

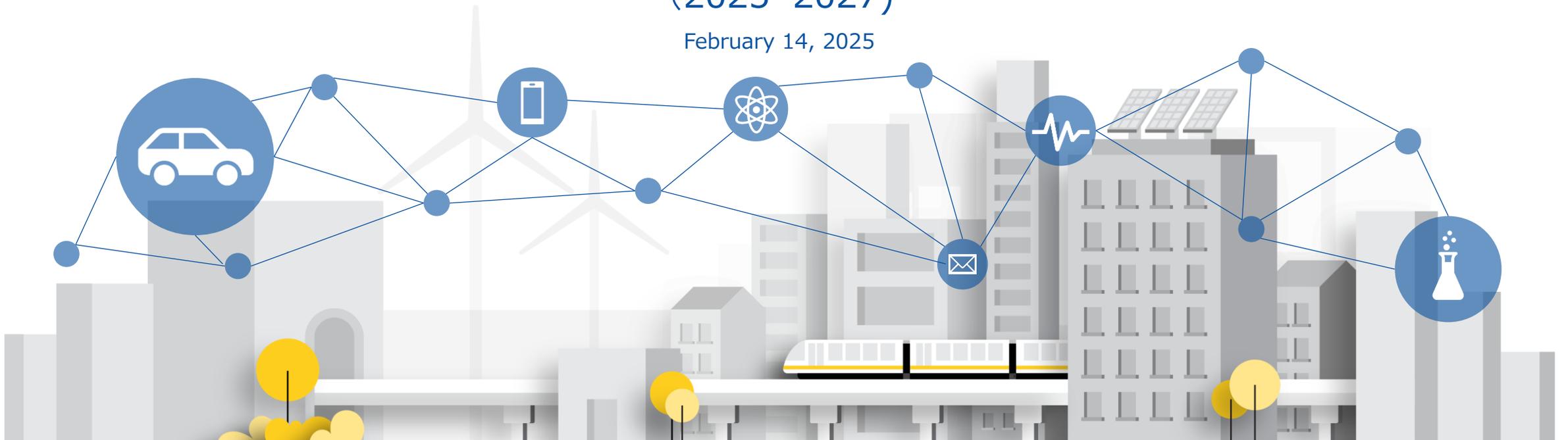
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2030 Vision

Phase 2

Medium-term Management Plan (2025–2027)

February 14, 2025



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2030 Vision

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**Medium-term Management Plan
: Phase 1 Review**

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**Medium-term Management Plan
: Phase 2**

- 1. Quantitative and qualitative targets**
- 2. Human resource development**
- 3. Working toward a sustainable society**
- 4. Financial policies**



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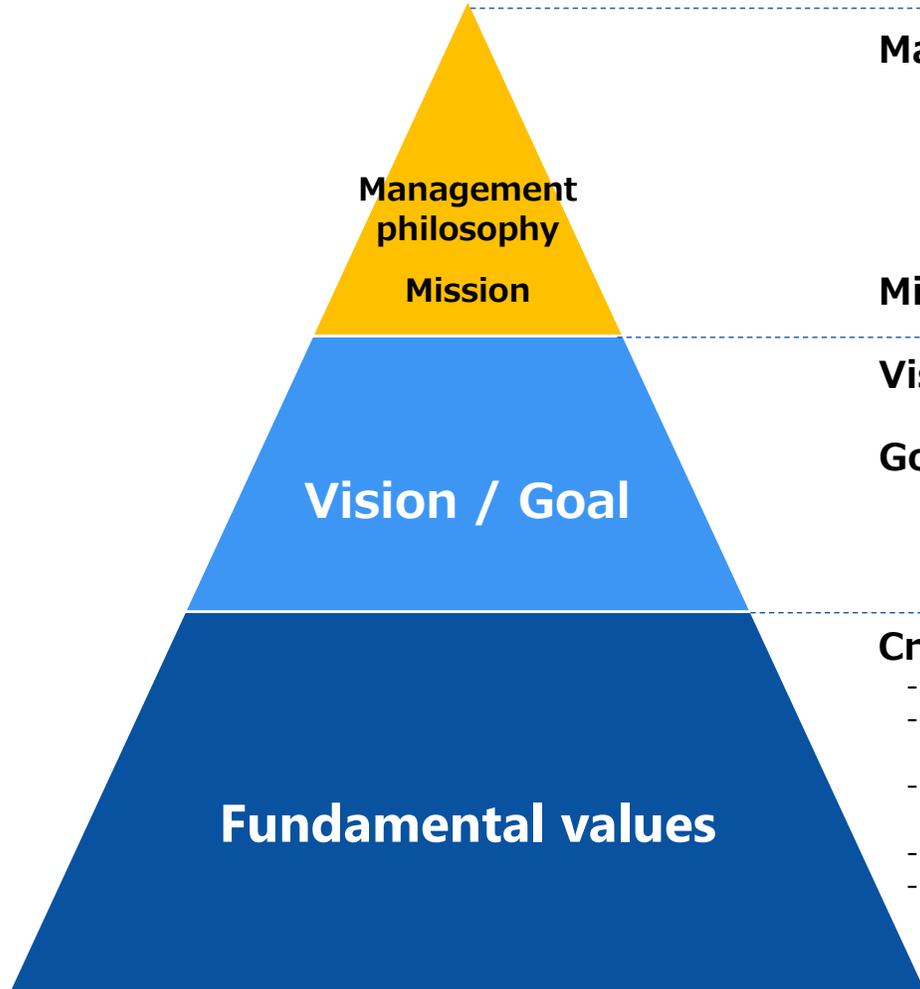
2030 Vision



New Philosophy System Diagram

Company motto

Enjoy your work



Management Philosophy:

The MEC group will contribute to the creation of a prosperous and diverse society and sustainable environment, inspired by an unconventional approach based on the principles of "Visionary Technology", "Reliable Quality" and "Meticulous Service", thereby creating and fostering value at various interfaces through our global activities.

Mission : Transforming the world through interfaces.

Vision : Becoming the world's best creator of interfaces and connecting them to the world.

Goal : Achieving our ideal potential.

- To become a truly global company
- To continue as an R&D-driven enterprise
- To establish ourselves as a uniquely innovative AI company

Creed

- Always take on new challenges without fear
- Continue innovating and improving with boundless curiosity
- Work together in a spirit of cooperation and gratitude
- Create a fun workplace focused on safety and health
- Strive to be useful in society at large

Create and Transform

Change the concept of "Making"
Change the concept of "Selling" and "Gaining"

Valuing Connections Among People and Nurturing Unique, Irreplaceable Value

Build external networks and internal harmony; it is people who cultivate value.



Corporate
image

- Become a truly global company that creates new value with visionary technology
- Continue to be an R&D-based company
- Present an image as a visionary AI company



Human
resource
image

- Strive to develop human resources capable of self-reliance, self-discipline, and solidarity
- Be enthusiastic and continuously challenge oneself
- Acquire fundamental digital literacy



Organizations

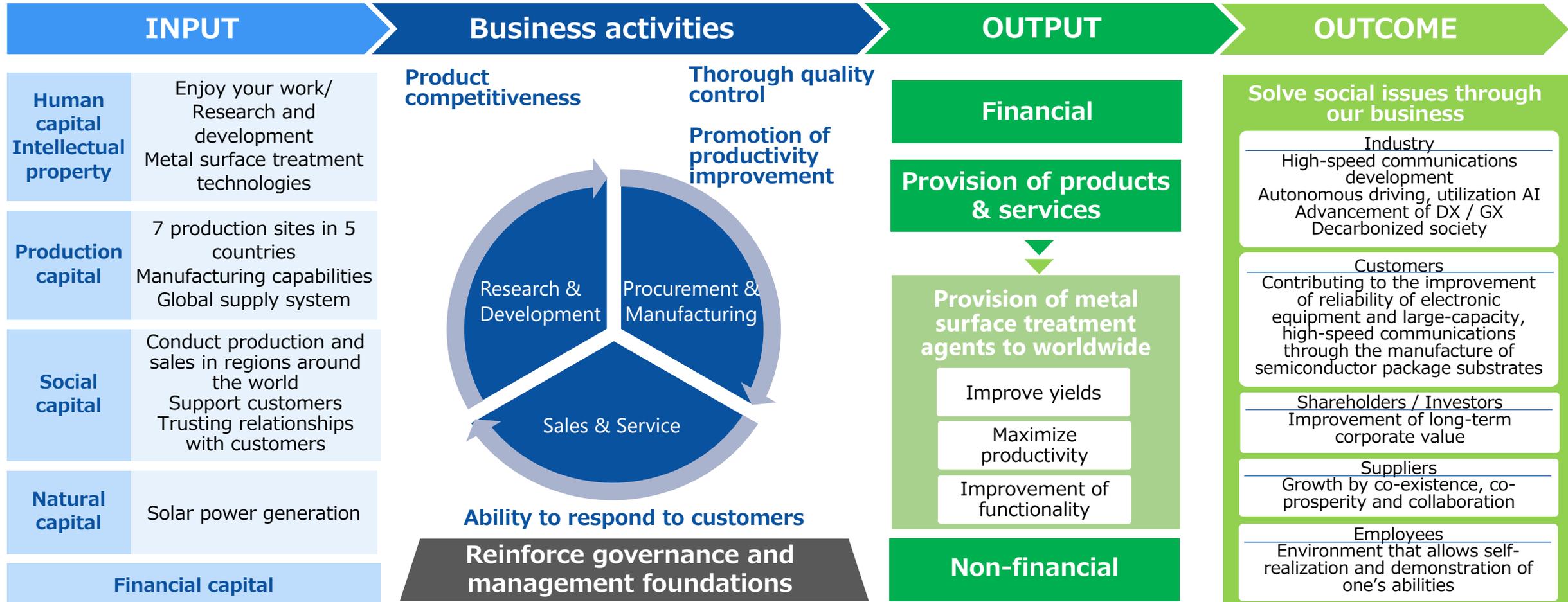
- Strive to recruit excellent human resources according to their roles, assign them appropriately, and prepare an environment where they can fulfill their potential

MEC's Value Creation Model



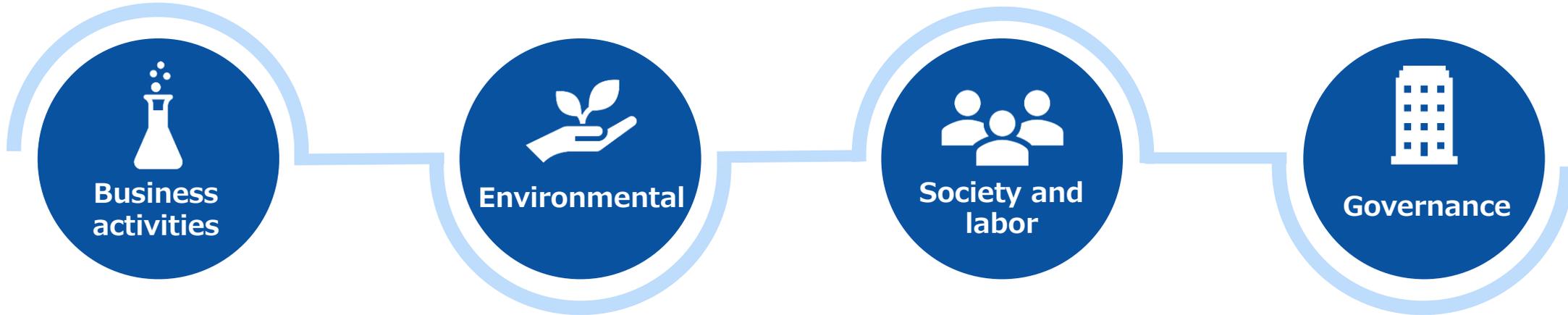
Management philosophy

The MEC group will contribute to the creation of a prosperous and diverse society and sustainable environment, inspired by an unconventional approach based on the principles of "Visionary Technology", "Reliable Quality" and "Meticulous Service", thereby creating and fostering value at various interfaces through our global activities.



The Sustainable Efforts

Provide products and technologies that contribute to solving social issues through our business activities.



- Research and development to open up the future
- Development of products that reduce environmental impact
- Proper procurement, production, and logistics

- Measures to address climate change
- Appropriate chemical substance management
- Promotion of resource recycling
- Quality assurance

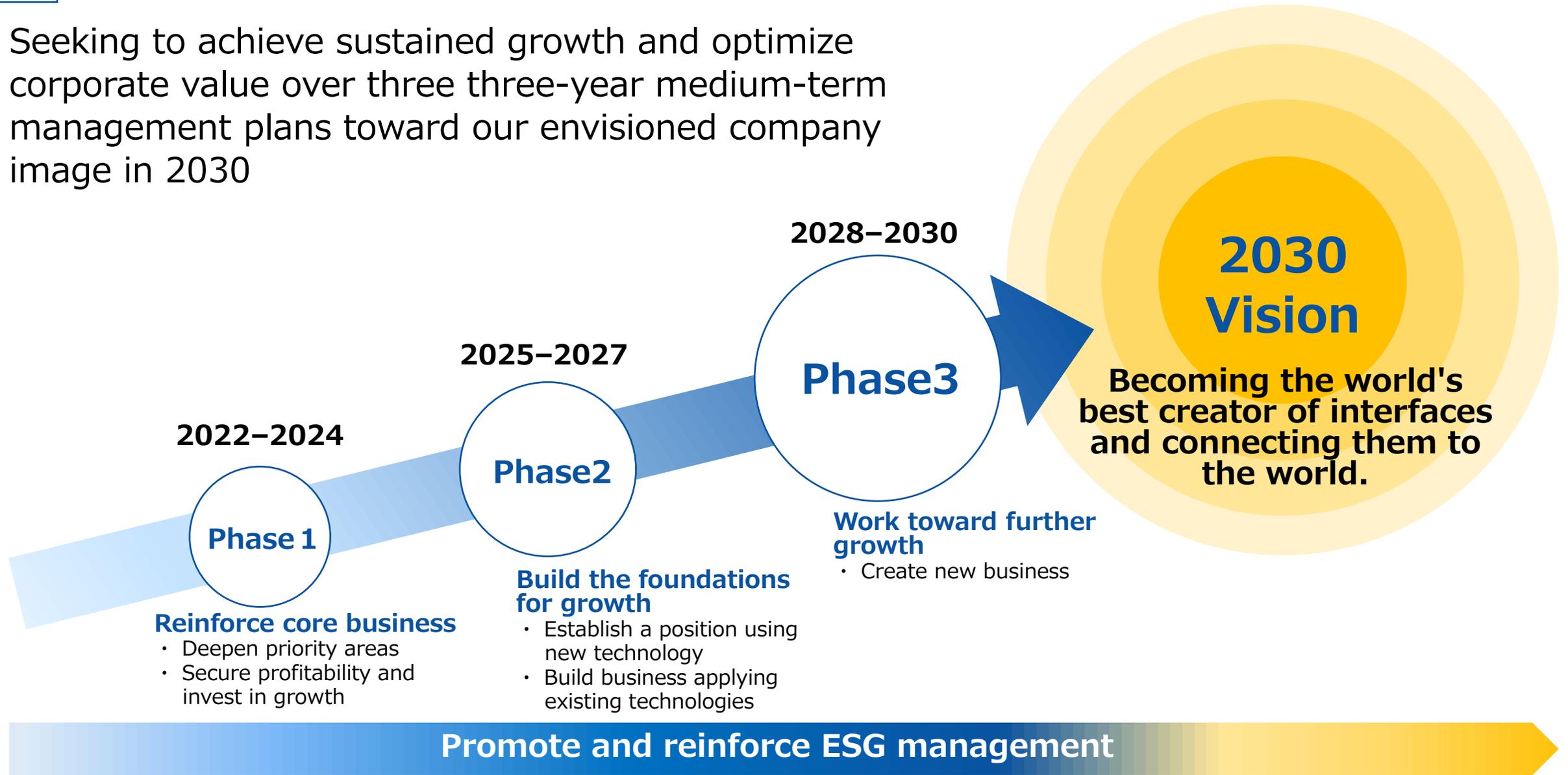
- Occupational safety / Health management
- Work-life balance
- Career development
- Diversity
- Engagement

- Reinforcing corporate governance
- Reinforcing risk management
- Thorough compliance
- Information security



Vision for the Period to 2030

Seeking to achieve sustained growth and optimize corporate value over three three-year medium-term management plans toward our envisioned company image in 2030



Rapid advances in digital technology will be achieved as a result of the communications and information revolution.



Next-generation communications networks

5G/6G, optical communications, satellite communications



Internet of Things (IoT)

Everything is connected to the Internet



Diversification of AI

Application of artificial intelligence to information processing, DX



Next-generation mobility

Self-driving cars, autonomous driving assistance systems

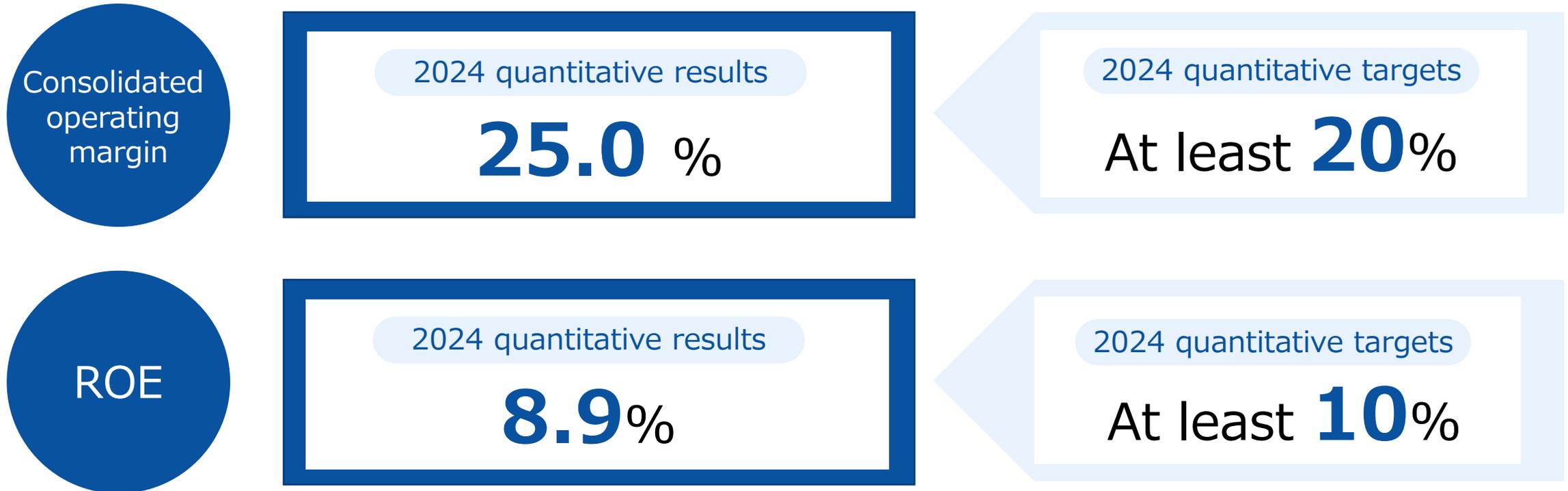
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Medium-term Management Plan: Phase 1 Review



Quantitative Targets and Results

To raise capital efficiency, we set targets for improving the operating margin and ROE, and while strengthening our business structures and confirming our business portfolio, we recognized and took action to achieve and operating margin of no less than 20% and ROE of no less than 10%.



Changes in Performance

COVID-19, which surfaced at the end of 2019, had a significant impact on the electronics industry. In FY2021, net sales surged dramatically due to extraordinary demand. However, in FY2023, net sales substantially declined as we experienced a pullback, resulting in a decrease in profits, and both the consolidated operating income margin and ROE fell below target levels. In FY2024, net sales and operating income reached record highs. Taking into consideration business rationality and management efficiency on our way towards the ideal corporate image for 2030, it was decided to dissolve and liquidate MEC (HONG KONG) LTD. whose sales activities are continuously being reduced, and to make its subsidiary MEC FINE CHEMICAL (ZHUHAI) LTD. a wholly owned subsidiary of the Company. Due to the increase in income taxes from recording taxes in Japan and China associated with this group organization, net income decreased. Furthermore, ROE fell short of the target due to the impact of an increase in accumulated comprehensive income caused by factors such as the depreciation of the Japanese yen. In terms of capital investment, some have been deferred to Phase 2.

	2021	2022	2023	2024	2024 Targets
Consolidated operating margin	26.2%	24.5%	17.8%	25.0%	At least 20%
ROE	15.4%	13.8%	9.6%	8.9%	At least 10%
Investment in research and development	8.8%	8.1%	8.7%	7.3%	Approximately 10% of consolidated sales
Capital investment		¥ 0.69 billion	¥ 1.87 billion	¥ 0.69 billion	Approximately 5 billion yen cumulative
(Cumulative)	—			¥ 3.26 billion	
Shareholder returns	22.5%	27.9%	36.8%	36.8%	Consolidated payout ratio : 30%
(Annual dividend per share)	(35 yen)	(45 yen)	(45 yen)	(45 yen)	
(Share buybacks)	—	—	Implemented	—	Flexibly implement according to the circumstances

Summary of Phase 1

Targets

Respond to the technological change resulting from the shift from physical adhesion to chemical adhesion

- Establish chemical adhesion technologies
- Establish next-generation de facto standards

Develop applications for existing technologies

Enter new markets

Create new business

Develop a global production strategy

- Establish a stable procurement, production, and supply system from a consolidated perspective

Link management strategy and human resource strategy

Promote ESG management

Summary

- Package substrate manufacturing process
Established ultra-fine roughening integrated with chemical adhesion technology to respond to needs in the cutting-edge package substrate field, which is evolving toward ultra-high densities and ultra-high frequencies, while maintaining the advantages of physical adhesion.
- Package substrate manufacturers
Advances in the adoption of ultra-fine roughening integrated with chemical adhesion technology

- Launched business model projects in multiple promising fields from a variety of perspectives including synergy effects

- Establishment of a global production strategy
In the past, we pursued optimization of the MEC Group from perspective developed at individual production sites and took action to strengthen existing plants, begin implementation of plans for new production sites, share global procurement information, and promote global raw material BCP to strengthen production structures from a global perspective.

- Reinforce ESG management foundations
To strengthen ESG management foundations, we took action including formulating the Basic Policy on Sustainability and the Human Capital Policy and declaring support for the TCFD recommendations.

Issues to be Addressed

We will increase demand in core businesses, develop new technological fields resulting from changes in technology, and promote and strengthen ESG management.

	Issues to be Addressed
 <p>Core Businesses (Electronic Substrates and Electronic Components)</p>	<p>Respond to the rapid evolution of digital technology against the backdrop of the communication and information revolution</p> <p>Package Substrates</p> <ul style="list-style-type: none"> • Maintain market share for adhesion enhancement • Establish non-roughening technology and secure status as the de facto standard <p>PCBs</p> <ul style="list-style-type: none"> • Deploy non-roughening technology and secure status as the de facto standard <p>Optimization and reinforcement of global site systems</p> <ul style="list-style-type: none"> • Operate the Kitakyushu Factory to ensure stable supplies • Reinforce technical support and marketing systems • Optimize production systems • Reinforce BCP systems
 <p>New business</p>	<p>Application and deployment of existing technology</p> <p>Creation of new business</p>
 <p>Governance and management foundations</p>	<p>Promotion and reinforcement of ESG management</p> <ul style="list-style-type: none"> • Reinforce human resources, mechanisms, in infrastructure necessary for sustainable growth • Take action to address sustainable ESG

3

Medium-term Management Plan: Phase 2



Positioning of this Medium-Term Management Plan

Seeking to achieve sustained growth and optimize corporate value over three three-year medium-term management plans toward our envisioned company image in 2030. In Phase 2 of the medium-term management plan, we will focus on building the foundations for growth.



Rapid changes in technology

Tighter environmental regulation

Intensification of trade friction between China and the U.S.

Relocation of manufacturing business to China plus one



Against a backdrop of rising technology demand and diversification of needs toward coexistence with evolving digital technologies, semiconductor-related markets are expected to expand

Key Opportunities for the Company

Expanding Markets



Next-generation communications networks

(5G/6G, optical communications, satellite communications)



Internet of Things (IoT)

(Everything is connected to the Internet)



Diversification of AI

(DX, edge AI, healthcare, etc.)



Next-generation mobility

(Self-driving cars, autonomous driving assistance systems)



Required Technologies



High-speed information processing



Low power consumption



Miniaturization



Low signal loss



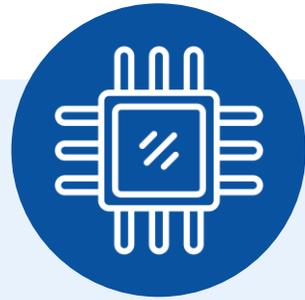
Expanding needs for high-density integration



Expanding markets
in core businesses
(Semiconductor and electronic
substrate markets)



**Expanding demand for
adhesion enhancement**
using ultra-fine and
non-roughening technologies
(Higher signal speeds, higher densities)



Semiconductor packages

(Expansion of core business)

Changes in application technology as a result of low signal loss and higher-density integration

Examples of final products

PCs, data centers, communications infrastructure, automotive components, etc.



High-speed information and communications

(Development of new technology fields)

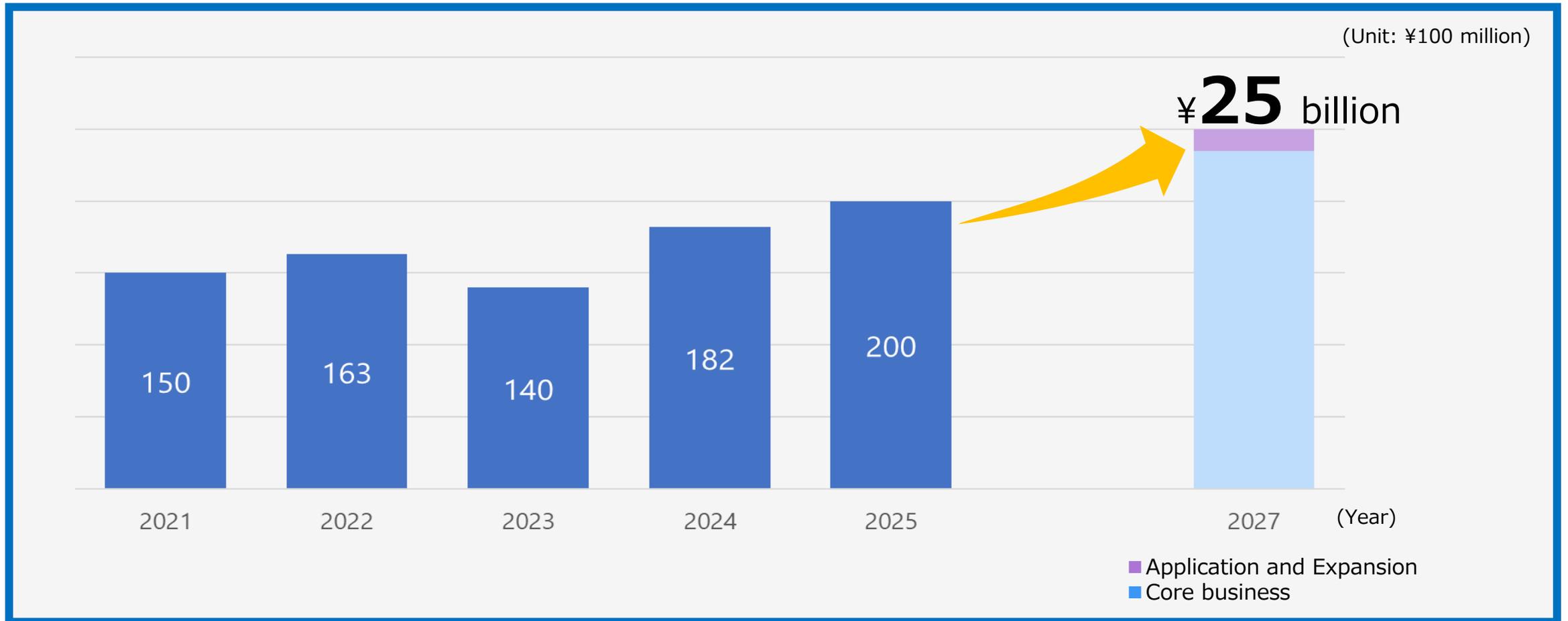
Changes in application technology as a result of low signal loss and higher-density integration

Examples of final products

Data centers, communications infrastructure, multilayer substrates for automobiles, etc.

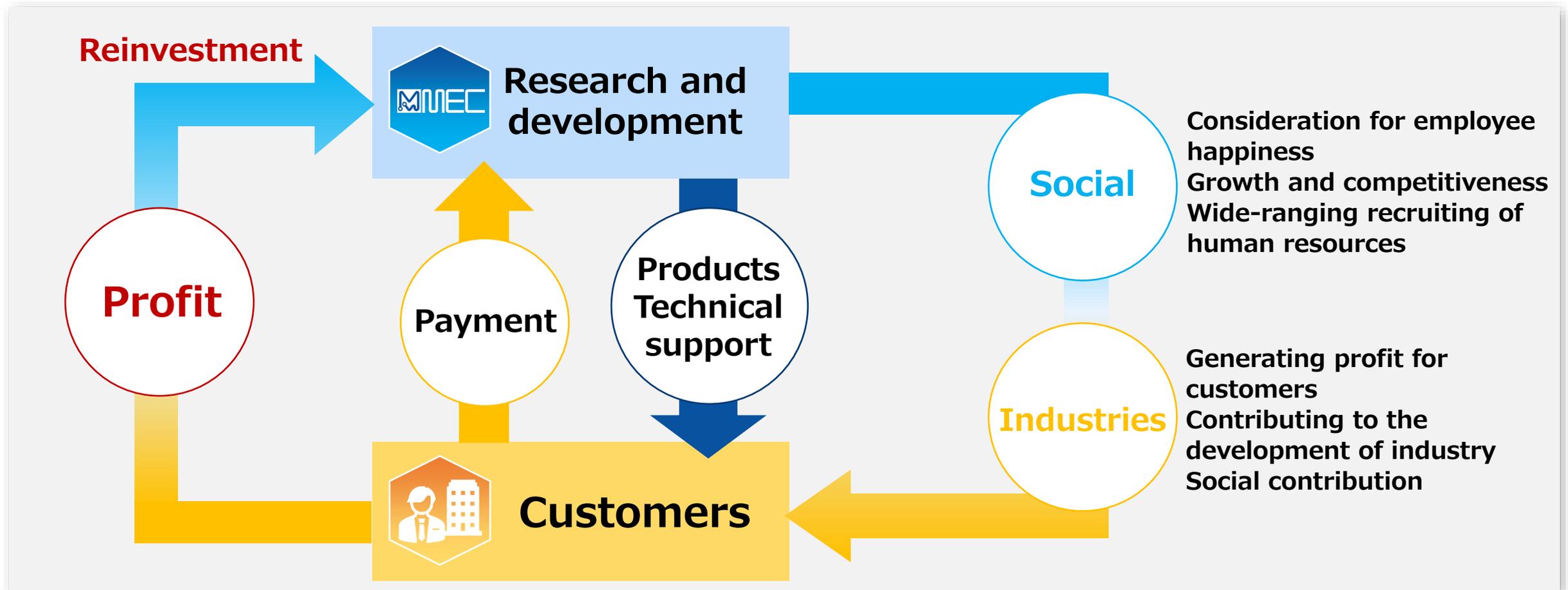
Changes in Sales and Targets

While maintaining our superiority in core businesses, we aim to establish de facto standards in new technology areas. Additionally, by working on the application and expansion of existing technologies, we seek to achieve 25 billion yen in sales in 2027.



Our Business Model

As an R&D-oriented company, we aim to achieve sustainable growth and maximize corporate value by providing valuable products to our customers and contributing to society.



3**Medium-term Management Plan: Phase 2****① Quantitative and qualitative targets**

Quantitative Targets

Consolidated sales

FY2027

¥**25** billion

Core business ¥23.5 billion
Application and Expansion ¥1.5 billion

Consolidated operating margin

At least **20**%

ROE

At least **10**%

Qualitative Targets

Maintain and bolster profitability in existing markets

- Reinforce relationships with customers
- Maintain market share for ultra-fine roughening adhesion treatment
- Create solutions in the non-roughening technology (chemical adhesion) area
- Develop environmentally-conscious products

Develop business in areas where existing technologies can be applied and expanded

Create new business

Build structures for stable global supply

Advance and strengthen ESG management

3

Medium-term Management Plan: Phase 2

② Human resource development

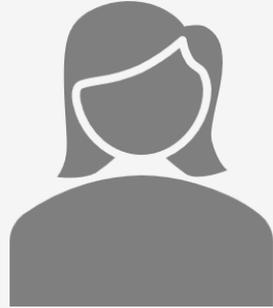


Realizing a corporate culture that allows employees to take on challenges	We will foster a corporate culture in which human resources with diverse personalities and values can take on the challenge of “creation and transformation” through autonomous self-propulsion and solidarity.
Supporting career and skill development	We will provide the education and training opportunities necessary for the sustainable growth of each employee and support both career and skill development.
Promoting diversity	We will work to create a rewarding working environment by acquiring diverse human resources, building a personnel system that rewards individuals with fair evaluations, and enhancing our talent management system to realize effective human resource allocation.
Improving employee engagement	We will improve employee engagement by promoting the development of systems and changing attitudes to accommodate a diverse range of human resources, and by improving work-life balance.
Building a favorable internal environment	We will create a favorable internal environment in which all employees can maintain good physical and mental health and continue to work safely and energetically.

Target (2030)

Ratio of women in management positions

At least **30%**



Gender wage gap*

At least **90%**



Percentage of men taking childcare leave

At least **85%**



*At the MEC Group, the wage structure is set by position. There is no gender pay gap, and the wages of men and women in the same position is the same. The differences that exist are attributable to differences in the gender composition ratio for each position.

3

Medium-term Management Plan: Phase 2

③ Working toward a sustainable society



Indicators and Targets

Our Group has set the following two qualitative objectives for 2030 as a response to climate change issues related to environmental conservation.

- Earnestly address global environmental issues for the sustainable growth of society
- Reduce energy use and work toward net zero emissions

More specifically, we set the following CO₂ reduction target



Reduce actual total Scope 1 and 2 emissions in Japan

by **50**% by FY2030
(base year: FY2017)

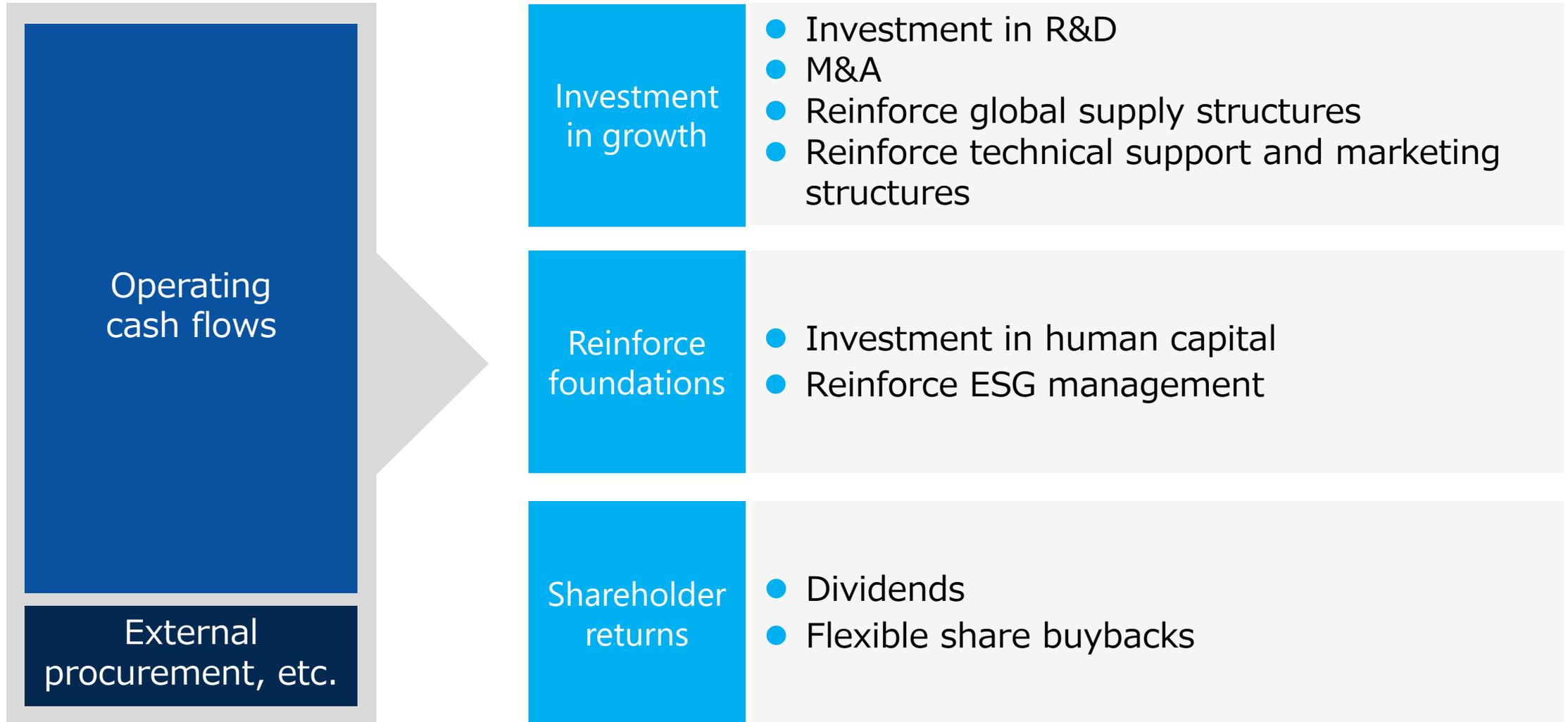
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Medium-term Management Plan: Phase 2

④ Financial policies



Basic Policy on Cash Allocation



*The size of each item is not an indicator of the amount.

Investment in research and development

Approximately

10%

of consolidated sales every year

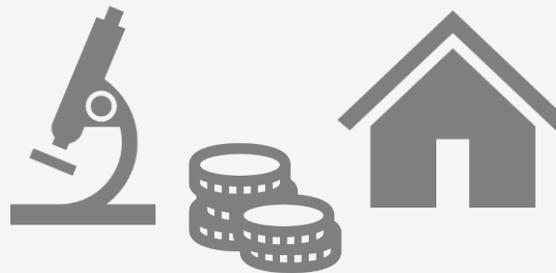


Capital investment

Approximately

8 billion yen

over three years



Shareholder returns

Maintain and increase the annual dividend per share

(Consolidated payout ratio

target: **30%**)

Flexibly implement share buybacks according to the circumstances



Creating and Fostering Value at Various Interfaces

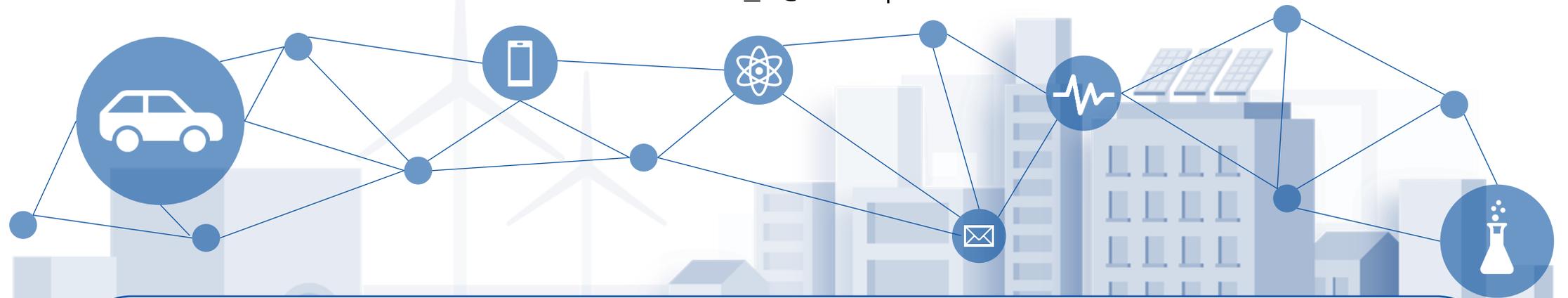


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