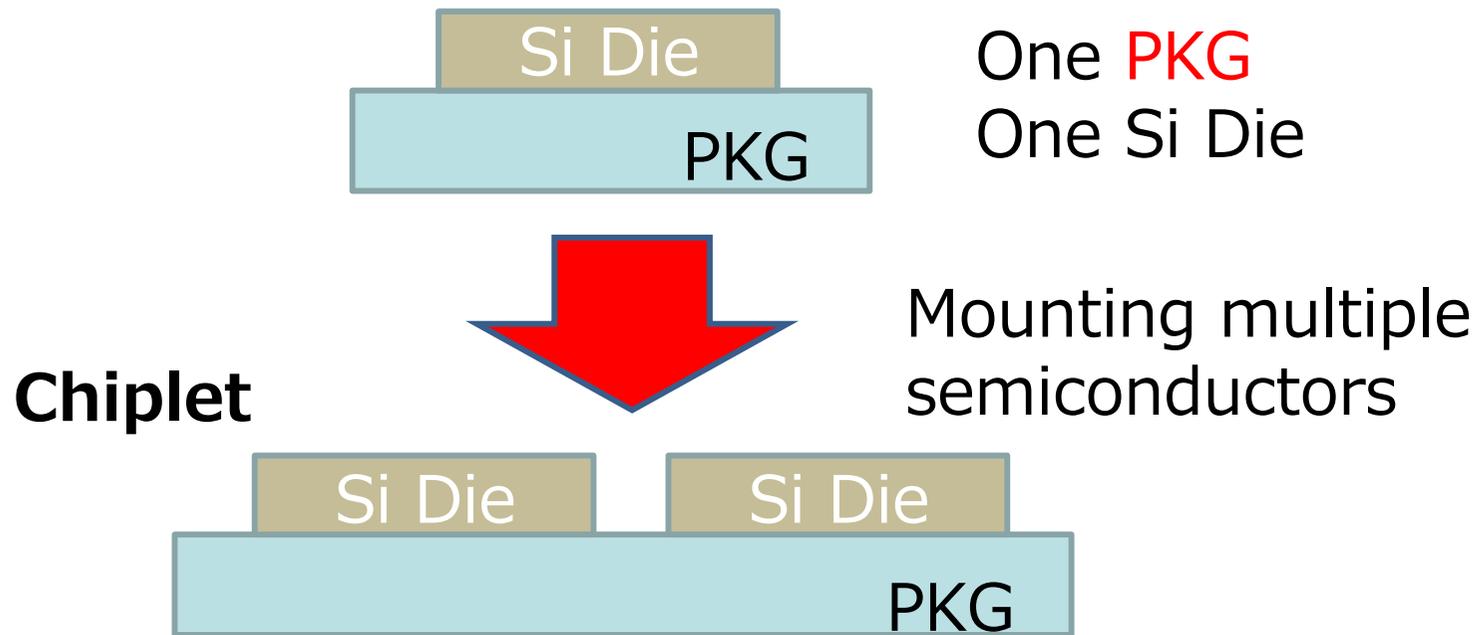
- CZ : In the short term, demand will be affected by the stagnation of the semiconductor market, but in the medium to long term, demand is expected to increase due to an increase in PKG substrates and an increase in size and multilayer structure.
- V-Bond : In the short term, the shortage of semiconductors for automobiles is easing and there are signs of recovery, but smartphones are affected by sluggish demand due to stagnant personal consumption.
- EXE : On a recovery trend, its sustainability is unclear.
- SF : Demand for smartphones is expected to decline due to technological changes, while demand for tablet PCs is expected to continue.

Our products & PKG Substrate trend

Ultra-high density
Ultra-high frequency



Evolution of the PKG substrate



EMIB

(Embedded **M**ulti-die **I**nterconnect **B**ridge)



CoWoS

(Chip **o**n **W**afer **o**n **S**ubstrate)



EFB

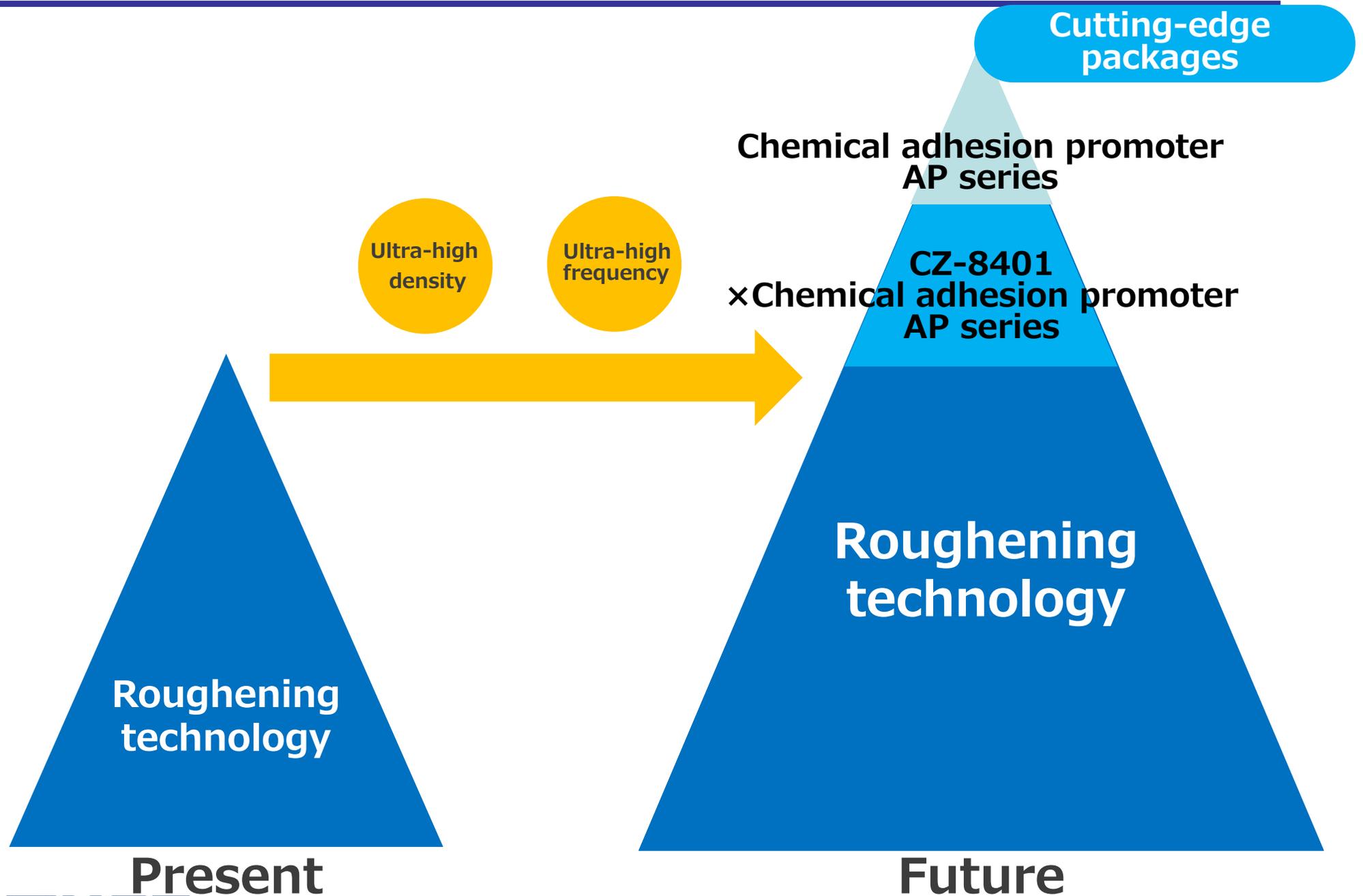
(Elevated **F**anout **B**ridge)



■ Copper pillar

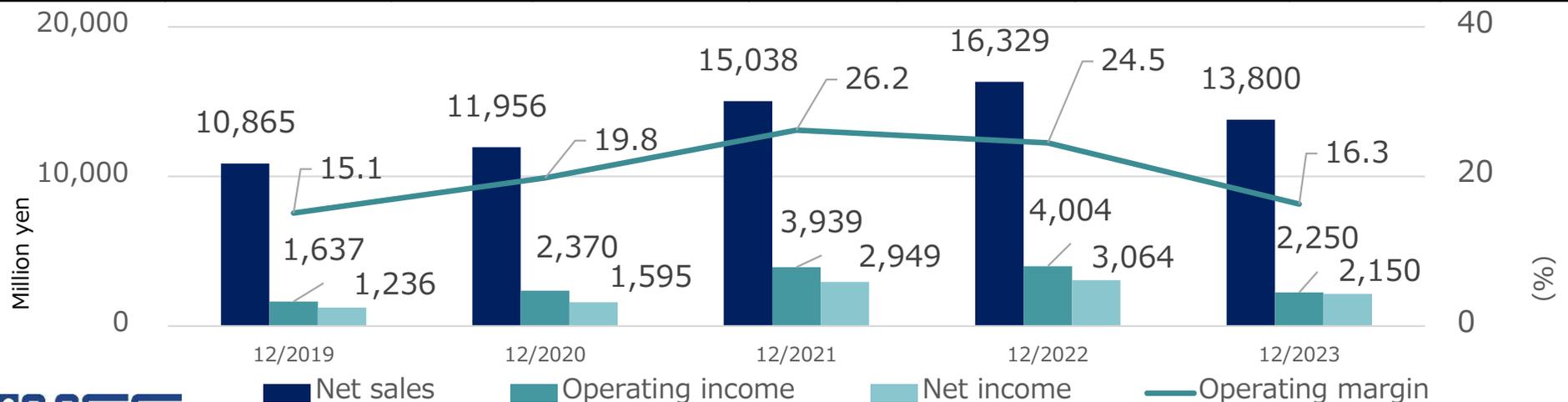
PKG size is big and layers are increase.

Market trend

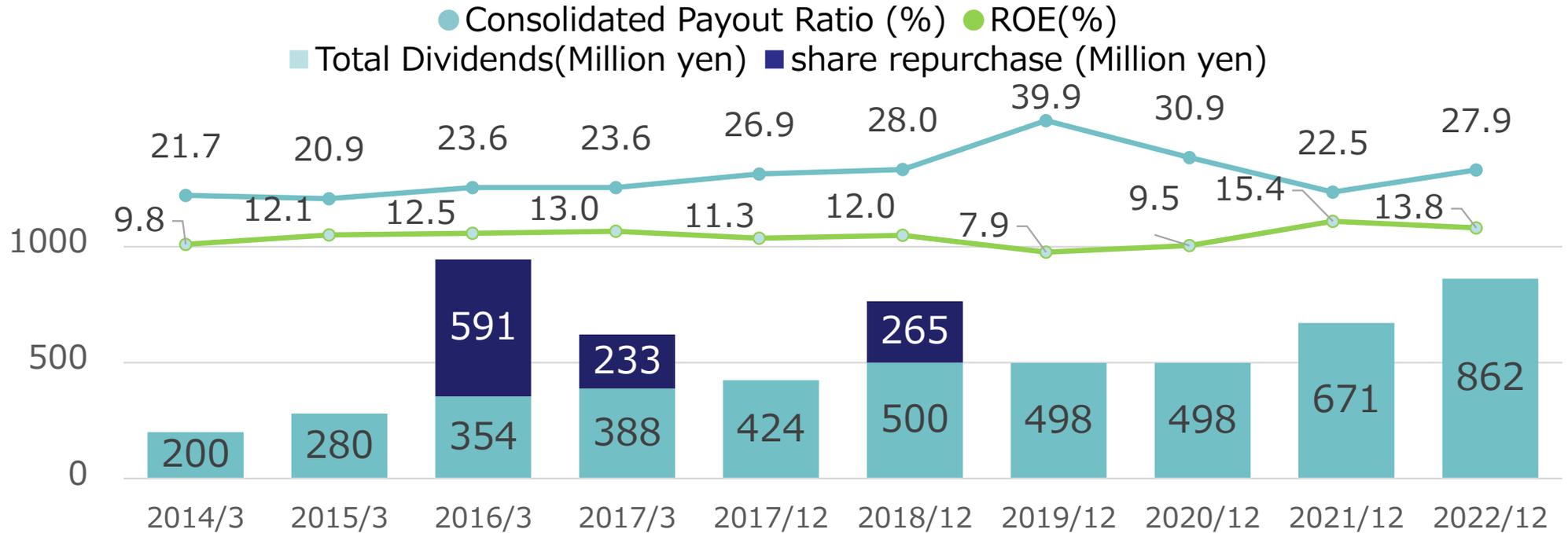


FYE12/2023 full-year forecast

	FYE12/2022 (54th term)		FYE12/2023 (55th term)					
	Full-year		May 23, 2023			November 10, 2023		
			Full-year			Full-year		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	16,329	-	13,500	-	-17.3%	13,800	-	-15.5%
Operating income	4,004	24.5	1,800	13.3	-55.1%	2,250	16.3	-43.8%
Ordinary income	4,246	26.0	1,900	14.1	-55.3%	2,500	18.1	-41.1%
Net income	3,064	18.8	1,730	12.8	-43.5%	2,150	15.6	-29.8%
Net income per share(yen)	161.22	-	91.89	-	-	114.07	-	-



Trends in Total Dividends, Consolidated Dividend Payout Ratio, and ROE



+ Consolidated Dividend Payout Ratio

Medium-term goal (consolidated payout ratio)
30%

+ ROE

2024 quantitative targets
At least 10%

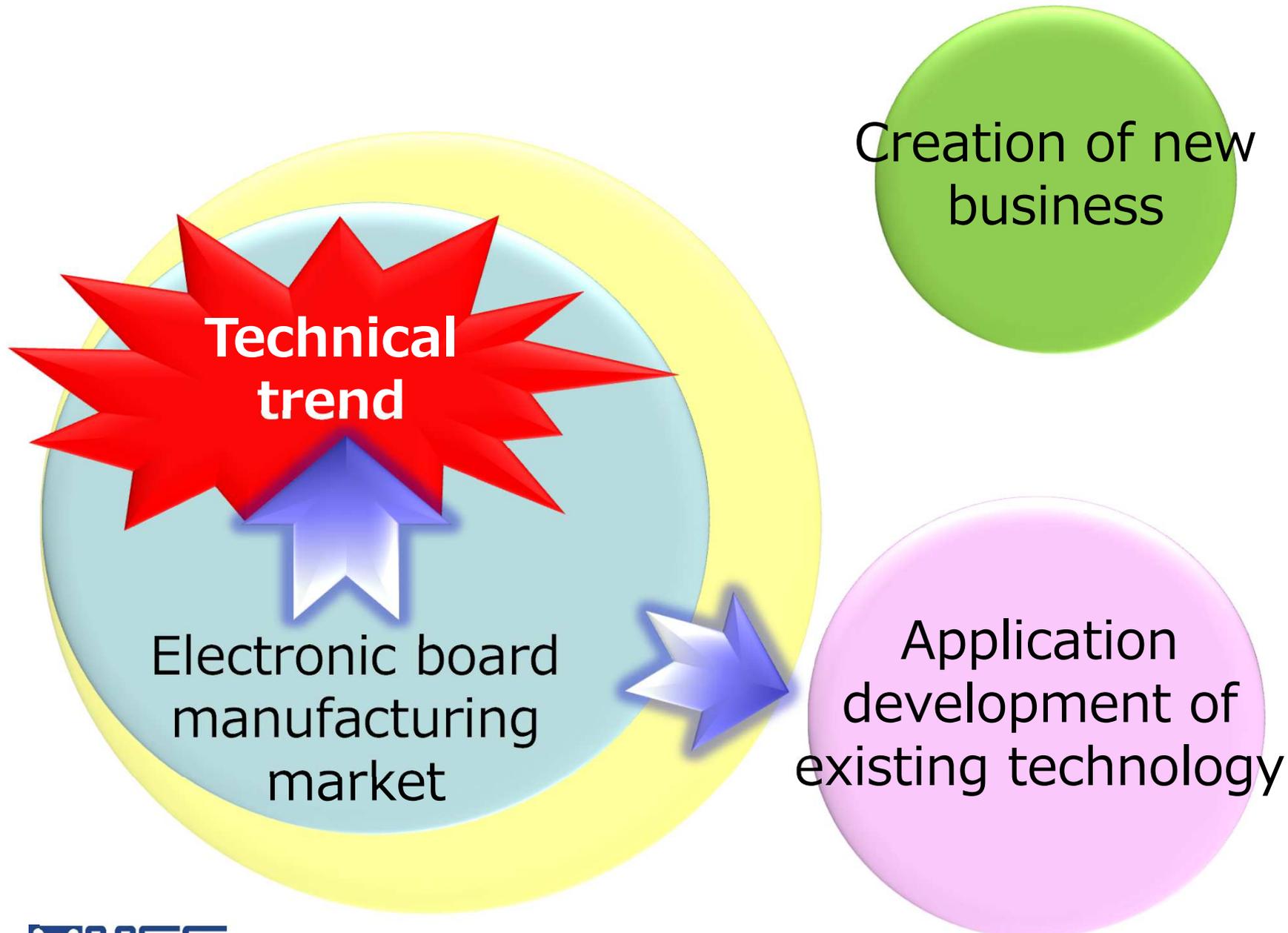
+ FYE12/2023 Annual dividends per share (Forecast)

45.0円 (2Q-end 20.0yen, Fiscal year-end 25.0yen, consolidated payout ratio: 39.4%)

+ treasury stock acquisition

Acquisition period	May 11, 2023 to June 23, 2023
Total number of shares acquired	286,000 shares
Total acquisition price	899,860,700 yen

Aiming to expand the business domain



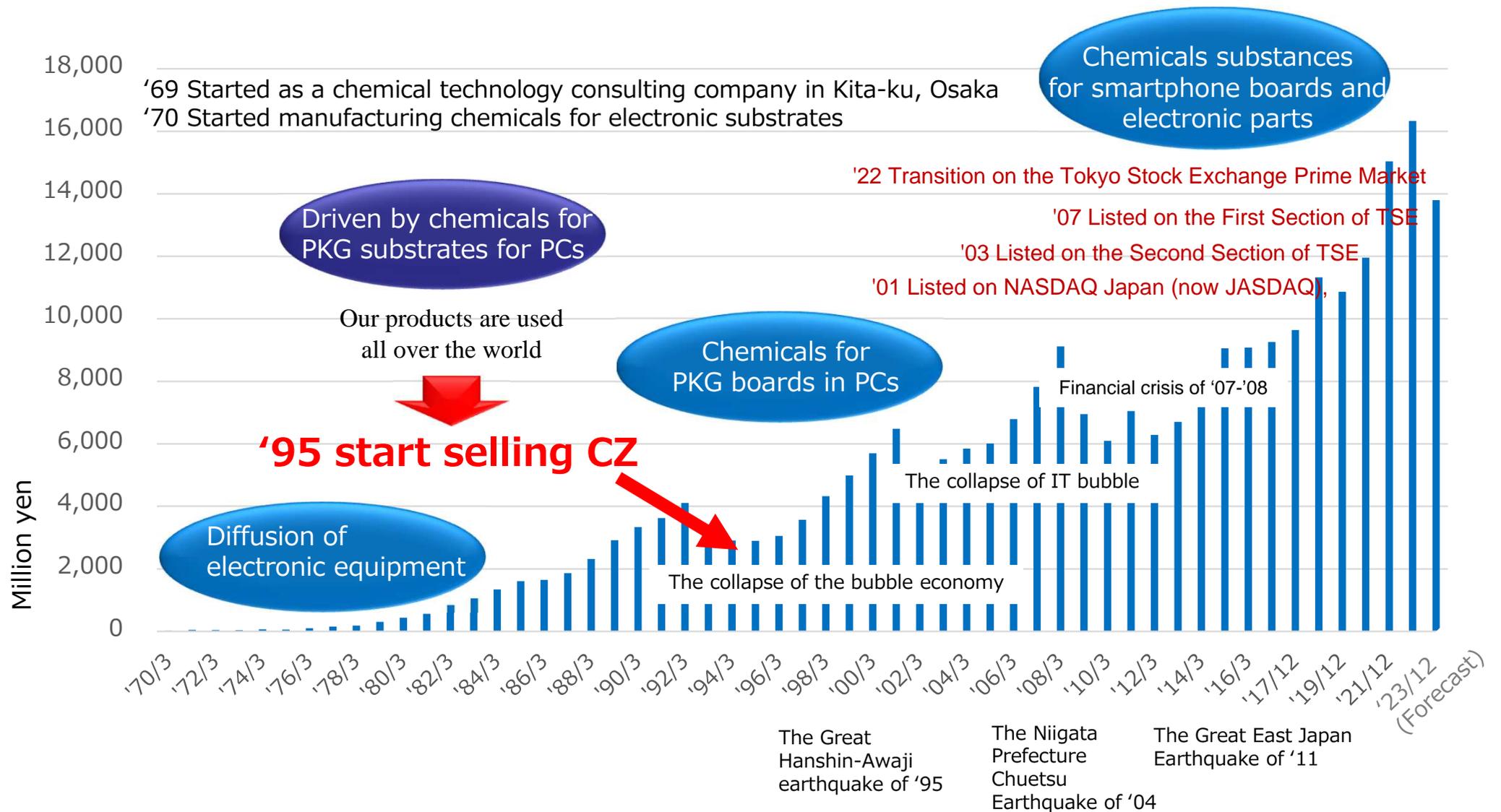
Appendix

Corporate profile

(As of December 31, 2022)

Company name	MEC COMPANY LTD.
Head quarters location	3-4-1, Kuise Minamishimmachi, Amagasaki, Hyogo 660-0822, JAPAN
Date of establishment	May 1, 1969
Business activities	R&D, production and sales of chemicals, equipment and related materials used in the production of PCBs and electronic components.
Presentative	President and CEO Kazuo Maeda
Capital	594,142,400 JPY
Net sales	16,329 million JPY (Consolidated)
Stock listing	Tokyo Stock Exchange Prime Market Securities code: 4971
Number of employees	438 persons (Consolidated) 253 persons (Non-consolidated)

MEC sales trend since foundation



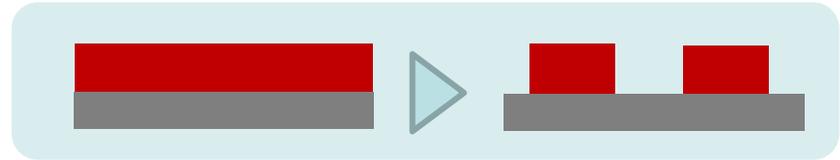
MEC's core technologies

Creating and Fostering Value at Various Interfaces

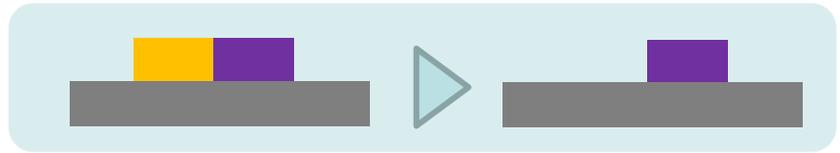
- **Roughen** the surface, and **physically improve** **adhesion** CZ,V-Bond



- **Pattern formation** EXE



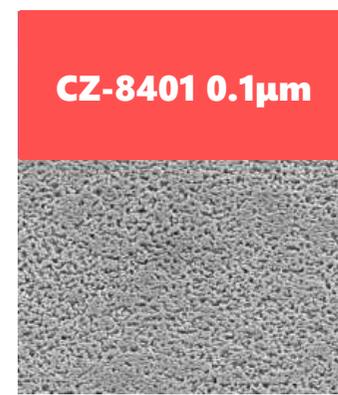
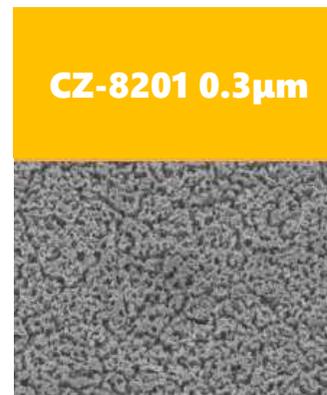
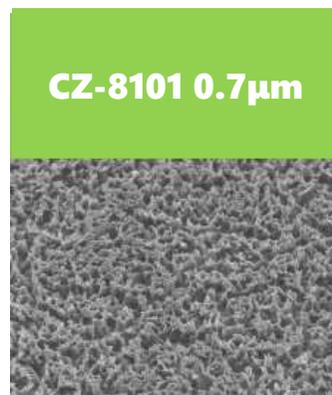
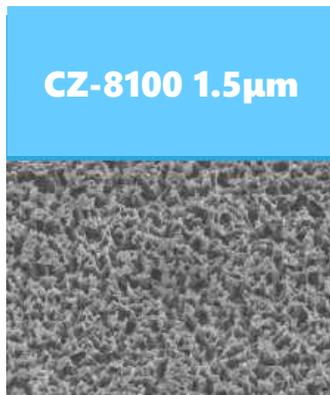
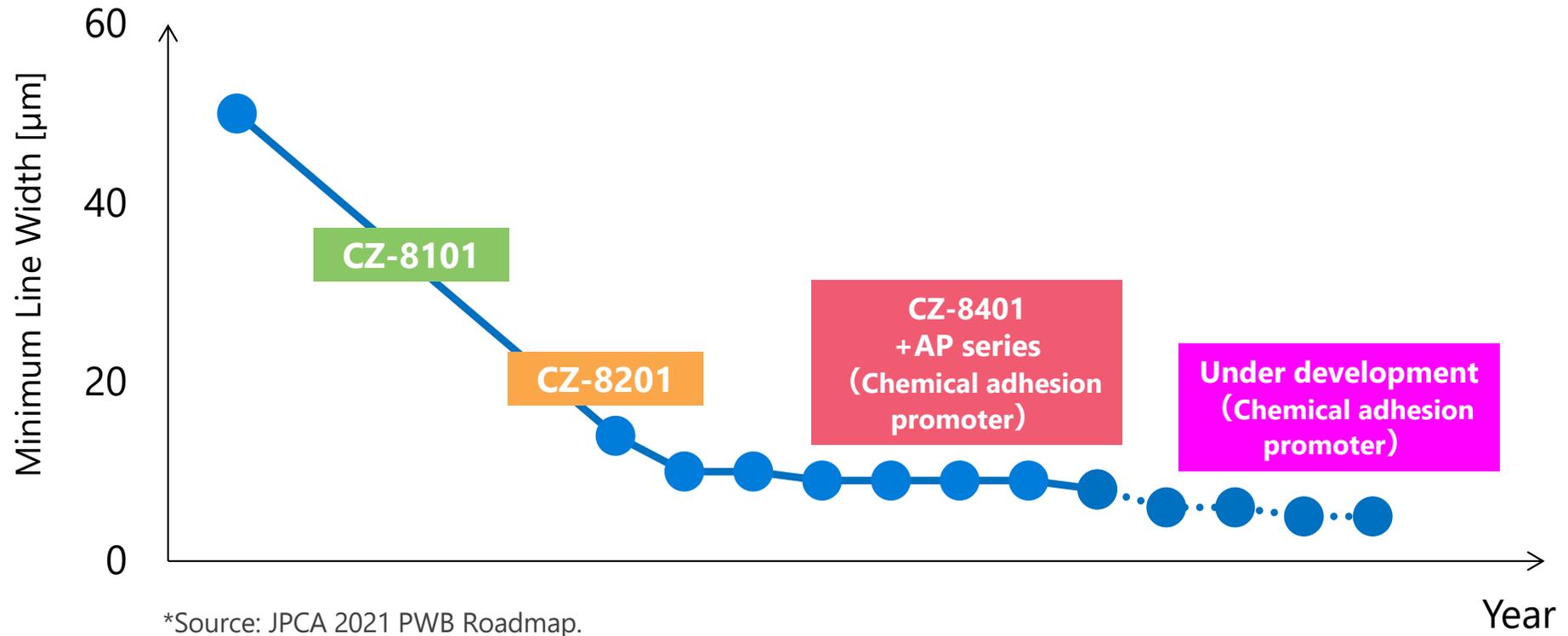
- **Selective etching** SF



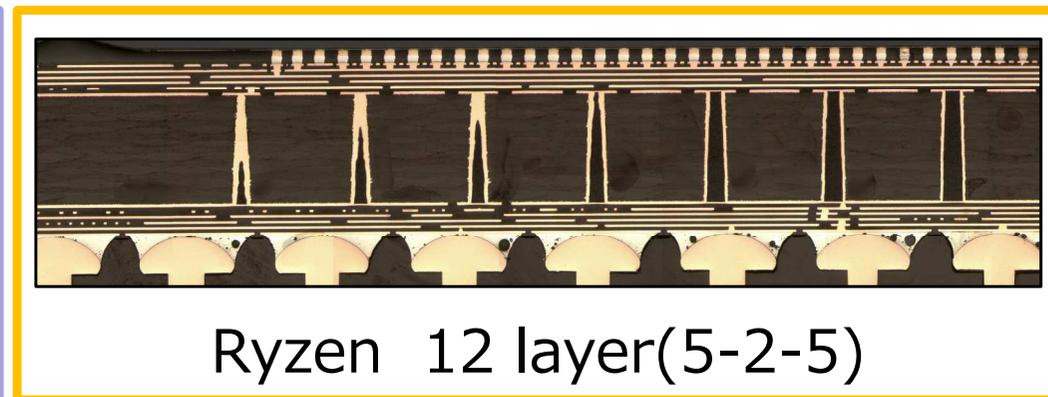
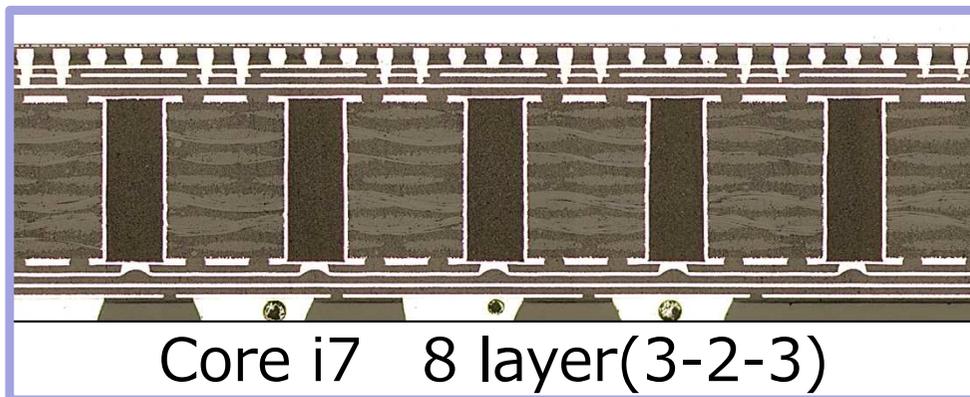
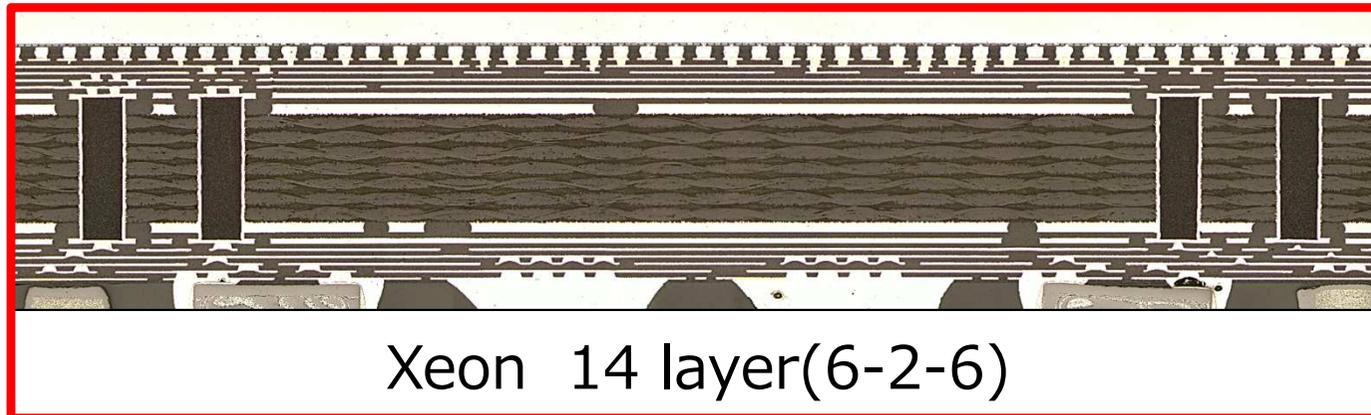
- **Treat** the surface, and **chemically improve** **adhesion promoter**



CZ series roadmap



Cross section PKG board



	Surface area	Layer
Xeon	27.44 cm ²	14
Core i7	14.44 cm ²	8
Ryzen	16.00 cm ²	12

*Obtained and disassembled by MEC

Production capacity



Amagasaki Factory
900 t / m



Nagaoka Factory
2,200 t / m



MEC TAIWAN
1,200 t / m



MEC SUZHOU
450 t / m



MEC ZHUHAI
1,000 t / m



MEC EUROPE
400 t / m



MEC THAILAND
500 t / m

(as of 2023)

Creating and Fostering Value at Various Interfaces



This presentation includes forward-looking statements (such as predictions and business forecasts) made in November 10, 2023. These statements are assumptions based on information available at the time, and they are subject to risks and uncertainties. Actual results or events could differ substantially from those forecasted in such statements due to a plethora of variables.