

Brightening the Future

Financial Results of FY2022 First-Half

From April 1, 2022 to September 30, 2022

SHINKO ELECTRIC INDUSTRIES CO., LTD.



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Financial Results

(D:II: and of word)

| | FY2021 | FY2022 | YoY | |
|--|----------------------|----------------------|--------|--------------------|
| | 1st-Half (Result) | 1st-Half (Result) | Amount | Ratio of Change |
| Net Sales | 125.9 | 157.0 | +31.1 | +25% |
| Operating Profit (Ratio against Net Sales) | 30.1 (24%) | 51.0 (32%) | +20.9 | +69% |
| Ordinary Profit (Ratio against Net Sales) | 31.6 (25%) | 54.6 (35%) | +23.1 | +73% |
| Profit* (Ratio against Net Sales) | 21.7 (17%) | 37.9 (24%) | +16.2 | +74% |

| (Billions of yen) | | | | | |
|-------------------------------------|-----------------------|--|--|--|--|
| vs. Previous | vs. Previous Forecast | | | | |
| Previous Forecast (7/29/2022) | Amount | | | | |
| 159.0 | -2.0 | | | | |
| 49.0 | +2.0 | | | | |
| 53.0 | +1.6 | | | | |
| 37.0 | +0.9 | | | | |

^{*} Profit attributable to owners of parent

| Earnings per Share | 160.71yen | 280.34yen |
|--------------------|-----------|-----------|
|--------------------|-----------|-----------|



Summary of Financial Statements

- In the semiconductor industry, demand remained strong for automobiles and industrial equipment. On the other hand, the impact of the lockdown in China, the Russia-Ukraine conflict, and ongoing global inflation, as well as declining demand for PCs and smartphones, have led to an increasing sense of slowdown in the semiconductor market.
- Although flip-chip type packages were affected by the impact of decreased demand for PCs, the sales increased due to yen depreciation trend in the exchange rate and other factors. Orders for ceramic electrostatic chucks for semiconductor manufacturing equipment were strong and demand for IC assemblies increased largely for high-end smartphones. In addition to these factors, the progress of significant yen depreciation contributed to the increase in these sales.
- Net sales up 25% and all profits increased year on year.



Net Sales and Ordinary Profit by Business Segment

(Billions of yen)

| | | FY2021 1st-Half (Result) | | FY2022 1st-Half (Result) | | Ratio of Change (YoY) |
|-----------------|-------------------|--------------------------------|----------------------------|--------------------------------|----------------------------|-----------------------------|
| | | | Represent % of Net Sales | | Represent % of Net Sales | |
| * | Plastic Packages | 79.3 | [63%] | 95.6 | [61%] | +21% |
| Sales | Metal Packages | 42.4 | [34%] | 55.8 | [35%] | +32% |
| Net | Others | 4.3 | [3%] | 5.6 | [4%] | +31% |
| | Total | 125.9 | [100%] | 157.0 | [100%] | +25% |
| 8 | | | Ratio against Net Sales | | Ratio against Net Sales | |
| | Plastic Packages | 22.8 | (29%) | 34.3 | (36%) | +50% |
| y Pr | Metal Packages | 8.8 | (21%) | 20.2 | (36%) | +129% |
| Ordinary Profit | Others/Adjustment | -0.1 | | 0.2 | | |
| Or | Total | 31.6 | (25%) | 54.6 | (35%) | +73% |

| (billions of yen) | | | | |
|-------------------|-------------------------------------|--|--|--|
| FY2021 | | | | |
| | Represent % of Net Sales | | | |
| 169.4 | [62%] | | | |
| 92.9 | [34%] | | | |
| 9.6 | [4%] | | | |
| 271.9 | [100%] | | | |
| 50.9 | Ratio against Net Sales (30%) | | | |
| 23.5 | (25%) | | | |
| 1.4 | | | | |
| 75.8 | (28%) | | | |



^{*1} Sales to external customers

^{*2} Before inter-segment transaction adjustment

Financial Status, Capital Expenditure and Depreciation

(Billions of yen)

| | FY2021 2nd-Quarter | FY2022 2nd-Quarter |
|--------------|-----------------------|-----------------------|
| Total Assets | 269.6 | 376.1 |
| Net Assets | 172.6 | 237.5 |
| Equity Ratio | 64% | 63% |

| FY2021 | | |
|--------|--|--|
| 319.5 | | |
| 202.0 | | |
| 63% | | |

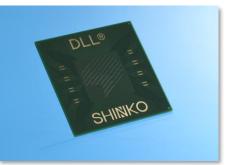
| | FY2021 1st-Half | FY2022 1st-Half |
|-----------------------------------|--------------------|--------------------|
| Capital Expenditure* | 37.1 | 15.8 |
| Depreciation * | 11.5 | 16.1 |
| Research and Development | 1.7 | 1.8 |
| Exchange Rates (Yen/US dollar) | 108 | 132 |

| FY2021 | | |
|--------|------|--|
| | 57.5 | |
| | 30.0 | |
| | 3.5 | |
| | 111 | |

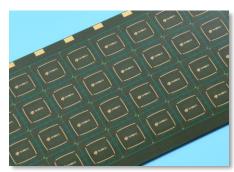
^{*}Except intangible assets



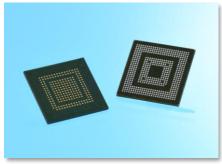
Plastic Packages



Flip-Chip Type Package



Plastic BGA Substrates



IC Assemblies

[Applications]

PCs, Servers, Smartphones, Consumer Products, etc.



Plastic Packages

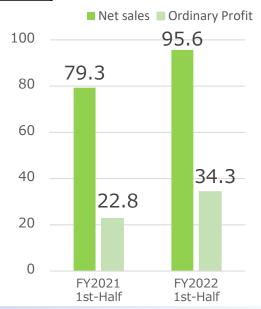
(Billions of yen)

| | FY2021 FY2022 | | YoY | |
|-----------------|----------------------|----------------------|--------|--------------------|
| | 1st-Half (Result) | 1st-Half (Result) | Amount | Ratio of Change |
| Net Sales | 79.3 [63%]*1 | 95.6 [61%]*1 | +16.3 | +21% |
| Ordinary Profit | 22.8 (29%)*2 | 34.3 (36%)*2 | +11.5 | +50% |

^{*1} Represent % of Net Sales * 2 Ratio against Net Sales

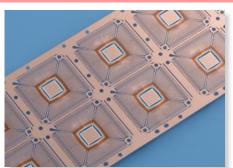
Net sales and ordinary profit both increased year on year due to the increase in demand of IC assemblies, and other products as well as significant yen depreciation.

- Net Sales of flip-chip type packages increased due to yen depreciation trend in the exchange rate and other factors, despite the impact of decrease in demand for PCs in the second quarter.
- Demand for IC assemblies increased largely for highend smartphones and orders for plastic BGA substrates were strong for advanced memories and automobiles. In addition to these factors, the progress of significant yen depreciation, etc. contributed to the large increase in these sales.

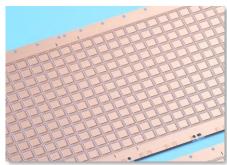




Metal Packages



Stamped Leadframes



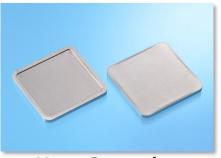
Etched Leadframes (OFN-Type)



Ceramic Electrostatic Chuck



Glass-to-Metal Seals



Heat Spreaders

[Applications]

Automobiles, Smartphones, Consumer Products, Semiconductor Manufacturing Equipment, Communications Equipment etc.



Metal Packages

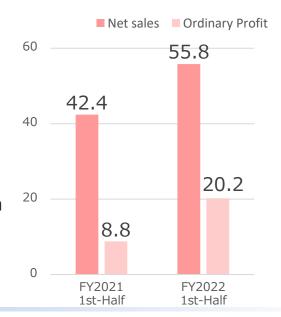
(Billions of yen)

| | FY2021 | FY2022 | \ | γοΥ |
|-----------------|----------------------|----------------------|--------|--------------------|
| | 1st-Half (Result) | 1st-Half (Result) | Amount | Ratio of Change |
| Net Sales | 42.4 [34%]*1 | 55.8 [35%]*1 | +13.4 | +32% |
| Ordinary Profit | 8.8(21%)*2 | 20.2 (36%)*2 | +11.4 | +129% |

^{*1} Represent % of Net Sales

Net sales and ordinary profit both increased year on year due to increased orders for ceramic electrostatic chucks and other products, as well as significant yen depreciation.

- Demand for leadframes declined from second quarter due to the slowdown in the semiconductor market, but sales for automobiles remained steady.
- Orders for ceramic electrostatic chucks were strong for semiconductor manufacturing equipment market and demand for heat spreaders for CPUs increased for servers. In addition to these factors, the progress of significant yen depreciation contributed to the increase in these revenue.
- Revenue of glass-to-metal-seals decreased due to sluggish sales for optical devices.





^{*2} Ratio against Net Sales

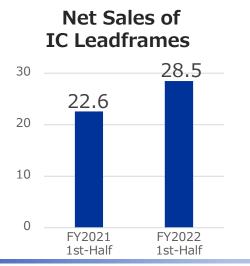
Net Sales by Product Category

| | FY2021 | FY2022 | YoY | | | | | |
|---------------------|----------------------|----------------------|--------|-----------------|--|--|--|--|
| | 1st-Half (Result) | 1st-Half (Result) | Amount | Ratio of Change | | | | |
| IC Leadframes | 22.6 [18%]* | 28.5 [18%]* | +6.0 | +26% | | | | |
| IC Packages | 84.6 [67%]* | 103.4 [66%]* | +18.8 | +22% | | | | |
| Hermetic Seal Parts | 18.8 [15%]* | 25.1 [16%]* | +6.3 | +34% | | | | |

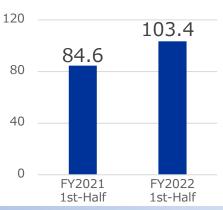
(Billions of yen)

| FY2021 (Result) | | | | | |
|--------------------|--|--|--|--|--|
| 49.9[18%]* | | | | | |
| 180.8[67%]* | | | | | |
| 41.2[15%]* | | | | | |

^{*} Represent % of Net Sales







Net Sales of Hermetic Seal Parts





Forecast of FY2022 (consolidated)

Net Sales/Profit/Cash Dividend

(Billions of yen)

| | FY2021 (Result) | | FY2022 (Forecast) | | | YOY(Upper: Amount/Lower: Ratio of Change) | | | |
|--|-------------------------|-------------------------|-------------------|-------------------------|-------------------------|---|-------------------------|-------------------------|----------------|
| | 1 st Half | 2 nd Half | FY 2021 | 1 st Half | 2 nd Half | FY 2022 | 1 st Half | 2 nd Half | Full Year |
| Net Sales | 125.9 | 146.0 | 271.9 | 157.0 | 165.0 | 322.0 | 31.1 (+25%) | 19.0 (+13%) | 50.1 (+18%) |
| Operating Profit (Ratio against Net Sales) | 30.1 (24%) | 41.3 (28%) | 71.4 (26%) | 51.0 (32%) | 42.0 (25%) | 93.0 (29%) | | 0.7 (+2%) | 21.6 (+30%) |
| Ordinary Profit (Ratio against Net Sales) | 31.6 (25%) | 44.3 (30%) | 75.8 (28%) | 54.6 (35%) | 42.4 (26%) | 97.0 (30%) | | -1.9 (-4%) | 21.2 (+28%) |
| Profit*1 (Ratio against Net Sales) | 21.7 (17%) | 30.9 (21%) | 52.6 (19%) | 37.9 (24%) | 29.1 (18%) | 67.0 (21%) | | -1.8 (-6%) | 14.4 (+27%) |
| Exchange Rates (Yen/US dollar) | | 111 | | 132 | 125 | | | | |

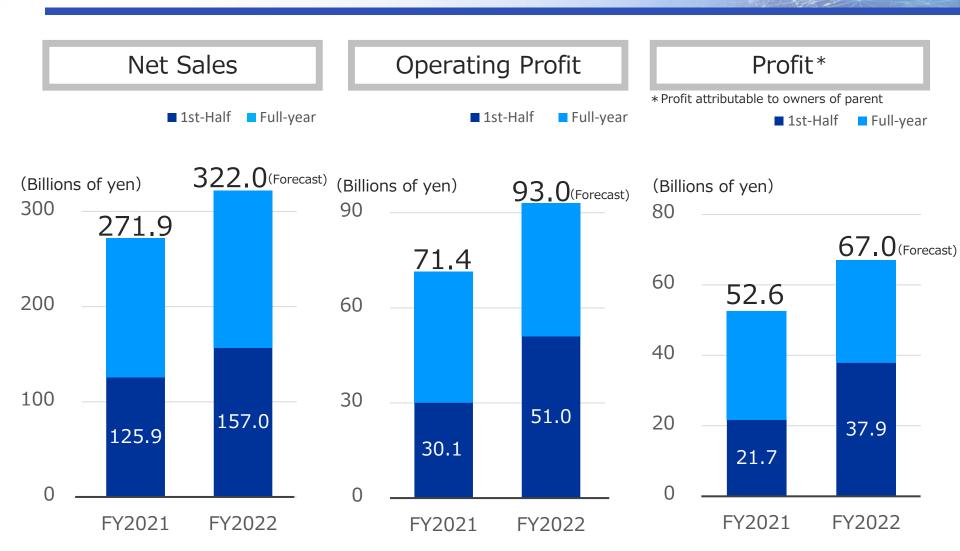
^{*} Profit attributable to owners of parent

(Yen)

| Cash Dividend per Share | 17.5 | 27.5 | 45.0 | 25.0 | 25.0 | 50.0 |
|----------------------------|-----------|------------|---------|-----------|------------|---------|
| (Payout Ratio) | [Interim] | [Year-end] | (11.6%) | [Interim] | [Year-end] | (10.1%) |



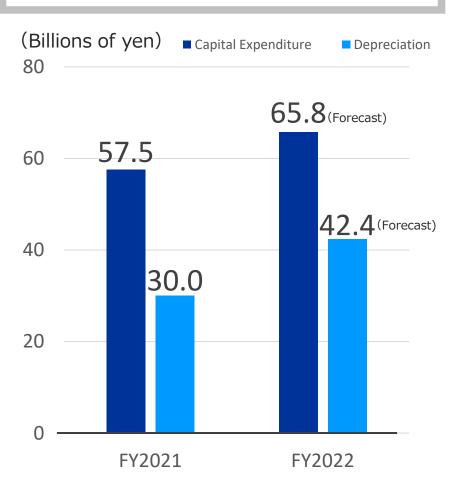
Forecast of FY2022 (consolidated)



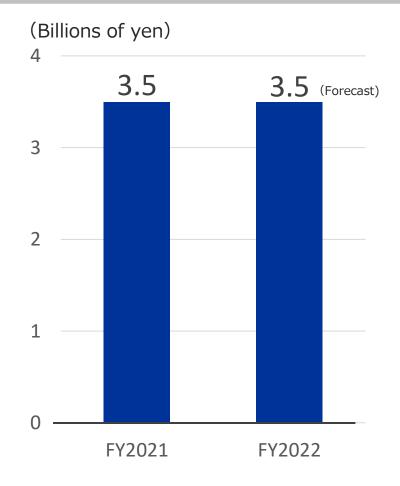


Forecast of FY2022 (consolidated)

Capital Expenditure / Depreciation



Research and Development





Notes to projected financial results:

The above projections were prepared based on estimates using information currently available. Actual results may differ from the projections. Also, many numerical values are shown in units of a billion yen as a general outline of business performance in this material. Because original values, which are managed in units of a million yen, are round off, the totals, difference, etc. shown in these materials may appear inaccurate. For assumptions and the other information regarding the projections, please refer to "the Financial Results" on IR library of our corporate website.

