MEC COMPANY LTD.
Securities code :4971

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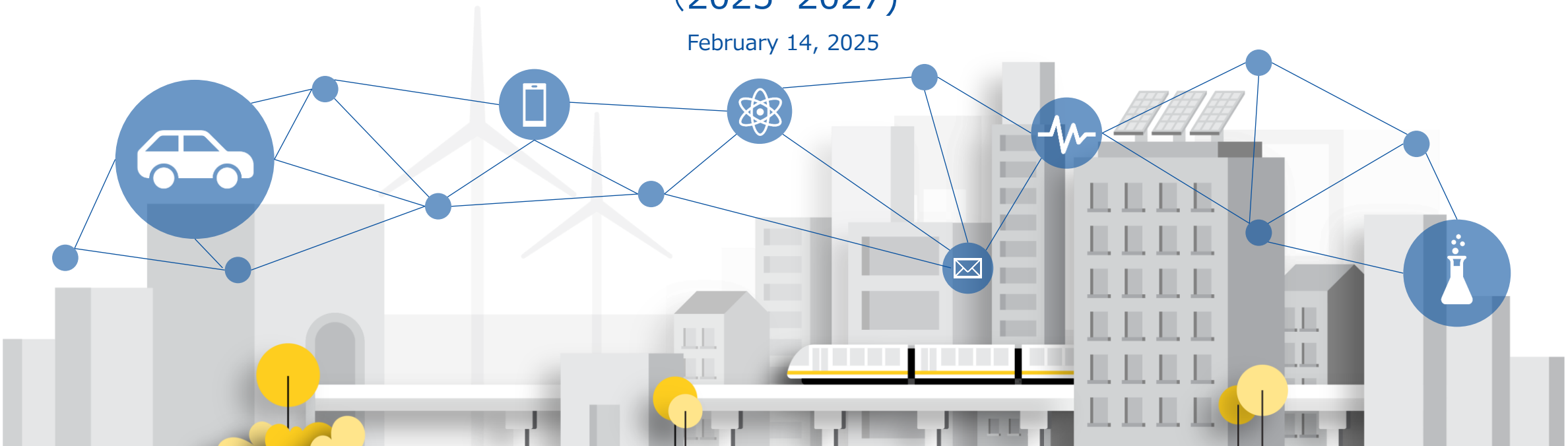
2030 Vision

Phase 2

Medium-term Management Plan

(2025–2027)

February 14, 2025



Index

1 2030 Vision

2 Medium-term Management Plan : Phase 1 Review

3 Medium-term Management Plan : Phase 2

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



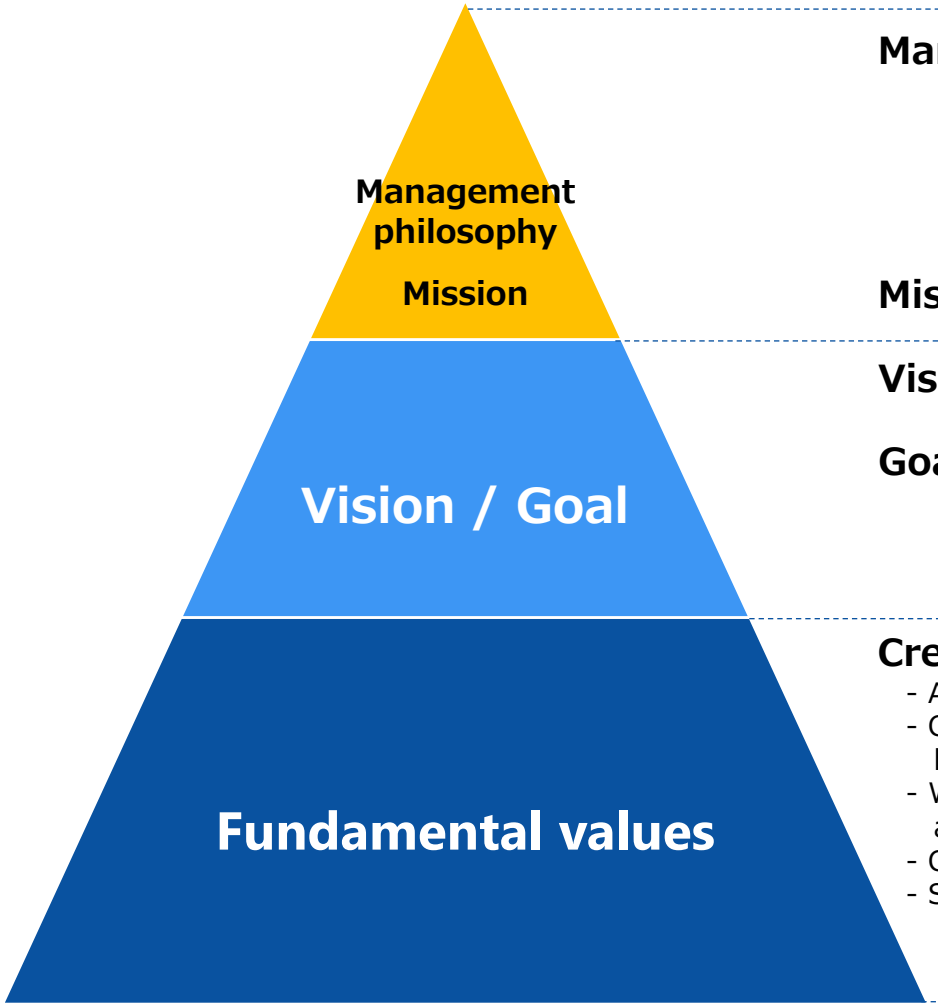
1 2030 Vision



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 Vision

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.

INPUT

Human capital Intellectual property	Enjoy your work/ Research and development Metal surface treatment technologies
Production capital	7 production sites in 5 countries Manufacturing capabilities Global supply system
Social capital	Conduct production and sales in regions around the world Support customers Trusting relationships with customers
Natural capital	Solar power generation
Financial capital	

Business activities

Product competitiveness

Thorough quality control

Promotion of productivity improvement



Ability to respond to customers

Reinforce governance and management foundations

OUTPUT

Financial

Provision of products & services

Provision of metal surface treatment agents to worldwide

- Improve yields
- Maximize productivity
- Improvement of functionality

Non-financial

OUTCOME

Solve social issues through our business

Industry
High-speed communications development
Autonomous driving, utilization AI
Advancement of DX / GX
Decarbonized society

Customers
Contributing to the improvement of reliability of electronic equipment and large-capacity, high-speed communications through the manufacture of semiconductor package substrates

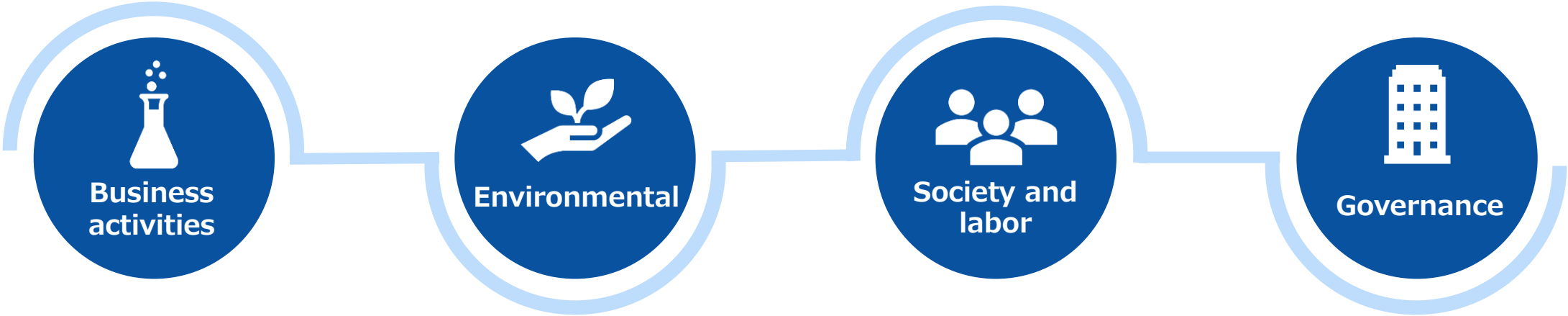
Shareholders / Investors
Improvement of long-term corporate value

Suppliers
Growth by co-existence, co-prosperity and collaboration

Employees
Environment that allows self-realization and demonstration of one's abilities

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

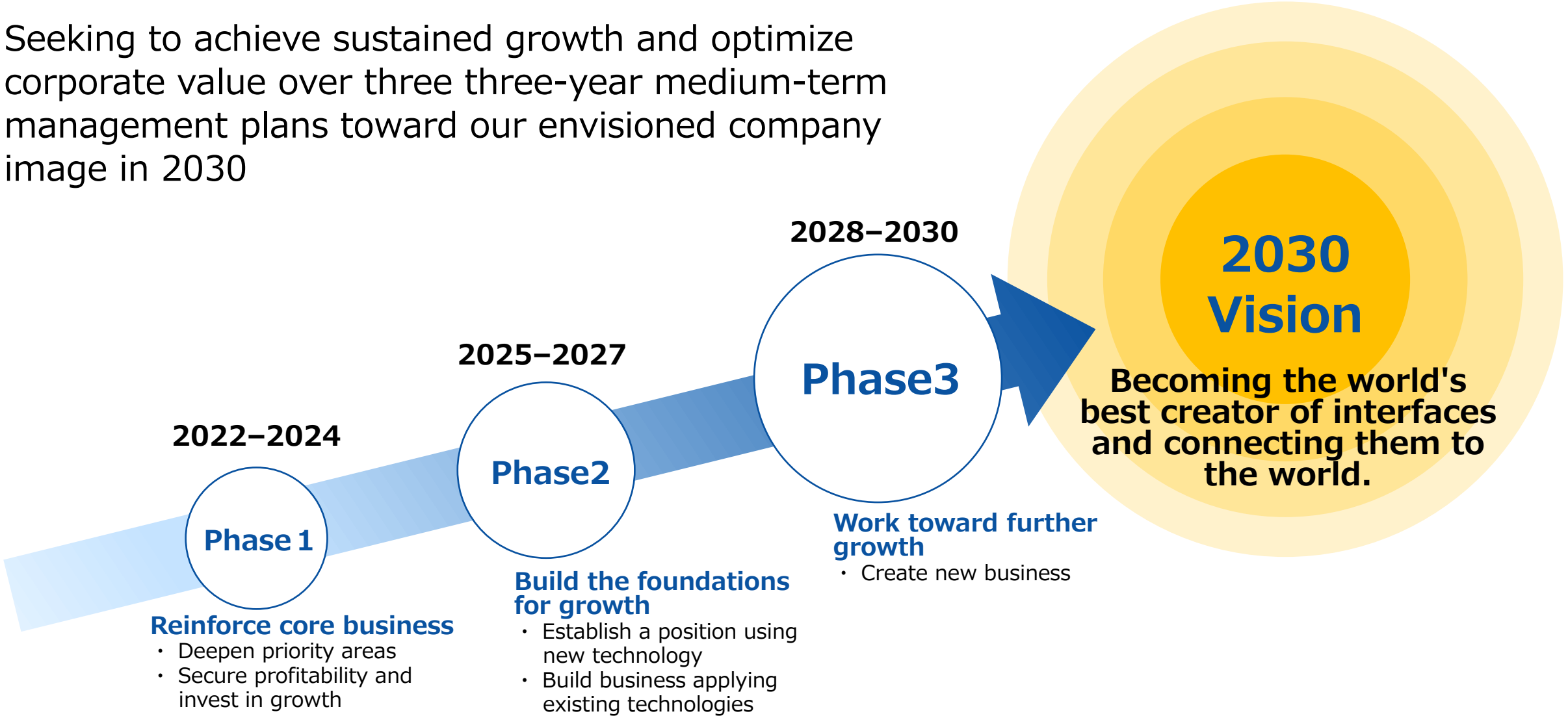


- Reinforcing corporate governance
- Reinforcing risk management
- Thorough compliance
- Information security



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



Society 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**

2 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%.

Consolidated operating margin

2024 quantitative results

25.0 %

2024 quantitative targets

At least **20**%

ROE

2024 quantitative results

8.9%

2024 quantitative targets

At least **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	Summary
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	• 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
Develop applications for existing technologies **Enter new markets** **Create new business**	• Launched business model projects in multiple promising fields from a variety of perspectives including synergy effects
Develop a global production strategy ● Establish a stable procurement, production, and supply system from a consolidated perspective	• 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.
Link management strategy and human resource strategy **Promote ESG management**	• 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.

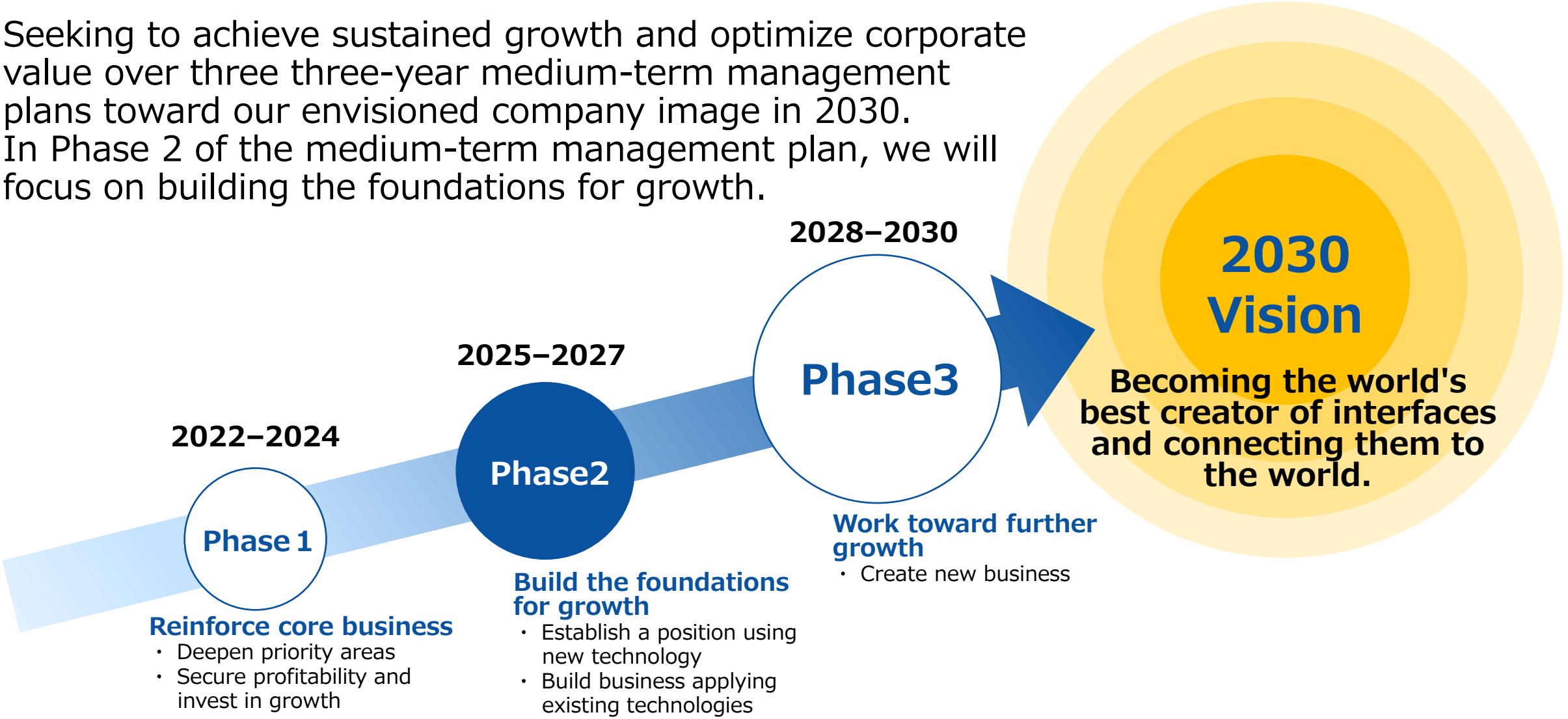
	Issues to be Addressed
Core Businesses (Electronic Substrates and Electronic Components)	**Respond to the rapid evolution of digital technology against the backdrop of the communication and information revolution** **Package Substrates** ・Maintain market share for adhesion enhancement ・Establish non-roughening technology and secure status as the de facto standard **PCBs** ・Deploy non-roughening technology and secure status as the de facto standard
	Optimization and reinforcement of global site systems ・Operate the Kitakyushu Factory to ensure stable supplies ・Reinforce technical support and marketing systems ・Optimize production systems ・Reinforce BCP systems
New business	**Application and deployment of existing technology**
	Creation of new business
Governance and management foundations	**Promotion and reinforcement of ESG management** ・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.



Changes in the Company's Business Environment

- 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)

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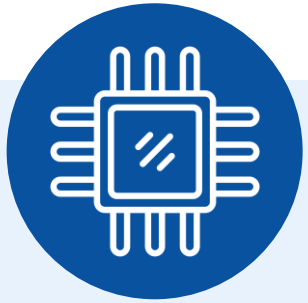
Expanding demand for adhesion enhancement
using ultra-fine and non-roughening technologies
(Higher signal speeds, higher densities)

Market Expansion in Core Businesses and Development of New Technology Fields



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 Copper Adhesion Surface Technology

Package Substrates

CZ-8100 — Roughening

Reduced etching volume

CZ-8101 — Fine roughening

Reduced etching volume
Low signal loss

CZ-8201 — Ultra-fine roughening

Reduced etching volume
Low signal loss

CZ-8401 x AP* — Ultra-fine roughening

AP* — No roughening (low signal loss)

No roughening
(Low signal loss)

Growing demand for roughening technology and non-roughening technology (chemical adhesion)
Demand for CZ-8101 is increasing in conjunction with expansion of related markets.
Demand for CZ-8201 and 8401 is increasing due to the need for reduced etching (demand for low loss)
AP, a non-roughening technology, is undergoing continuous evaluation and adoption and deepening of technology.
Even in areas other than package substrates, the demand for low signal loss is becoming more evident.

~60 — 40 — 20 — 10 — 0
Minimum Line Width [μm]

Deployment of the same technologies on PCBs

PCBs

Fine roughening

No roughening
(Low signal loss)

Against the backdrop of demand for low loss, demand for non-roughening technology will increase!

AP* — **No roughening (Low signal loss)**

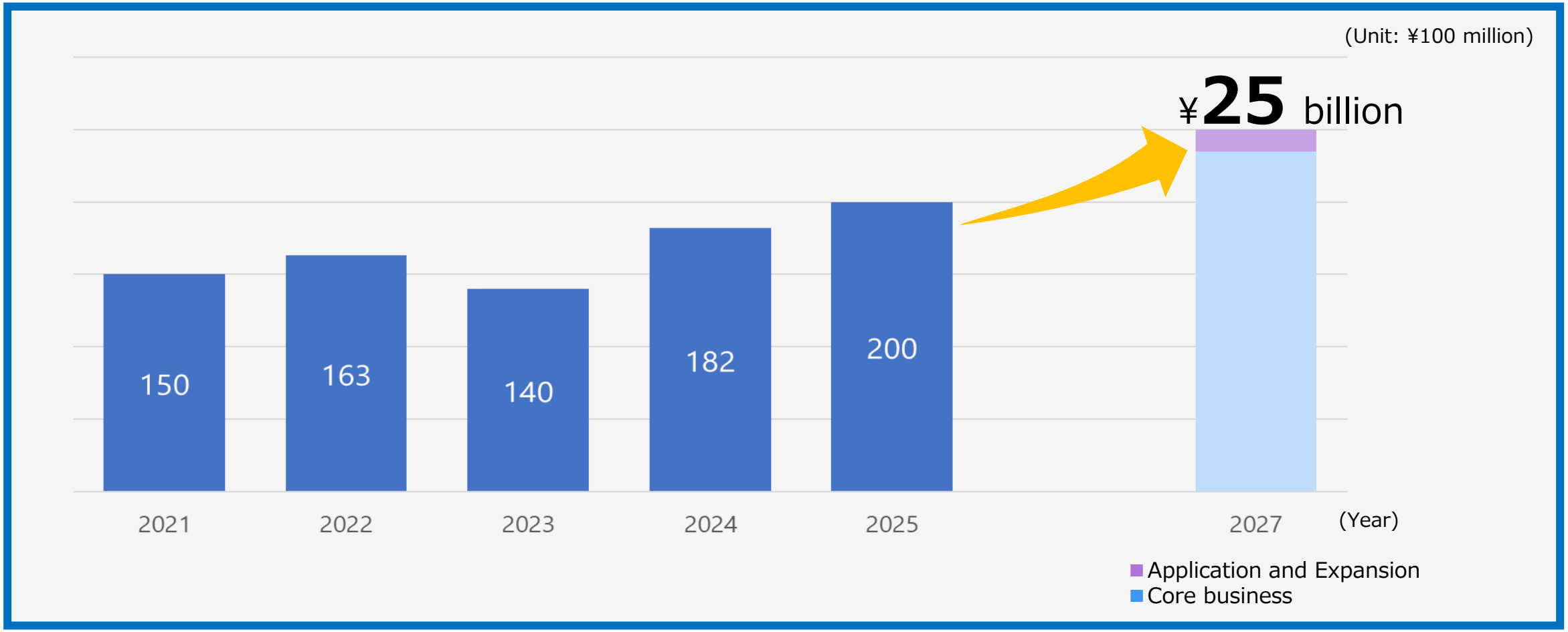
Expand the knowledge gained with package substrates to PCBs used in data centers and other applications using non-roughening technology.

~400G — 800G — 1.6T~
Ethernet communication speed [bE]

＊AP : Adhesion Promotor

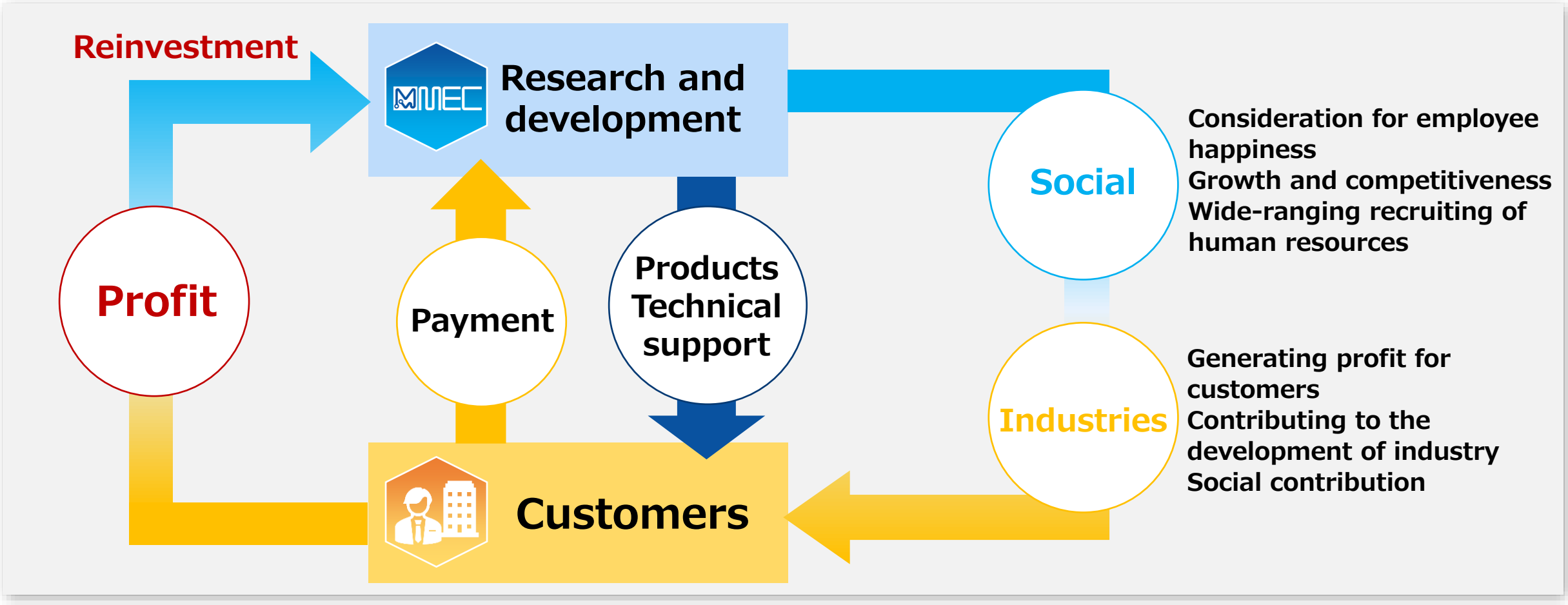
Changes in Sales and Targets

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.



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Medium-term Management Plan: Phase 2

① Quantitative and qualitative targets



Phase 2 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



Human Capital Policy

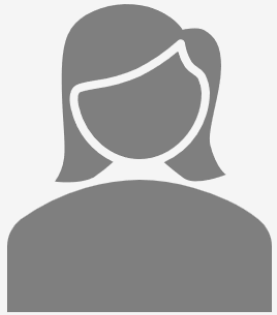
Realizing a corporate culture that allows employees to take on challenges	We will foster a corporate culture in which human resources with diverse personalities and values can take on the challenge of “creation and transformation” through autonomous self-propulsion and solidarity.
Supporting career and 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.

Indicators and Targets

Target (2030)

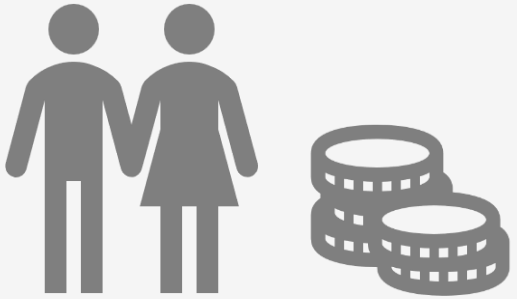
Ratio of women in management positions

At least **30**%



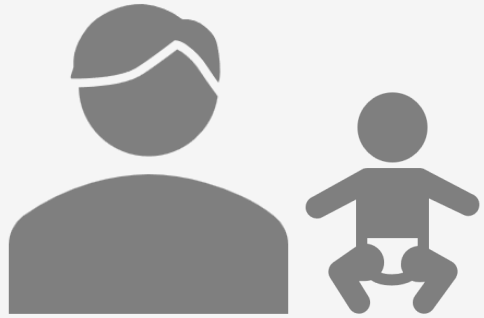
Gender wage gap*

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.

Medium-term Management Plan: Phase 2

3 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 CO_2 reduction target

Reduce actual total Scope 1 and 2 emissions in Japan

by **50**% by FY2030

(base year: FY2017)

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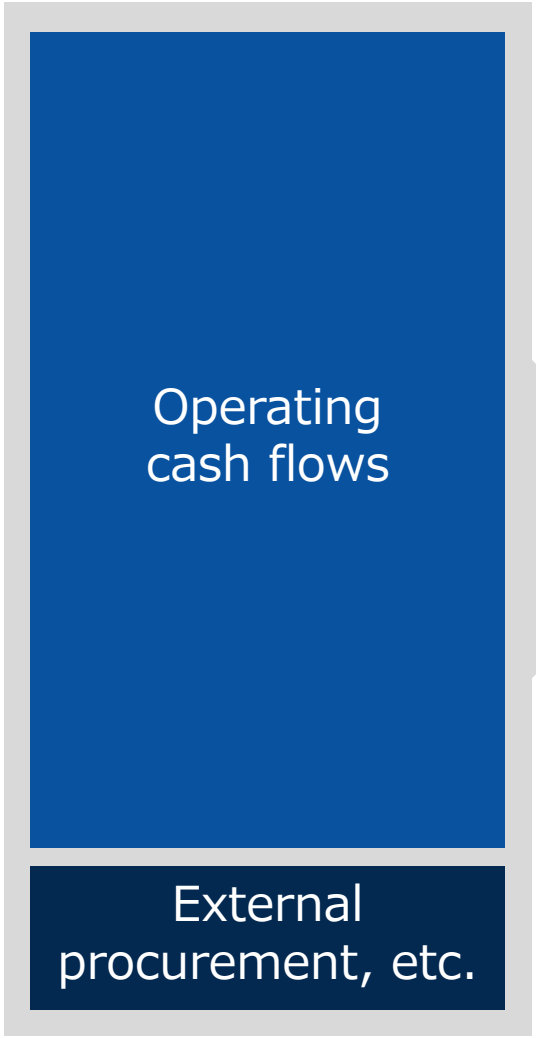
Medium-term Management Plan: Phase 2

④ Financial policies



Basic Policy on Cash Allocation



Investment in growth

- Investment in R&D
- M&A
- Reinforce global supply structures
- Reinforce technical support and marketing structures

Reinforce foundations

- Investment in human capital
- Reinforce ESG management

Shareholder returns

- Dividends
- Flexible share buybacks

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

Capital Policy

Investment in research and development

Approximately
10%

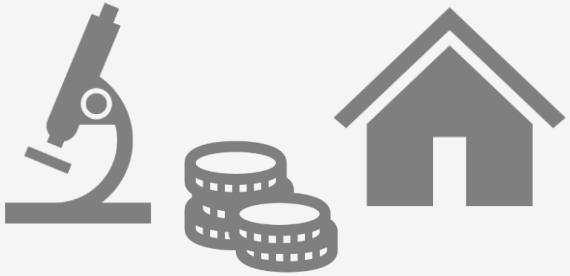
of consolidated sales every year



Capital investment

Approximately
8 billion yen

over three years

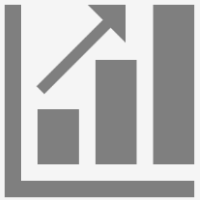


Shareholder returns

Maintain and increase the annual dividend per share

(Consolidated payout ratio target: **30**%)

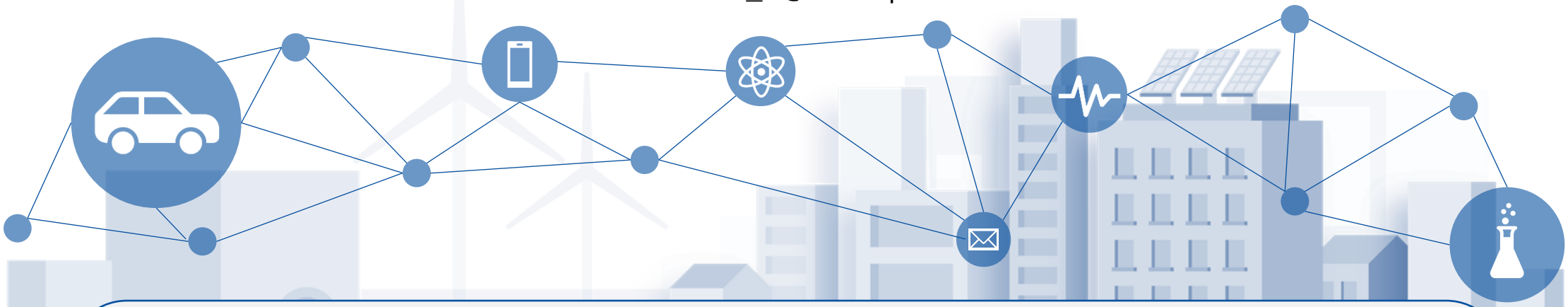
Flexibly implement share buybacks according to the circumstances



Creating and Fostering Value at Various Interfaces

https://www.mec-co.com/

MEC COMPANY LTD.
Corporate Communication Office
Email. mec_ir@mec-np.com



This presentation contains forecasts regarding the future as of February 14, 2025. The forward-looking and performance forecasts indicated are forecasts based on information currently available to us and include potential risks and uncertainties. Please be aware that actual business results may differ significantly from forecasts due to changes in various factors.