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SHINKO ELECTRIC INDUSTRIES CO., LTD.  
Stock exchange code: 6967, TSE 1st Section

## **SHINKO ELECTRIC INDUSTRIES CO., LTD. to Make Capital Investments for Growth Markets**

NAGANO, Japan, October 4, 2021 – SHINKO ELECTRIC INDUSTRIES CO., LTD. (SHINKO) today announced that it will make capital investments for growth markets.

Applications for semiconductors are anticipated to expand in a wide range of fields, further enlarging the market in the future, following the progress of digital transformations in society and the economy which are buoyed by the growing use of AI and IoT as well as the practical implementation of 5G. SHINKO has been focusing on allocating management resources for markets with high growth potential. We will reinforce our production system for our main product, the flip-chip type packages for high-performance semiconductors to meet the anticipated increase in demand in semiconductor markets. To that reason, we determined to make the capital investments indicated below, including establishment of a new production site, and other investments.

We are also planning to construct a new facility at our Takaoka Plant in Nakano City, Nagano Prefecture to increase the production capacity of ceramic electrostatic chucks. Demand for the products is expected to increase due to growth in the market for semiconductor manufacturing equipment.

### **1. Reinforcing the production system for flip-chip type packages**

#### 1) Plan overview

Flip-chip type packages for high-performance semiconductors, such as the CPUs used in PCs and servers, are expected to remain in strong demand as semiconductor packages that support higher performance, higher speed, and more energy savings for semiconductors. SHINKO has been working to reinforce our production system for flip-chip type packages at Kohoku Plant and Wakaho Plant, both plants in Nagano City, as well as Takaoka Plant in Nakano City, Nagano Prefecture. To reinforce our production system even more, we will open a new site, bringing the total to 4 plants, and also expand production capacity at Kohoku Plant and Wakaho Plant.

#### 2) Investment amount

Total investment from FY2022 to FY2025: 140 billion yen

#### 3) Production capacity

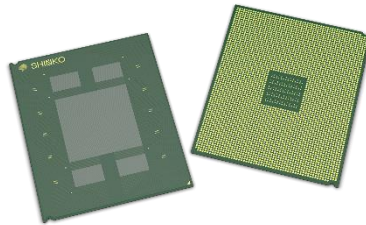
This capital investment is expected to increase the production capacity of flip-chip type packages by approximately 50%, compared with the current level.

#### 4) Overview of the new site, as planned

Location: Chikuma City, Nagano Prefecture  
Schedule: Construction period: FY2022 to FY2023  
Start of operations: From FY2024 (Sequentially)

\* The new site is currently under detailed review, including consultations with related organizations. We will make a separate announcement as soon as the details are finalized.

For the capital investments in Kohoku Plant and Wakaho Plant, we are planning to start operations at these plants from fiscal year 2023.



Flip-Chip Type Packages

[About Flip-Chip Type Packages]

Flip-chip type packages are semiconductor packages used for high-performance semiconductors, such as CPUs in PCs and servers. Semiconductor packages are becoming more and more important; they support higher performance, higher speed, and energy savings for semiconductors. SHINKO's flip-chip type packages meet the requirements of our customers; using the most advanced packaging technologies to achieve fine line and space patterning, multilayer structure, and excellent electrical characteristics.

## 2. Increasing the production capacity for ceramic electrostatic chucks

### 1) Plan overview

Buoyed by the expansion of the semiconductor market over the medium to long term, demand for ceramic electrostatic chucks—key components of semiconductor manufacturing equipment—is expected to grow significantly in the future. In response, SHINKO will construct a new facility at Takaoka Plant in Nakano City, Nagano Prefecture, to increase production capacity.

### 2) Investment amount

Total investment from FY2021 to FY2023: 18 billion yen

### 3) Production capacity

The capital investment is expected to increase approximately 2-fold the production capacity of ceramic electrostatic chucks, compared with the current level including the contribution from the capital investment that has already started in the existing facilities.

### 4) Overview of the new facility, as planned

Location:	Takaoka Plant (Nakano City, Nagano Prefecture)
Building structure:	Five-story steel frame structure
Total floor area:	28,000 m <sup>2</sup>
Schedule:	Start of construction: December 2021 Completion of construction: March 2023 Start of operations: Second half of FY2023



Ceramic Electrostatic Chuck

[About Ceramic Electrostatic Chucks]

In semiconductor manufacturing process, ceramic electrostatic chucks are components that use static electricity to adsorb and mount silicon wafers, the material essential for manufacturing semiconductors. SHINKO's ceramic electrostatic chucks are widely used in semiconductor manufacturing equipment, such as etching equipment. To meet customers' state-of-the-art needs, we offer high quality, low cost, short lead time and manufactures using consistent production processes such as firing of machining of ceramic, assembly and inspection.

Going forward, SHINKO will focus on the capital investments for semiconductor markets, including flip-chip type packages for high-performance semiconductors and ceramic electrostatic chucks for semiconductor manufacturing equipment, where continued growth is expected. We are aiming for further growth and development by helping to build a prosperous society through products and services with high value for customers.

Since fiscal year 2018, we have been making large capital investments to reinforce our production system for flip-chip type packages at the Takaoka Plant and other facilities. Given the strong demand for flip-chip type packages, earnings from the production capacity expansion (made through capital investments from fiscal year 2018) are expected to make substantial contributions in the future. The funds needed for these capital investments of this time, such as those required for a new site for flip-chip type packages, will be self-financed, including from such earnings, as well as borrowing and other sources.

\* The impact of the above capital investment plan on consolidated financial results for the fiscal year ended March 31, 2022 will be negligible, since we are planning for capital investments for flip-chip type packages and ceramic electrostatic chucks to start going into operation sequentially from fiscal year 2023.

In addition, we will quickly disclose any required information in the future.

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