

Financial Results of FY2023 First-Quarter

From April 1, 2023 to June 30, 2023

SHINKO ELECTRIC INDUSTRIES CO., LTD.



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Financial Results			(E	Billions of yen)
	FY2022	FY2023	Yo	ρΥ
	1st-Quarter (Result)	1st-Quarter (Result)	Amount	Ratio of Change
Net Sales	79.4	49.2	-30.2	- 38%
Operating Profit (Ratio against Net Sales)	26.0 (33%)	3.7 (8%)	-22.3	-86%
Ordinary Profit (Ratio against Net Sales)	28.2 (36%)	5.6 (11%)	-22.6	-80%
Profit* (Ratio against Net Sales)	19.5 (25%)	3.7 (7%)	- 15.9	-81%

* Profit attributable to owners of parent

Earnings per Share 144.71 _{yen} 27.04 _{yer}



Summary of Financial Statements

- In the semiconductor industry, a severe market environment continued due to a decline in PC and server markets as a negative rebound from the special demand for COVID-19, a drop in demand for smartphones caused by longer replacement cycles, and inventory adjustments in addition to continued global inflation and the impact of US-China conflict.
- Net Sales of flip-chip type packages decreased largely due to a continued decline in demand for PCs and servers. Revenue from leadframes declined due to inventory adjustments, and revenue from ceramic electrostatic chucks for semiconductor manufacturing equipment decreased against the backdrop of semiconductor export restrictions and the market deterioration. Demand for IC assemblies for high-end smartphones dropped. So, overall sales conditions were affected by the market downdraft.
- Net sales down 38% year on year. All profits decreased due to the large impact of sales down.



Net	Sales and Or	(Bill	ions of yen)					
		FY2022 1st-Quarter (Result)		FY2 1st-Qi (Res	uarter	Ratio of Change (YoY)	FY	2022
			Represent % of Net Sales		Represent % of Net Sales			Represent % of Net Sales
* 1	Plastic Packages	49.5	[62%]	29.9	[61%]	-40%	176.8	[62%]
Sales	Metal Packages	27.3	[35%]	17.2	[35%]	- 37%	99.3	[35%]
Net	Others	2.6	[3%]	2.1	[4%]	-18%	10.2	[3%]
	Total	79.4	[100%]	49.2	[100%]	- 38%	286.4	[100%]
× *			Ratio against Net Sales		Ratio against Net Sales			Ratio against Net Sales
Profit	Plastic Packages	19.3	(39%)	2.6	(9%)	-87%	47.3	(27%)
	Metal Packages	9.8	(36%)	4.5	(26%)	- 54%	31.2	(31%)
Ordinary	Others/Adjustment	-0.9		-1.5			0.2	
Ore	Total	28.2	(36%)	5.6	(11%)	-80%	78.8	(28%)

*1 Sales to external customers

*2 Before inter-segment transaction adjustment



Financial Status, Capital	inancial Status, Capital Expenditure and Depreciation							
	FY2022 1st-Quarter	FY2023 1st-Quarter		FY2022				
Total Assets	337.4	385.8		386.9				
Net Assets	219.0	251.9		251.0				
Equity Ratio	65%	65%		65%				

Capital Expenditure*	8.5	16.5	
Depreciation *	7.8	6.2	
Research and Development	0.9	0.8	
Exchange Rates (Yen/US dollar)	128	136	

* Except intangible assets

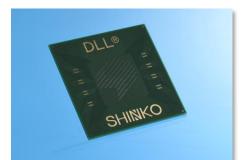


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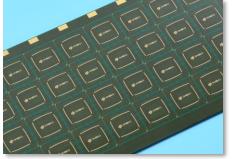
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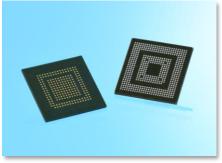
Plastic Packages



Flip-Chip Type Package



Plastic BGA Substrates



IC Assemblies

[Applications] PCs, Servers, Smartphones, Consumer Products, etc.



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Plastic Packages

(Billions of yen)

	FY2022	FY2023	YoY		
	1st-Quarter (Result)	1st-Quarter (Result)	Amount	Ratio of Change	
Net Sales	49.5 [62%]* ¹	29.9 [61%]* ¹	-19.6	-40%	
Ordinary Profit	19.3 (39%)* ²	2.6 (9%)*2	-16.7	-87%	

*1 Represent % of Net Sales *2 Ratio against Net Sales

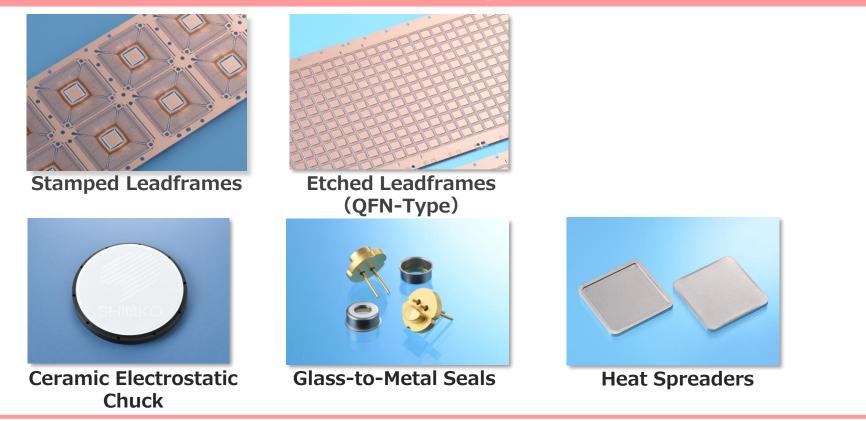
Net sales and ordinary profit both decreased year on year due to the decrease in sales of each product.

- Net sales of flip-chip type packages decreased largely due to a demand decline for PCs and servers as a negative rebound from the special demand for COVID-19, and other factors.
- Net sales of IC assemblies decreased due to a drop in demand for high-end smartphone because of the smartphone market downdraft.
- Net sales of plastic BGA substrates decreased due to inventory adjustments in advanced memory.





Metal Packages



[Applications]

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



Metal Packages

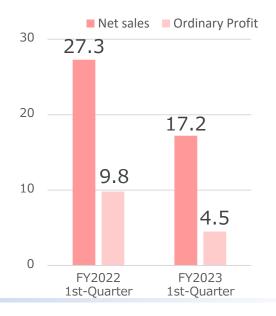
(Billions of yen)

	FY2022	FY2023	YoY		
	1st-Quarter	1st-Quarter (Result)	Amount	Ratio of	
	(Result)		, intourie	Change	
Net Sales	27.3 [34%]*1	17.2 [35%]*1	-10.1	-37%	
Ordinary Profit	9.8 (36%)* ²	4.5 (26%)* ²	-5.3	-54%	
	*2 Datia against Not Cales				

*1 Represent % of Net Sales *2 Ratio against Net Sales

Net sales and ordinary profit both decreased year on year due to the decrease in sales of each product.

- Net sales of leadframes decreased largely, due to big impact of inventory adjustments, etc. because of the downdraft in the semiconductor market.
- Net sales of ceramic electrostatic chucks decreased largely reflected the backdrop of impact of semiconductor export restrictions because of US-China conflict and the memory market deterioration, etc.
- Net sales of heat spreaders for CPUs decreased due to a decline in demand for PCs, and other factors.
- Revenue of glass-to-metal-seals decreased due to the sluggish sales for optical devices.





Net Sales by Product Category

(Billions of yen)

	FY2022	FY2023	YoY		FY2022	
	1st-Quarter (Result)	1st-Quarter (Result)	Amount Ratio		(Result)	
IC Leadframes	14.3 [18%]*	9.8 [20%]*	-4.6 -32	.%	49.7[17%]*	
IC Packages	53.2 [67%]*	31.6 [64%]*	-21.6 -41	.%	187.9[66%]*	
Hermetic Seal Parts	11.8 [15%]*	7.9 [16%]*	-4.0 -34	.%	48.7[17%]*	

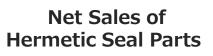
* Represent % of Net Sales













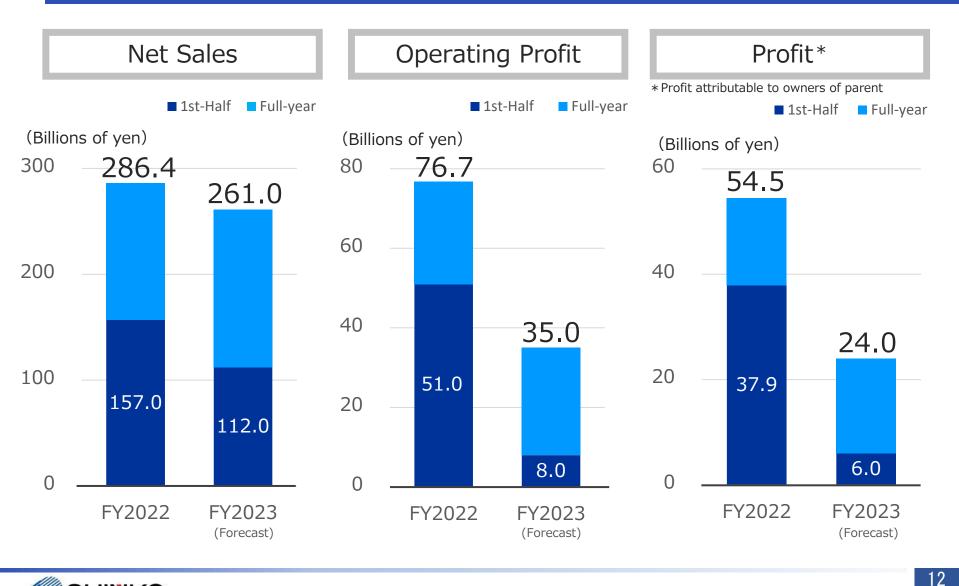


Forecast of FY2023 First-Half and FY2023 (consolidated)

Net Sales/Profit/Cash Dividend			idend	(Announcement on April 27, 2			2023) (Billions of yen)		
	FY20	FY2022 (Result)			FY2023 (Forecast)			mount/Lower : F	Ratio of Change)
	1 st Half	2 nd Half	FY 2022	1 st Half	2 nd Half	FY 2023	1 st Half	2 nd Half	Full Year
Net Sales	157.0	129.4	286.4	112.(0 149.0	261.0	-45.0 (-29%)	+19.6 (+15%)	-25.4 (-9%)
Operating Profit (Ratio against Net Sales)	51.0 (32%)	25.8 (20%)	76.7 (27%)			35.0 (13%)		+1.2 (+5%)	-41.7 (-54%)
Ordinary Profit (Ratio against Net Sales)	54.6 (35%)	24.1 (19%)	78.8 (28%)			35.0 (13%)	-46.6 (-85%)	+2.9 (+12%)	
Profit ^{*1} (Ratio against Net Sales)	37.9 (24%)	16.6 (13%)	54.5 (19%)			24.0 (9%)	-31.9 (-84%)	+1.4 (+8%)	
Exchange Rates (Yen/US dollar)		134		136*2 136*2 (Assumption from FY2023 2Q-4Q)					
*1 Profit attributable to owners of parent *2 Result of				f FY2023	1Q	(Yen)	-		
Cash Dividend per Share (Payout Ratio)	25.0 [Interim]		50.0 (12.4%)	25.0 25.0 50.0 [Interim] [Year-end] (28.1%)					

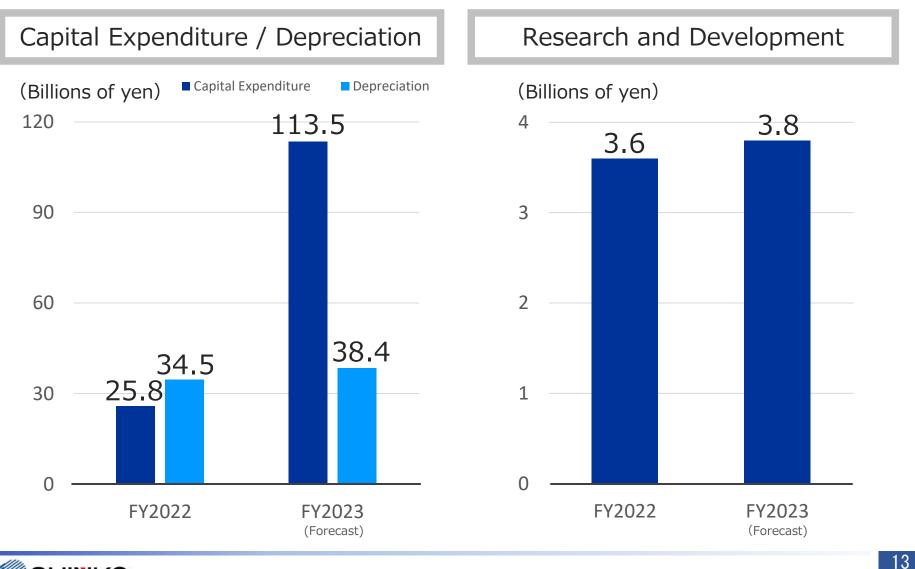


Forecast of FY2023 First-Half and FY2023 (consolidated)





Capital Expenditure, Depreciation and R&D of FY2023





Acquire Certification for Supply Security Plan at Chikuma Plant

Announcement on June 16, 2023 (Summary)

Our capital investment plan for the manufacturing of next-generation flip-chip type packages (FC-BGA substrates) for cutting-edge semiconductors at our Chikuma Plant, located in Chikuma City, Nagano Prefecture, has been certified as a "Supply Security Plan" by Japan's Minister of Economy, Trade and Industry, based on the Economic Security Promotion Act. As a result of this certification, subsidies will be granted for the capital investment plan at the Chikuma Plant.

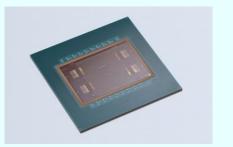
Demand for semiconductors is expected to increase over the medium-to long-term. The market for cutting-edge semiconductors, particularly used for servers and other applications, is projected to expand significantly, driving increasing demand for semiconductors to achieve lager size, higher multi-layering, and ultra-high density fine wiring, in addition to higher functionality and speed as well as power saving. Demand for more advanced FC-BGA substrates that meet these needs is expected to increase dramatically. We are actively engaging in the development of next-generation FC-BGA substrates, including i-THOP[®], to capture these needs. By establishing a mass-production system at our Chikuma Plant, we will contribute to the creation of a more affluent society through the advancement of the semiconductor-related industries, realization of Green Transformation (GX) and other factors.

Outline of supply security plan, as planned

- 1) Name of the operator
- 2) Investment amount
- 3) Maximum subsidy
- 4) Facility
- 5) Main products manufactured

Shinko Electric Industries Co., Ltd.

- 53.3 billion yen
- 17.8 billion yen
- Chikuma Plant
- Next-generation FC-BGA substrates



 $i\text{-THOP}^{\circledast} \\ \text{i-THOP is a registered trademark of SHINKO ELECTRIC INDUSTRIES CO., LTD.}$

• Please see our news release, "SHINKO ELECTRIC INDUSTRIES CO., LTD. Acquires Certification for Supply Security Plan at Chikuma Plant" announced on June 16, 2023 for details of this release. https://www.shinko.co.jp/english/news/docs/20230616_01.pdf

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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.

