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# Financial Results of FY2023 Third-Quarter

From April 1, 2023 to December 31, 2023

**SHINKO ELECTRIC INDUSTRIES CO., LTD.**



# Index

Financial Results Overview of FY2023 Third-Quarter (consolidated)	
Financial Results . . . . .	2
Plastic Packages . . . . .	6
Metal Packages . . . . .	8
Net Sales by Product Category . . . . .	10
Forecast of FY2023 (consolidated)	
Net Sales/Profit/Cash Dividend . . . . .	11
Capital Expenditure, Depreciation, Research and Development . . . . .	13
Notice Concerning Expression of Opinion to Support Commencement of Tender Offer for Company Shares by JICC-04, Ltd. and Recommendation of Tender Thereto (Announcement on December 12, 2023) . . . . .	14
Notice Concerning Amendment of Year-End Dividend Forecast for Fiscal Year Ending in March 2024 (No Dividends) and Abolition of Shareholder Special Benefit Program (Announcement on December 12, 2023) . . . . .	15

# Financial Results Overview of FY2023 Third-Quarter (consolidated)

## Financial Results

(Billions of yen)

	FY2022 3rd-Quarter*1 (Result)	FY2023 3rd-Quarter*1 (Result)	YoY	
			Amount	Ratio of Change
Net Sales	232.5	156.6	-75.9	-33%
Operating Profit (Ratio against Net Sales)	71.2 (+31%)	18.0 (+11%)	-53.2	-75%
Ordinary Profit (Ratio against Net Sales)	72.9 (+31%)	19.7 (+13%)	-53.2	-73%
Profit*2 (Ratio against Net Sales)	50.5 (+22%)	13.4 (+9%)	-37.1	-74%

\*1 Nine months ended December 31 \*2 Profit attributable to owners of parent

Earnings per Share	373.85yen	99.04yen
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# Financial Results Overview of FY2023 Third-Quarter (consolidated)

## Summary of Financial Statements

- In the semiconductor industry, while demand has showed gradual recovery, market recovery delayed and a severe market environment continued due to the continuing stagnation in PC and server markets, a drop in demand for smartphones caused by longer replacement cycles, and inventory adjustments in addition to continued global inflation and the impact of geopolitical risks, including US Government export regulations on semiconductor to China.
- Net Sales of flip-chip type packages decreased largely due to delayed recovery in demand for PCs and servers. Revenue from ceramic electrostatic chucks for semiconductor manufacturing equipment decreased due to export regulations on semiconductor and the market deterioration and revenue from leadframes declined against the backdrop of inventory adjustments. So, overall sales conditions were affected by the market downdraft.
- Net sales down 33% year on year. All profits decreased due to the large impact of sales down.

# Financial Results Overview of FY2023 Third-Quarter (consolidated)

## Net Sales and Ordinary Profit by Business Segment

(Billions of yen)

		FY2022 3rd-Quarter*1 (Result)		FY2023 3rd-Quarter*1 (Result)		Ratio of Change (YoY)	FY2022	
Net Sales *2	Plastic Packages	144.6	Represent % of Net Sales [62%]	96.5	Represent % of Net Sales [62%]	-33%	176.8	Represent % of Net Sales [62%]
	Metal Packages	79.9	[34%]	54.1	[34%]	-32%	99.3	[35%]
	Others	8.0	[4%]	6.1	[4%]	-24%	10.2	[3%]
	Total	232.5	[100%]	156.6	[100%]	-33%	286.4	[100%]
Ordinary Profit *3	Plastic Packages	45.7	Ratio against Net Sales (+32%)	9.2	Ratio against Net Sales (+10%)	-80%	47.3	Ratio against Net Sales (+27%)
	Metal Packages	27.1	(+34%)	11.6	(+21%)	-57%	31.2	(+31%)
	Others/Adjustment	0.1		-1.1			0.2	
	Total	72.9	(+31%)	19.7	(+13%)	-73%	78.8	(+28%)

\*1 Nine months ended December 31

\*2 Sales to external customers

\*3 Before inter-segment transaction adjustment

# Financial Results Overview of FY2023 Third-Quarter (consolidated)

## Financial Status, Capital Expenditure and Depreciation

(Billions of yen)

	FY2022 3rd-Quarter*1	FY2023 3rd-Quarter*1	FY2022
Total Assets	366.6	378.2	386.9
Net Assets	246.8	258.5	251.0
Equity Ratio	67%	68%	65%

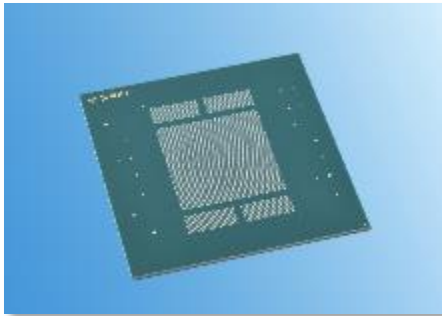
	FY2022 3rd-Quarter*2	FY2023 3rd-Quarter*2	FY2022
Capital Expenditure*3	20.2	28.2	25.8
Depreciation*3	25.1	19.9	34.5
Research and Development	2.7	2.6	3.6
Exchange Rates (Yen/US dollar)	135	141	134

\*1 As of December 31 \*2 Nine months ended December 31 \*3 Except intangible assets

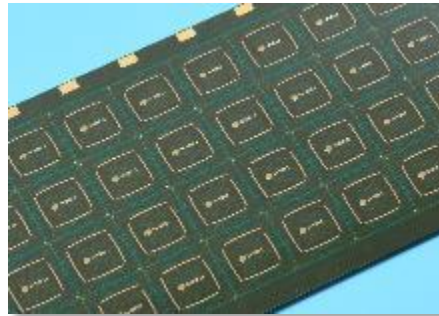


# Financial Results Overview of FY2023 Third-Quarter (consolidated)

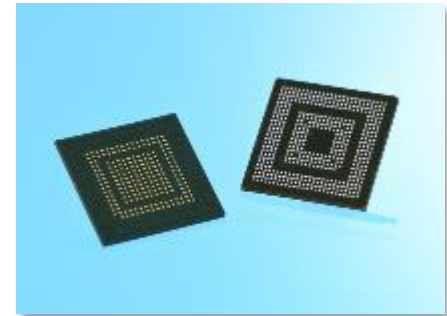
## Plastic Packages



**Flip-Chip Type  
Package**



**Plastic BGA  
Substrates**



**IC Assemblies**

### **【Applications】**

**PCs, Servers, Smartphones, Consumer Products, etc.**

# Financial Results Overview of FY2023 Third-Quarter (consolidated)

## Plastic Packages

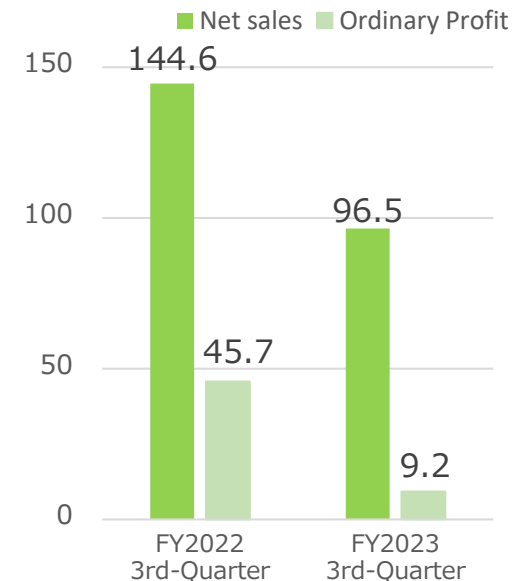
(Billions of yen)

	FY2022 3rd-Quarter* <sup>1</sup> (Result)	FY2023 3rd-Quarter* <sup>1</sup> (Result)	YoY	
			Amount	Ratio of Change
Net Sales	144.6 [62%]* <sup>2</sup>	96.5 [62%]* <sup>2</sup>	-48.1	-33%
Ordinary Profit	45.7 (+32%)* <sup>3</sup>	9.2 (+10%)* <sup>3</sup>	-36.5	-80%

\*<sup>1</sup> Nine months ended December 31 \*<sup>2</sup> Represent % of Net Sales \*<sup>3</sup> Ratio against Net Sales

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

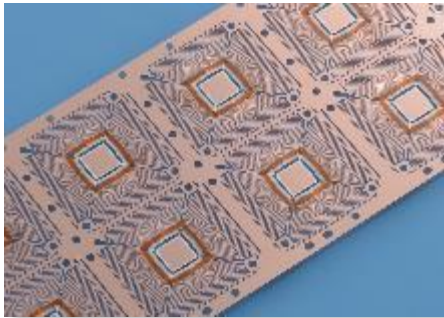
- Net sales of flip-chip type packages decreased largely due to delayed recovery in demand for PCs and servers as a negative rebound from the special demand for COVID-19, and other factors.
- Net sales of plastic BGA substrates decreased due to inventory adjustments in advanced memory.
- Net sales of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



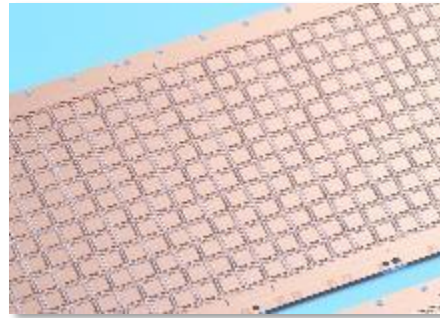


# Financial Results Overview of FY2023 Third-Quarter (consolidated)

## Metal Packages



Stamped Leadframes



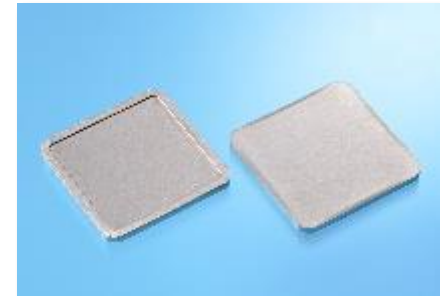
Etched Leadframes  
(QFN-Type)



Ceramic Electrostatic  
Chuck



Glass-to-Metal Seals



Heat Spreaders

### 【Applications】

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

# Financial Results Overview of FY2023 Third-Quarter (consolidated)

## Metal Packages

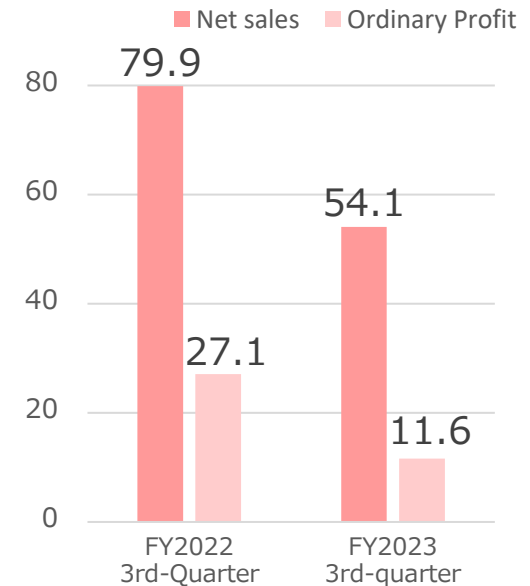
(Billions of yen)

	FY2022 3rd-Quarter*1 (Result)	FY2023 3rd-Quarter*1 (Result)	YoY	
			Amount	Ratio of Change
Net Sales	79.9 [34%]*2	54.1 [34%]*2	-25.9	-32%
Ordinary Profit	27.1 (+34%)*3	11.6 (+21%)*3	-15.5	-57%

\*1 Nine months ended December 31 \*2 Represent % of Net Sales \*3 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 ceramic electrostatic chucks decreased largely due to the adverse effects of US Government export regulations on semiconductor to China and the memory market deterioration, etc.
- Net sales of leadframes decreased largely, reflected the backdrop of inventory adjustments, etc. because of the downturn in the semiconductor market.
- Net sales of heat spreaders for CPUs decreased greatly due to a decline in demand for PCs, and other factors.
- Net sales of glass-to-metal-seals decreased due to the sluggish sales for optical devices.



# Financial Results Overview of FY2023 Third-Quarter (consolidated)

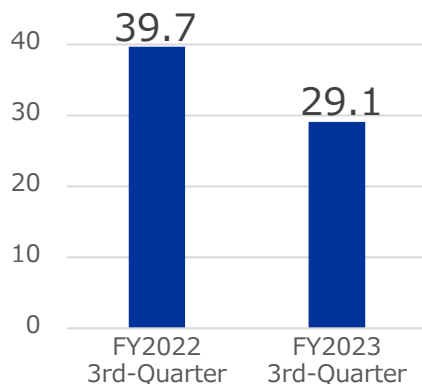
## Net Sales by Product Category

(Billions of yen)

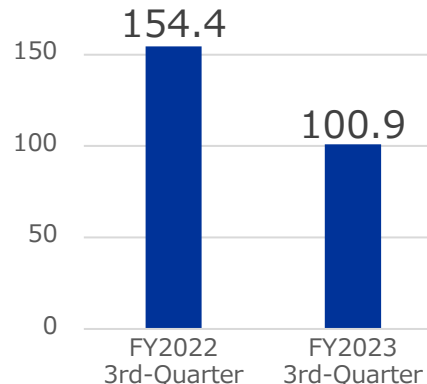
	FY2022 3rd-Quarter* <sup>1</sup> (Result)	FY2023 3rd-Quarter* <sup>1</sup> (Result)	YoY		FY2022 (Result)
			Amount	Ratio of Change	
IC Leadframes	39.7 [17%]* <sup>2</sup>	29.1 [19%]* <sup>2</sup>	- 10.6	- 27%	49.7[17%]* <sup>2</sup>
IC Packages	154.4 [66%]* <sup>2</sup>	100.9 [64%]* <sup>2</sup>	- 53.5	- 35%	187.9[66%]* <sup>2</sup>
Hermetic Seal Parts	38.4 [17%]* <sup>2</sup>	26.6 [17%]* <sup>2</sup>	- 11.8	- 31%	48.7[17%]* <sup>2</sup>

\*1 Nine months ended December 31 \*2 Represent % of Net Sales

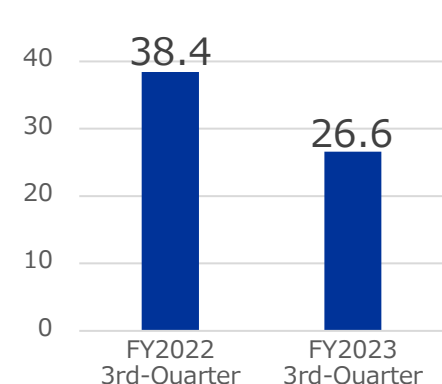
### Net Sales of IC Leadframes



### Net Sales of IC Packages



### Net Sales of Hermetic Seal Parts



# Forecast of FY2023 (consolidated)

## Net Sales/Profit/Cash Dividend

(Billions of yen)

	FY2022 (Result)			FY2023 (1 <sup>st</sup> HF:Result·2 <sup>nd</sup> HF:Forecast)			YoY(Upper : Amount/Lower : Ratio of Change)		
	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	FY 2022	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	FY 2023	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Full Year
Net Sales	157.0	129.4	286.4	105.1	124.9	230.0	- 51.9 (- 33%)	- 4.5 (- 3%)	- 56.4 (- 20%)
Operating Profit (Ratio against Net Sales)	51.0 (+32%)	25.8 (+20%)	76.7 (+27%)	11.5 (+11%)	23.5 (+19%)	35.0 (+15%)	- 39.5 (- 77%)	- 2.2 (- 9%)	- 41.7 (- 54%)
Ordinary Profit (Ratio against Net Sales)	54.6 (+35%)	24.1 (+19%)	78.8 (+28%)	14.1 (+13%)	20.9 (+17%)	35.0 (+15%)	- 40.6 (- 74%)	- 3.2 (- 13%)	- 43.8 (- 56%)
Profit* (Ratio against Net Sales)	37.9 (+24%)	16.6 (+13%)	54.5 (+19%)	9.8 (+9%)	14.2 (+11%)	24.0 (+10%)	- 28.1 (- 74%)	- 2.4 (- 14%)	- 30.5 (- 56%)
Exchange Rates (Yen/US dollar)	134			1Q-3Q (Result) 141		4Q (Assumption) 135			

\* Profit attributable to owners of parent

(Yen)

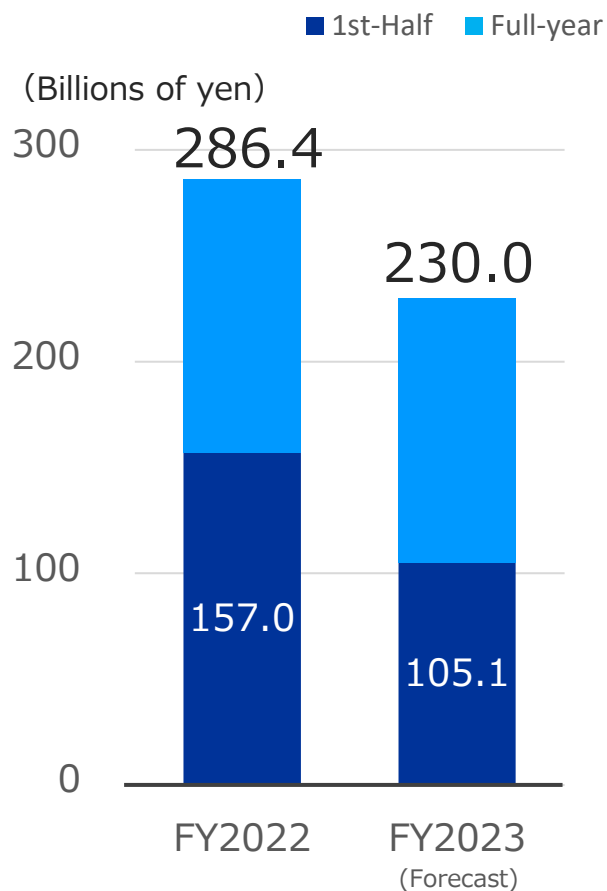
Cash Dividend per Share (Payout Ratio)	25.0 [Interim]	25.0 [Year-end]	50.0 (+12.4%)	25.0 [Interim]	0.0 [Year-end]	25.0 (+14.1%)
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• The Company decided to amend the dividend forecast announced on April 27, 2023 and not to pay year-end dividends for the fiscal year ending in March 2024.

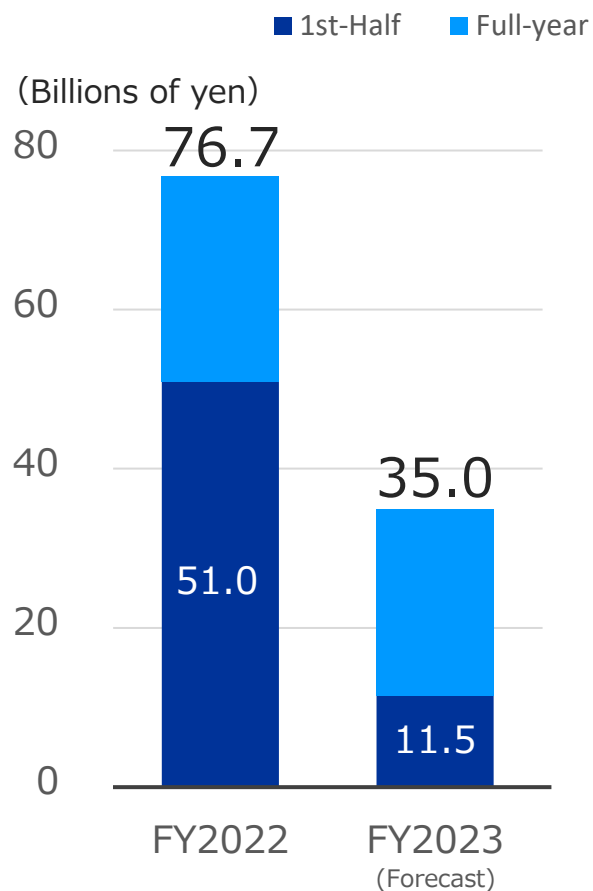
Please refer to the "Notice Concerning Amendment of Year-End Dividend Forecast for Fiscal Year Ending in March 2024 (No Dividends) and Abolition of Shareholder Special Benefit Program" on page 15.

# Forecast of FY2023 (consolidated)

## Net Sales

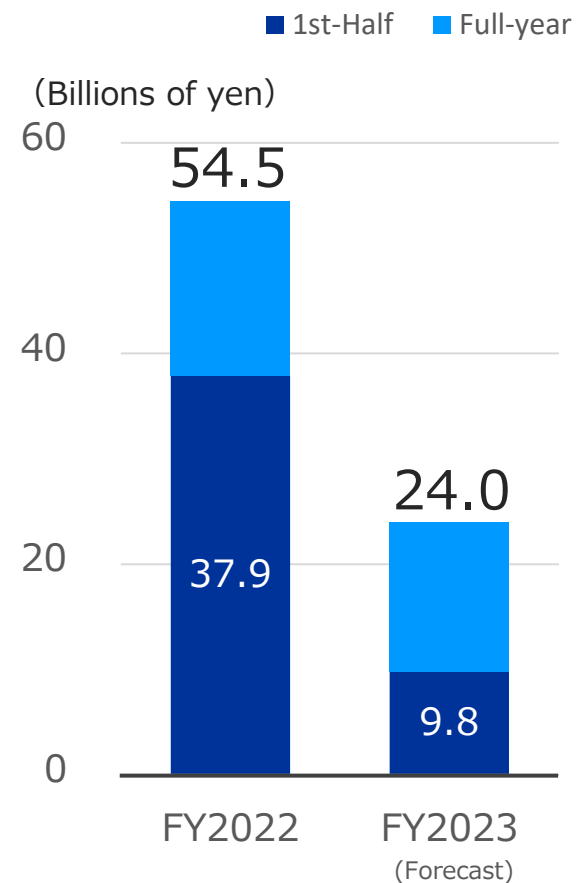


## Operating Profit



## Profit\*

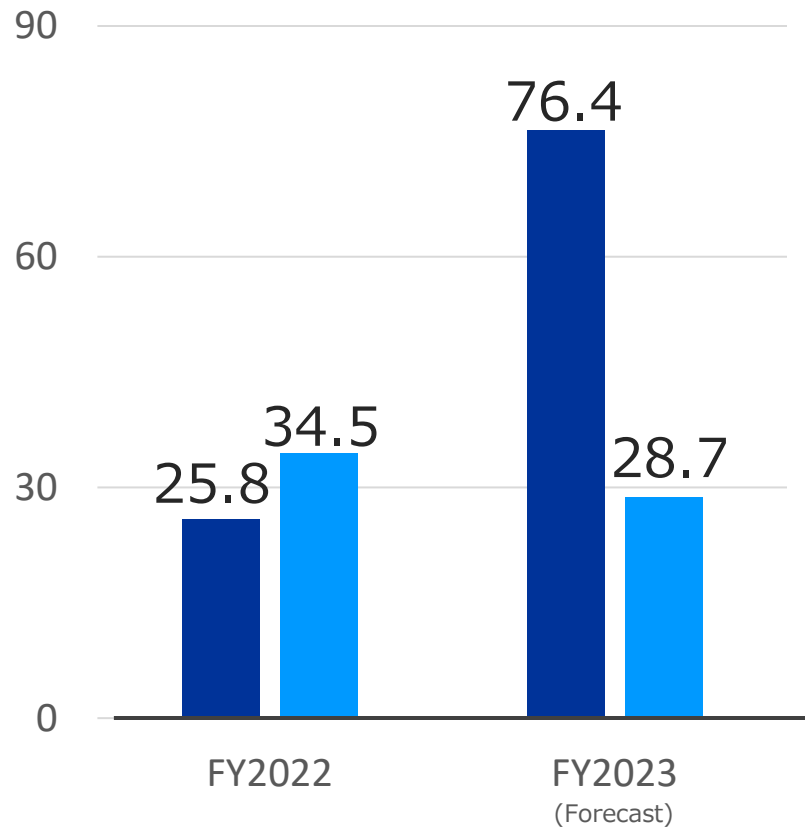
\* Profit attributable to owners of parent



# Forecast of FY2023 (consolidated)

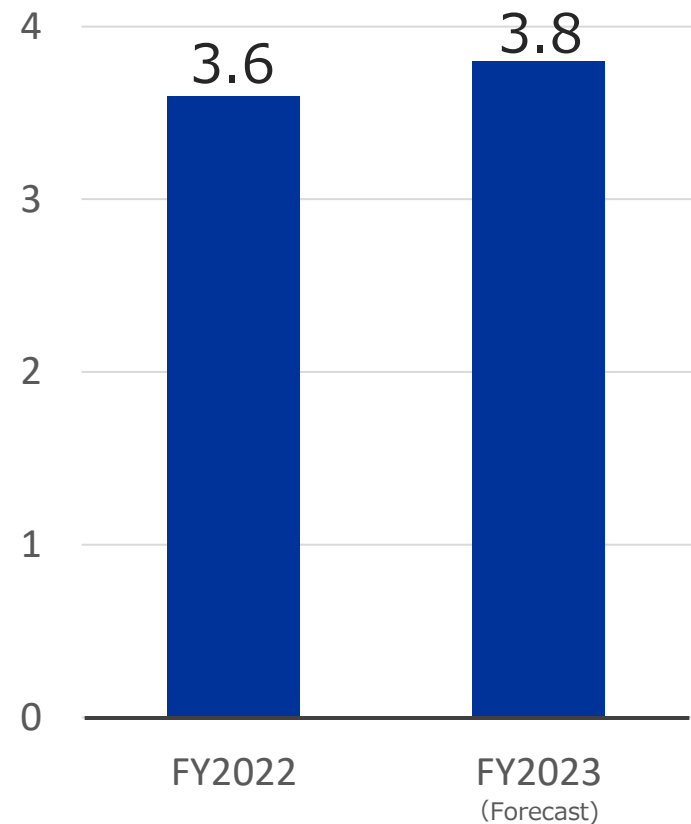
## Capital Expenditure / Depreciation

(Billions of yen) ■ Capital Expenditure ■ Depreciation



## Research and Development

(Billions of yen)



# Notice Concerning Expression of Opinion to Support Commencement of Tender Offer for Company Shares by JICC-04, Ltd. and Recommendation of Tender Thereto

## Announcement on December 12, 2023 (Summary)

The Company resolved at its Board of Directors meeting held on 12 December, 2023 to express its opinion as of that date that, if commenced, it will express an opinion to support the tender offer (the “Tender Offer”) for the Company’s common shares (the “Company Shares”) to be conducted by JICC-04, Ltd. (wholly-owned by JIC Capital, Ltd., the “Tender Offeror”) and recommend that its shareholders tender their shares in the Tender Offer.

The Board of Directors resolution above was made on the assumption that the Tender Offeror intends to acquire all Company Shares through the Tender Offer and a series of planned subsequent procedures and that the Company Shares will be delisted.

### Details of Opinion Regarding Tender Offer

#### (1) Period of the Tender Offer

Because the Tender Offer is expected to require a certain period of time for necessary procedures and actions based on domestic and foreign competition laws and investment regulatory laws, etc., the commencement date of the Tender Offer is expected to be in late August 2024 by the Tender Offeror, but the commencement date of the Tender Offer is affected by the period required for procedures by foreign competition authorities and authorities having jurisdiction over investment regulatory laws, etc. The Tender Offer period is expected to be 20 business days.

#### (2) Purchase Price, Etc. :5,920 yen per common share

#### (3) The Number of Share Certificates, Etc. to Be Purchased

The number of shares to be purchased	The minimum number of the shares to be purchased	The maximum number of shares to be purchased
67,530,488 shares	22,491,400 shares	– shares

- Please see the Company’s news release, “Notice Concerning Expression of Opinion to Support Commencement of Tender Offer for Company Shares by JICC-04, Ltd. and Recommendation of Tender Thereto” announced on December 12, 2023 for details of this release.

[https://www.shinko.co.jp/english/news/docs/20231212\\_03.pdf](https://www.shinko.co.jp/english/news/docs/20231212_03.pdf)



# Notice Concerning Amendment of Year-End Dividend Forecast for Fiscal Year Ending in March 2024 (No Dividends) and Abolition of Shareholder Special Benefit Program

Announcement on December 12, 2023 (Summary)

In light of the tender offer (the “Tender Offer”) for the Company’s common shares (the “Company Shares”) to be conducted by JICC-04, Ltd. (the “Tender Offeror”) , the Company passed a resolution at its Board of Directors meeting, held on 12 December, 2023, not to make any year-end dividends for the fiscal year ending in March 2024, and to abolish the shareholder special benefit program beginning with the fiscal year ending in March 2024.

## 1. Amendment of Dividend Forecast

### (1) Amendment Details

	Dividend per share (yen)		
	End of second quarter	Fiscal year-end	Annual
Previous forecast (Announced on April 27, 2023)	25.0	25.0	50.0
Current amended forecast		0.0	25.0
Actual results for the current fiscal year	25.0		
(Ref.) Actual results for the previous fiscal year (Fiscal year ended in March 2023)	25.0	25.0	50.0

### (2) Reasons for the Amendment

According to the Tender Offeror, the purchase price for the Tender Offer was determined on a comprehensive basis, based on the assumption that no dividends would be paid based on the base date of March 31, 2024. Accordingly, the Company decided to amend the dividend forecast and not to pay year-end dividends for the fiscal year ending in March 2024.

## 2. Abolition of Shareholder Special Benefit Program

In light of the plan to conduct the Tender Offer for the Company Shares, the Company decided to abolish the shareholder special benefit program.

Please see the Company’s news release, “Notice Concerning Amendment of Year-End Dividend Forecast for Fiscal Year Ending in March 2024 (No Dividends) and Abolition of Shareholder Special Benefit Program” announced on December 12, 2023 for details of this release.

[https://www.shinko.co.jp/english/news/docs/20231212\\_02.pdf](https://www.shinko.co.jp/english/news/docs/20231212_02.pdf)

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.