

A light green, semi-transparent world map is centered in the background of the slide, showing the outlines of continents and major latitude/longitude lines.

FY2023 Second Quarter Consolidated Business Results

November 9, 2023

SHIBAURA MECHATRONICS CORPORATION

- 1. Consolidated Financial Results for Q2 of the Year Ending March 31, 2024**
2. Consolidated Financial Forecast for the Year Ending March 31, 2024
3. Progress of the Mid-Term Management Plan

Summary of Financial Results

■ Net sales, Operating income

- Increased sales and operating income year-on-year
- Sales were firm as planned, achieving 30.5 billion yen.
SPE sales increased by 30% year-on-year. (18.3 ⇒ 23.7 billion yen)
- Operating income was 5.02 billion yen (ROS at 16.4%), mainly due to increased sales of front-end process equipment for semiconductors.
- FY2023 results are expected to be higher than the previous forecast.

■ Orders received

- Orders for front-end process equipment and back-end process equipment for semiconductors were both firm, totaling 33.3 billion yen.
Sales of front-end process equipment for semiconductors decreased from the previous year due to customers' revision of capital investment timing, while those of back-end process equipment for semiconductors increased significantly from the second half of the previous year, resulting in a firm overall performance.

■ Backlog of orders

- As of September 30, 2023 68.3 billion yen

Financial Results (YoY)

Unit: 100 million yen

	FY22/H1	FY22/H2	FY23/H1 Results	YoY Rate of change
Net sales	293	317	305	+4%
Operating income	46.0	63.1	50.2	+9%
ROS	15.7%	19.9%	16.4%	+0.7pt
Ordinary income	42.6	62.6	50.3	+18%
Net income	34.1	57.9	38.7	+13%
Orders received	474	294	333	-30%
FCF	43.8	-11.9	46.3	+250million yen

* SPE: Front and back-end process equipment for semiconductors
 FPD: Front and back-end process equipment for FPDs

■ Net sales

Increased by 4% YoY (29.3 ⇒ 30.5 billion yen)

- Net sales increased in the SPE field but decreased in the FPD field. Overall net sales increased.

■ Operating income

Increased by 9% YoY (4.60 ⇒ 5.02 billion yen)

- Income increased alongside the growth of sales of front-end process equipment for semiconductors.

■ Net income

Increased by 13% YoY (3.41 ⇒ 3.87 billion yen)

- Profit increased due to improved operating income

■ Orders received

Decreased by 30% YoY (47.4 ⇒ 33.3 billion yen)

- Decreased due to customers' revision of capital investment timing, etc.

Financial Results by Segment (YoY) (i)

*Fine mechatronics: Front-end process equipment for semiconductors and FPDs

■ Fine mechatronics

- Net sales Increased 27% YoY (18.6 ⇒ 23.6 billion yen)

For front-end process equipment for semiconductors, there was a steady increase for logic/foundry and wafers.

In front-end process equipment for FPDs, net sales declined due to sluggish performance.

- Ordinary income Increased by 55% YoY (3.20 ⇒ 4.97 billion yen)

Income increased due to a rise in sales of front-end process equipment for semiconductors.

- Orders received Decreased by 44% YoY (35.8 ⇒ 20.0 billion yen)

For front-end process equipment for semiconductors, although orders remained firm overall, they decreased due to customers' revision of the timing of capital investment.

Orders for front-end process equipment for FPDs remained sluggish because of market conditions.

Financial Results by Segment (YoY) (ii)

*Mechatronics systems: Back-end process equipment for semiconductors and FPDs, vacuum equipment

■ Mechatronics systems

➤ Net sales Decreased by 46% YoY (8.6 ⇒ 4.7 billion yen)

Sales of back-end process equipment for semiconductors decreased overall but were firm for advanced packages.

Sales of back-end process equipment for FPDs declined due to sluggish orders in the previous fiscal year.

Sales in the vacuum sector increased due to firm sales for semiconductors.

➤ Segment income Decreased by 76% YoY (1.50 ⇒ 0.36 billion yen)

Profit decreased due to lower sales of back-end process equipment both for semiconductors and FPDs.

➤ Orders received Increased 8% YoY (9.5 ⇒ 10.3 billion yen)

Orders for back-end process equipment for semiconductors increased significantly YoY due to demand for GPUs for generation AI. Contribution to sales from 3Q onward.

Orders for back-end process equipment for FPDs decreased significantly due to the impact of market conditions.

In the vacuum sector, orders were steady, mainly for semiconductors.

Financial Results (vs. Previous Projection)

*1: Published in August 2023

Unit: 100 million yen

	FY23/H1		
	Previous projection *1	Results	vs. previous projection Rate of change
Net sales	290	305	+5%
Operating income	40.0	50.2	+25%
ROS	13.8%	16.4%	+2.6pt
Ordinary income	39.0	50.3	+29%
Net income	31.0	38.7	+25%
Orders received	-	333	-

■ Net sales

Increased 5% from the previous projection
(29.0 ⇒ 30.5 billion yen)

- Steady growth in SPE field

■ Operating income

Increased 25% from the previous projection
(4.00 ⇒ 5.02 billion yen)

- Increased sales, decreased expenses

■ Net income

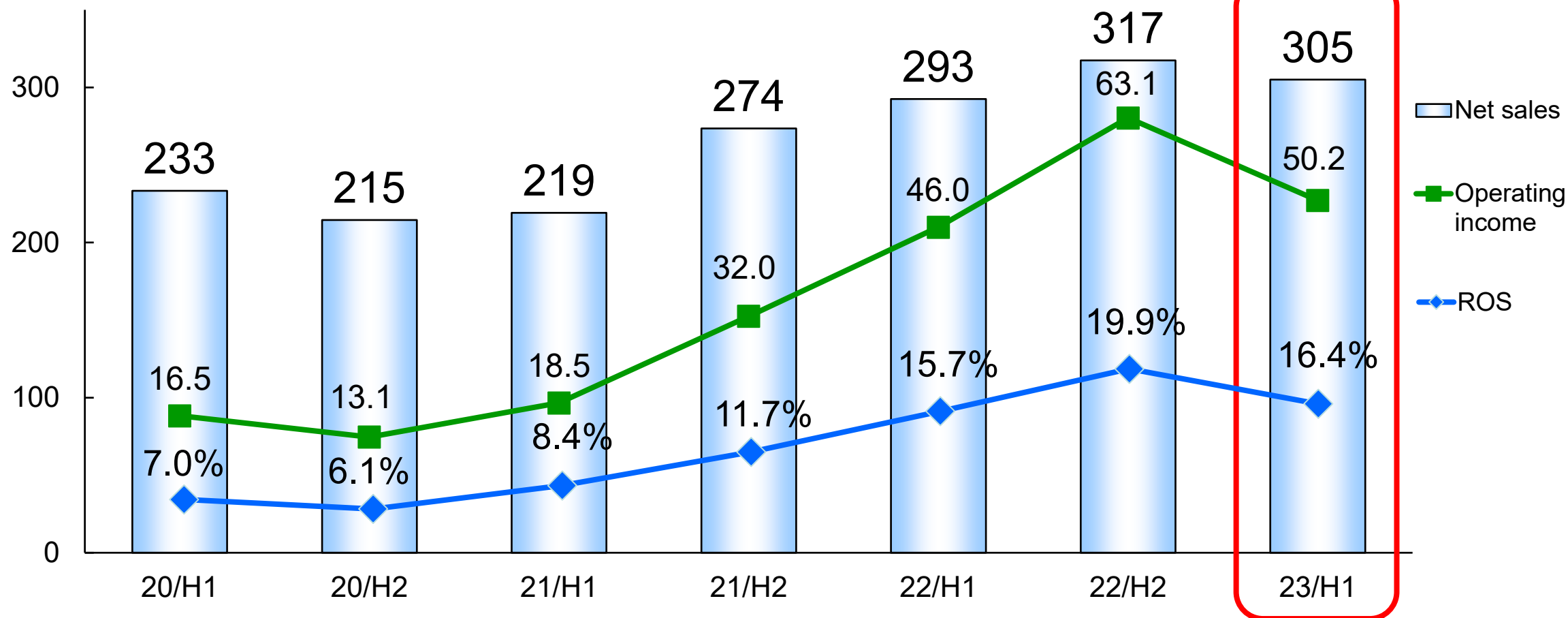
Increased 25% from the previous projection
(3.10 ⇒ 3.87 billion yen)

- Due to improvement in operating income

Sales, Profit and ROS

ROS 16.4%

Unit: 100 million yen

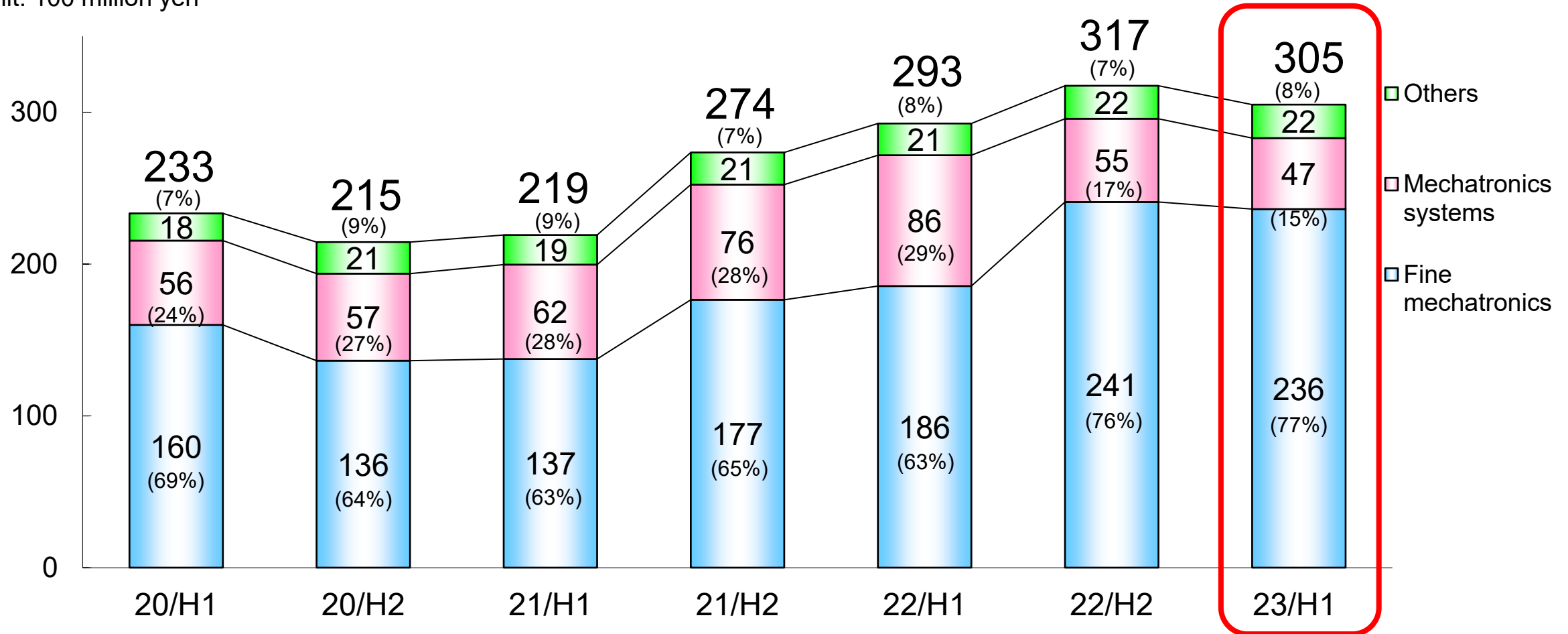


Sales by Segment

Fine mechatronics accounts for 77%

* Fine mechatronics: Front-end process equipment for semiconductors and FPDs
 Mechatronics systems: Back-end process equipment for semiconductors and FPDs, vacuum equipment

Unit: 100 million yen

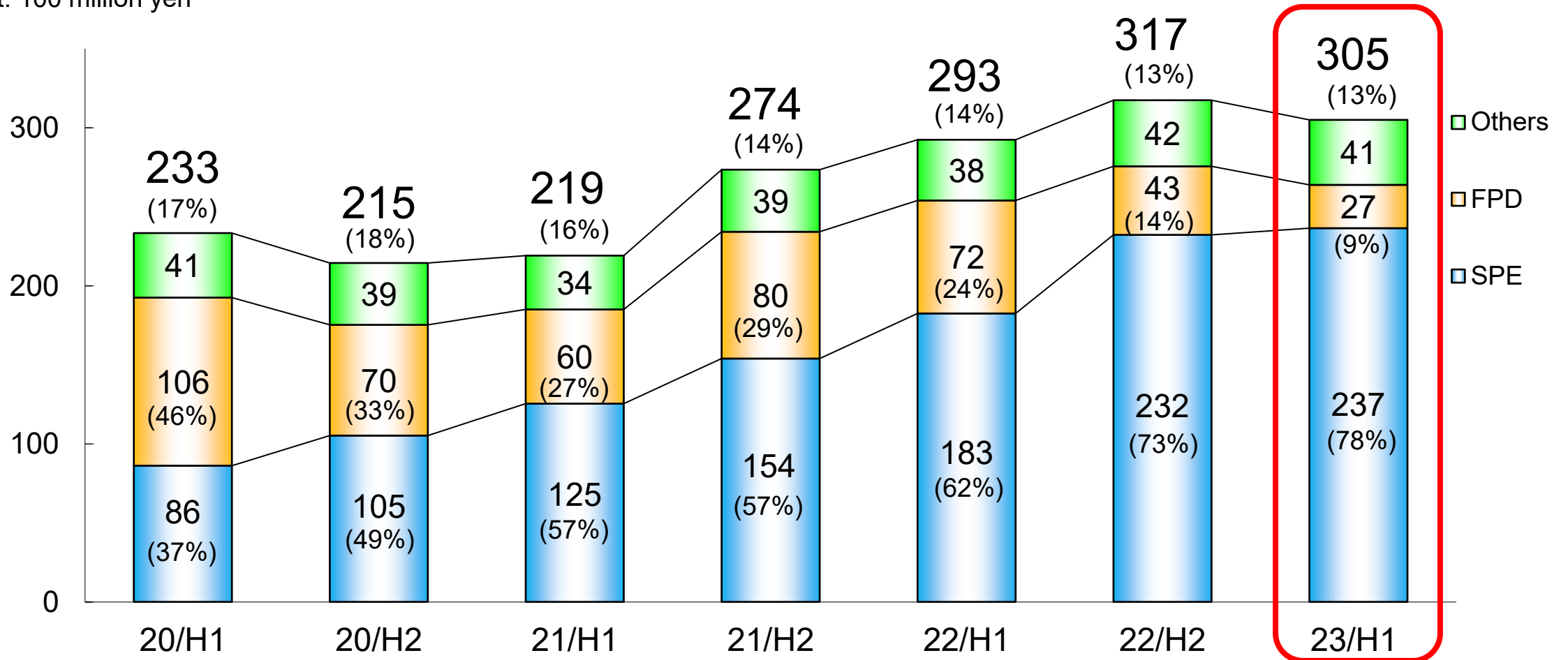


Sales by Product Field

SPE field accounts for 78%

* SPE: Front and back-end process equipment for semiconductors
 FPD: Front and back-end process equipment for FPDs

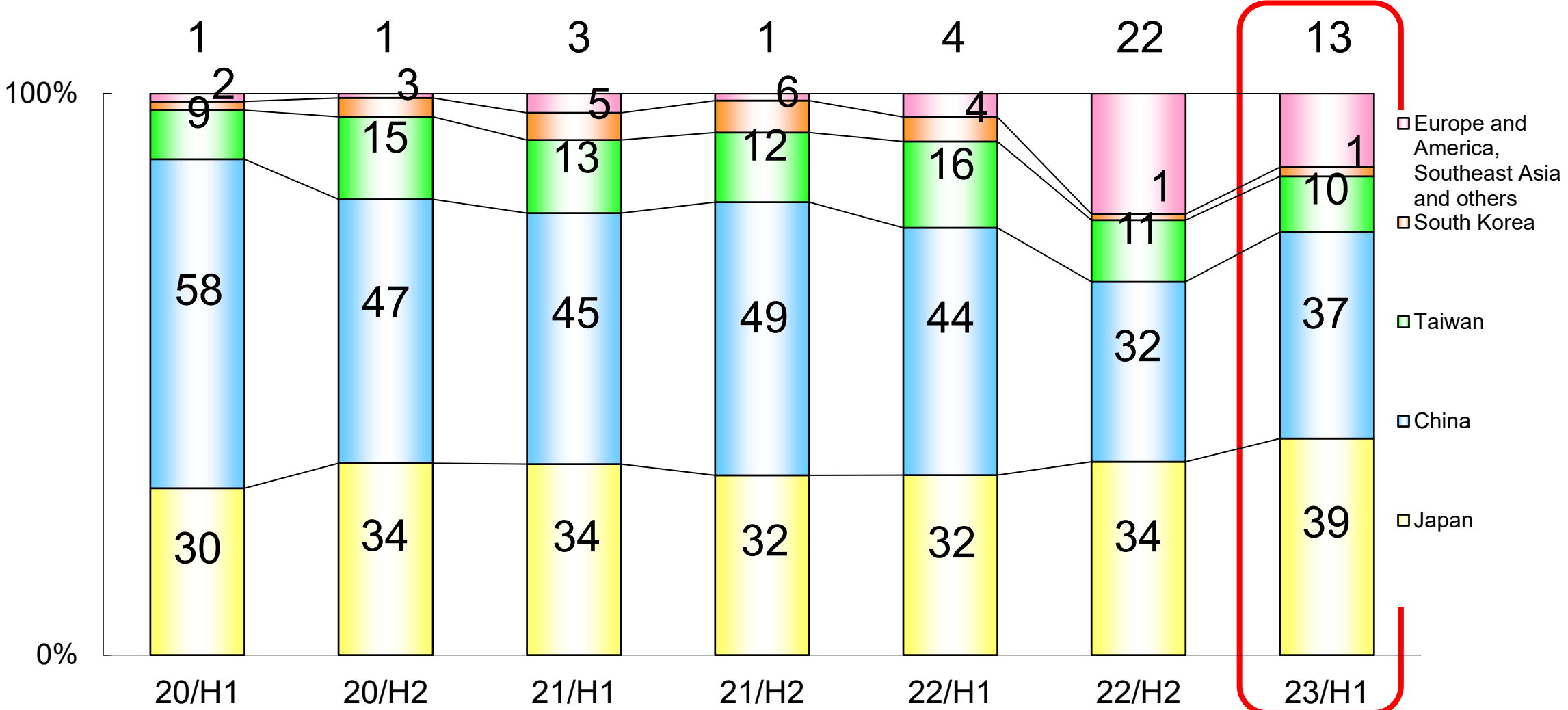
Unit: 100 million yen



* Classified by destination

Sales Ratio by Destination

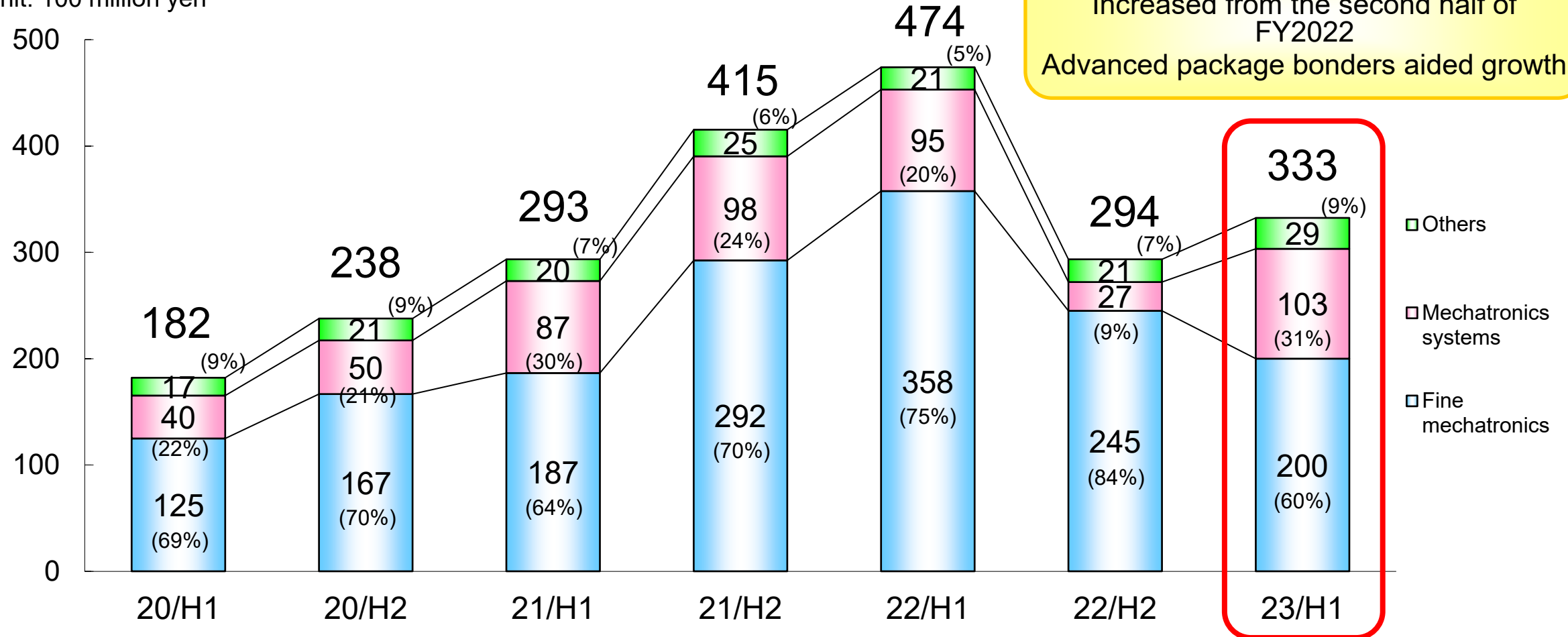
Overseas orders: 61% (China: 37%)



Orders Received by Segment

* Fine mechatronics: Front-end process equipment for semiconductors and FPDs
 Mechatronics systems: Back-end process equipment for semiconductors and FPDs, vacuum equipment

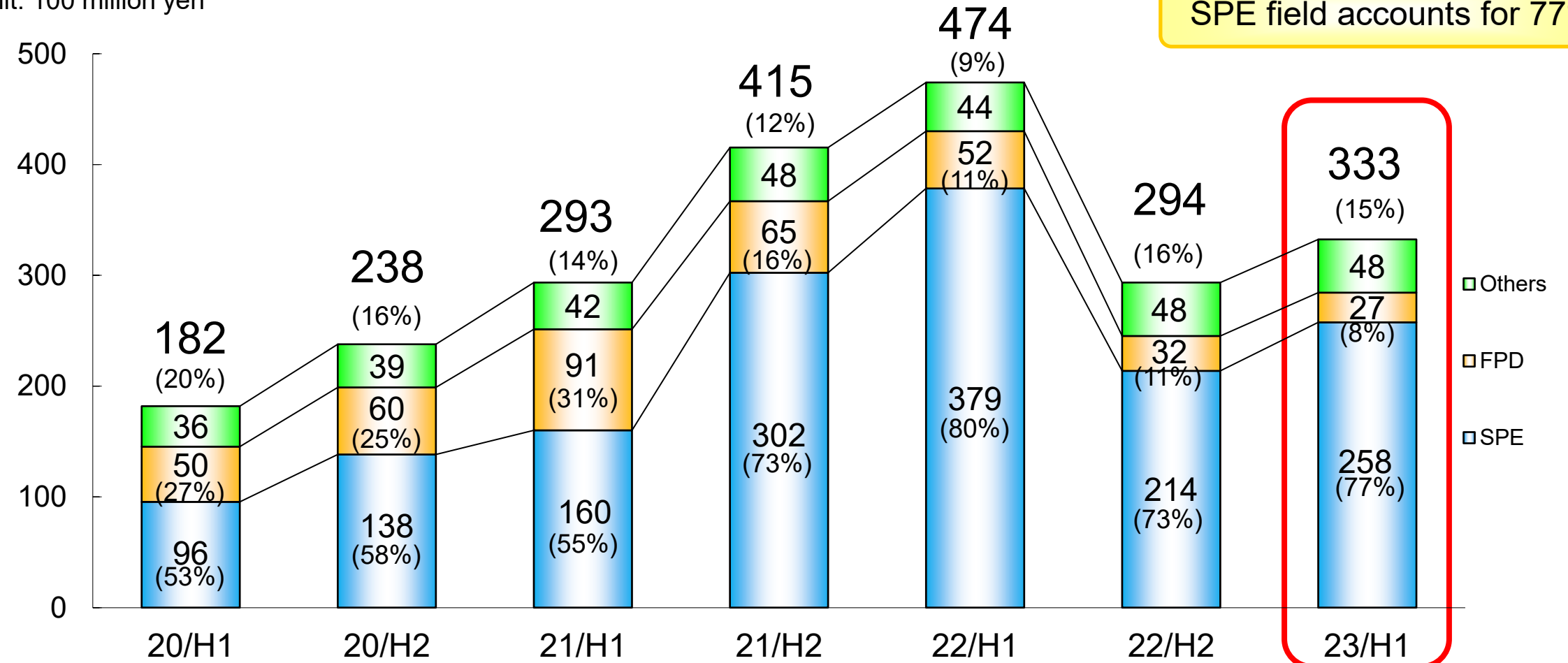
Unit: 100 million yen



Orders Received by Product Field

* SPE: Front and back-end process equipment for semiconductors
 FPD: Front and back-end process equipment for FPDs

Unit: 100 million yen



SPE field accounts for 77%

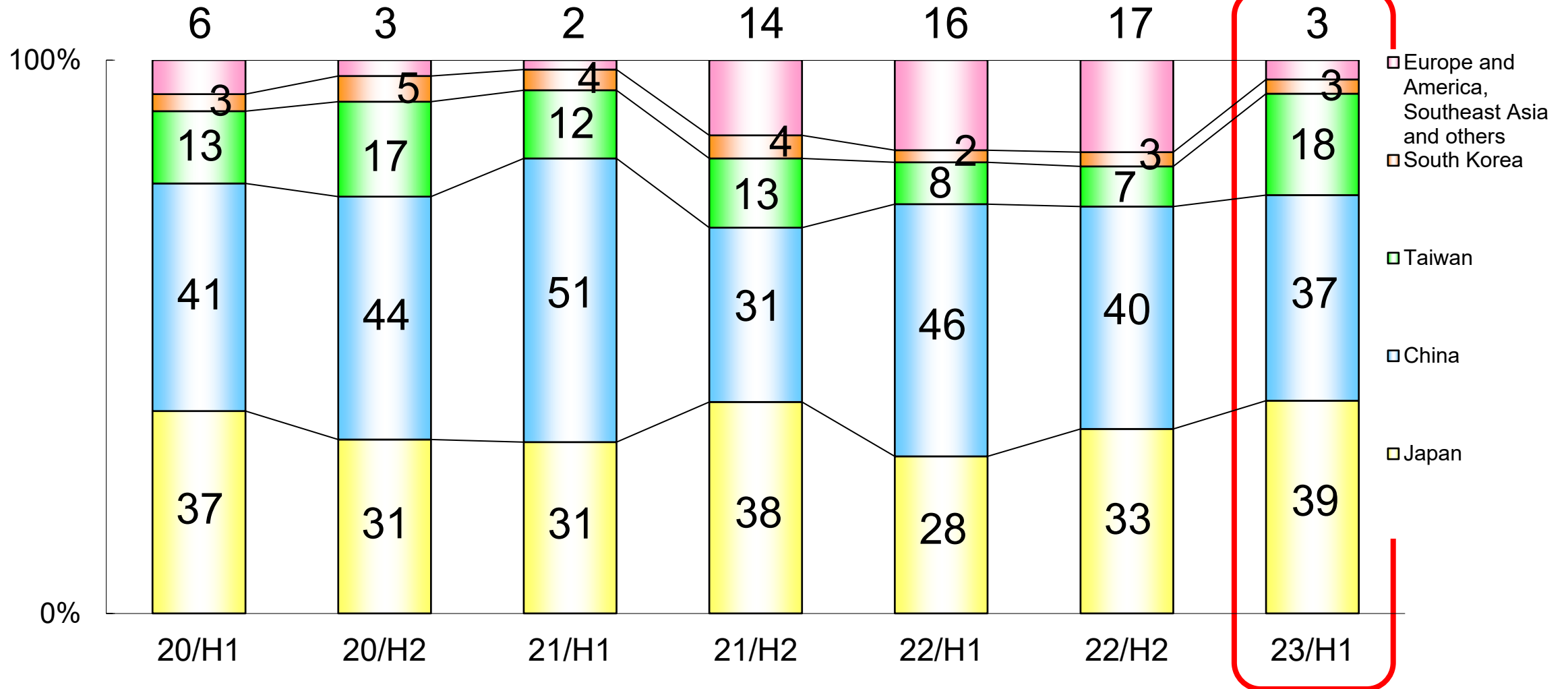
23/H1

- Others
- FPD
- SPE

Order Ratio by Destination

Overseas orders: 61% (China: 37%)

* Classified by destination



Balance Sheet

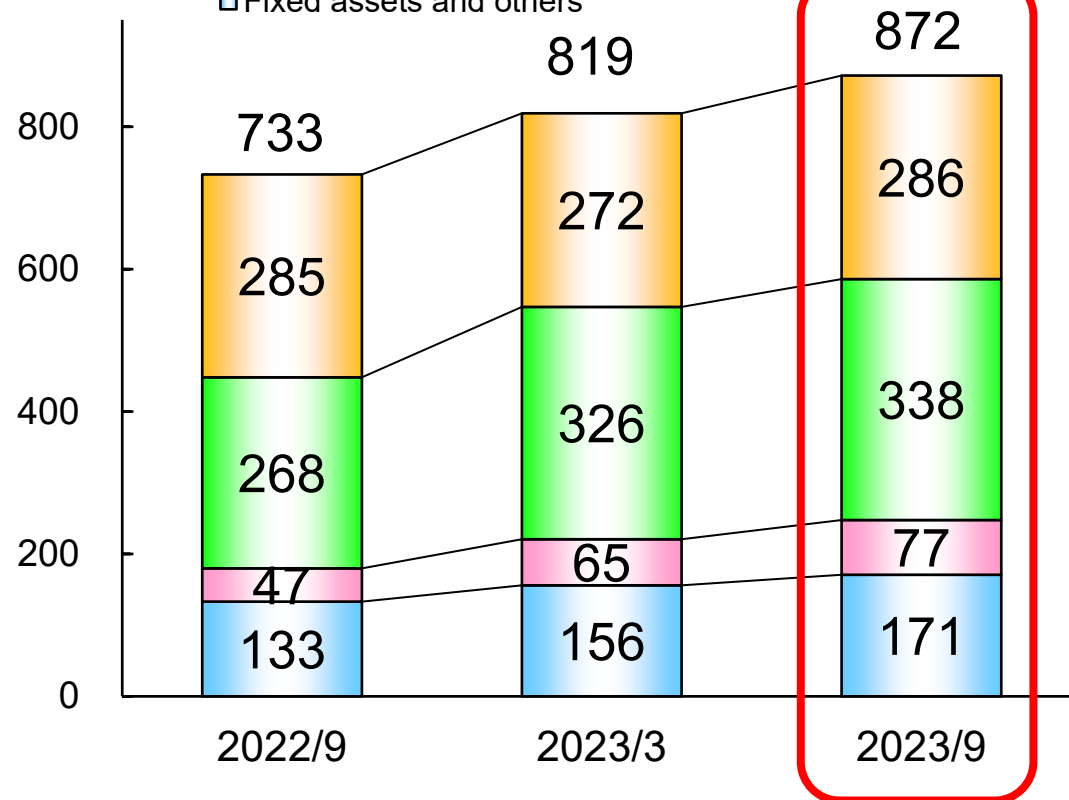
Shareholders' equity ratio 40% ('22/3) → 39% ('23/9)

D/E ratio 0.27 times ('23/3) → 0.26 times ('23/9)

Assets

- Cash and deposits
- Trade accounts receivable
- Inventories
- Fixed assets and others

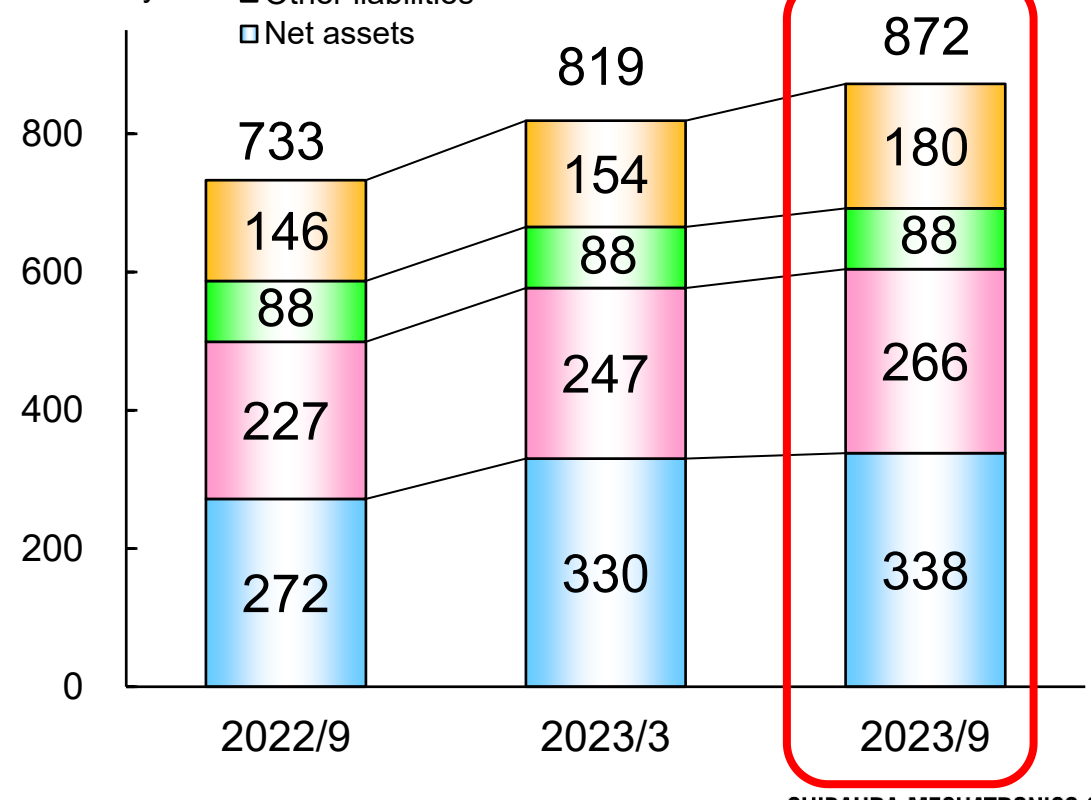
Unit: 100 million yen



Liabilities and Net Assets

- Trade accounts payable
- Loans payable (long/short-term)
- Other liabilities
- Net assets

Unit: 100 million yen



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Summary of Financial Forecast

■ Business environment surrounding the Company

- In the semiconductor industry, capital investment slowed overall due to sluggish demand for smartphones and PCs.
Investment for generative AI is active. Market expansion is expected in the mid- to long-term.
In the FPD industry, the downward trend in capital investment is expected to continue for the time being.

■ Full-year financial forecast

- FY2023 results are expected to be higher than the previous forecast, mainly due to increased sales in the SPE field.

Net sales: 59.0 billion yen ⇒ 65.0 billion yen (up 10% from previous forecast)

Operating income: 7.3 billion yen ⇒ 10.0 billion yen (up 37% from previous forecast)

ROS: 12.4% ⇒ 15.4% (up 2.7pt from previous forecast)

Dividend 120 yen ⇒ 165 yen (up 45 yen from previous forecast)

Financial Forecast

Both sales and profit are expected to exceed the previous forecast.

*1: Published in August 2023

Unit: 100 million yen

	FY2020	FY2021				FY2023			Previous forecast *1		
			FY22/H1	FY22/H2	FY2022	FY23/H1 Results	FY23/H2 Projection	Forecast	FY23/H1 Projection	FY23/H2 Projection	FY2023
Net sales	448	493	293	317	610	305	345	650	290	300	590
Operating income	29.6	50.5	46.0	63.1	109.1	50.2	49.8	100.0	40.0	33.0	73.0
ROS	6.6%	10.3%	15.7%	19.9%	17.9%	16.4%	14.4%	15.4%	13.8%	11.0%	12.4%
Ordinary income	28.2	48.8	42.6	62.6	105.1	50.3	46.7	97.0	39.0	28.0	67.0
Net income	19.7	29.8	34.1	57.9	92.0	38.7	33.3	72.0	31.0	21.0	52.0
ROE	9.5%	12.8%	-	-	31.9%	-	-	20.5%	-	-	15.0%
FCF	74.1	77.9	43.8	-11.9	32.0	46.3	-45.0	1.3	-	-	30.0

Dividend forecast

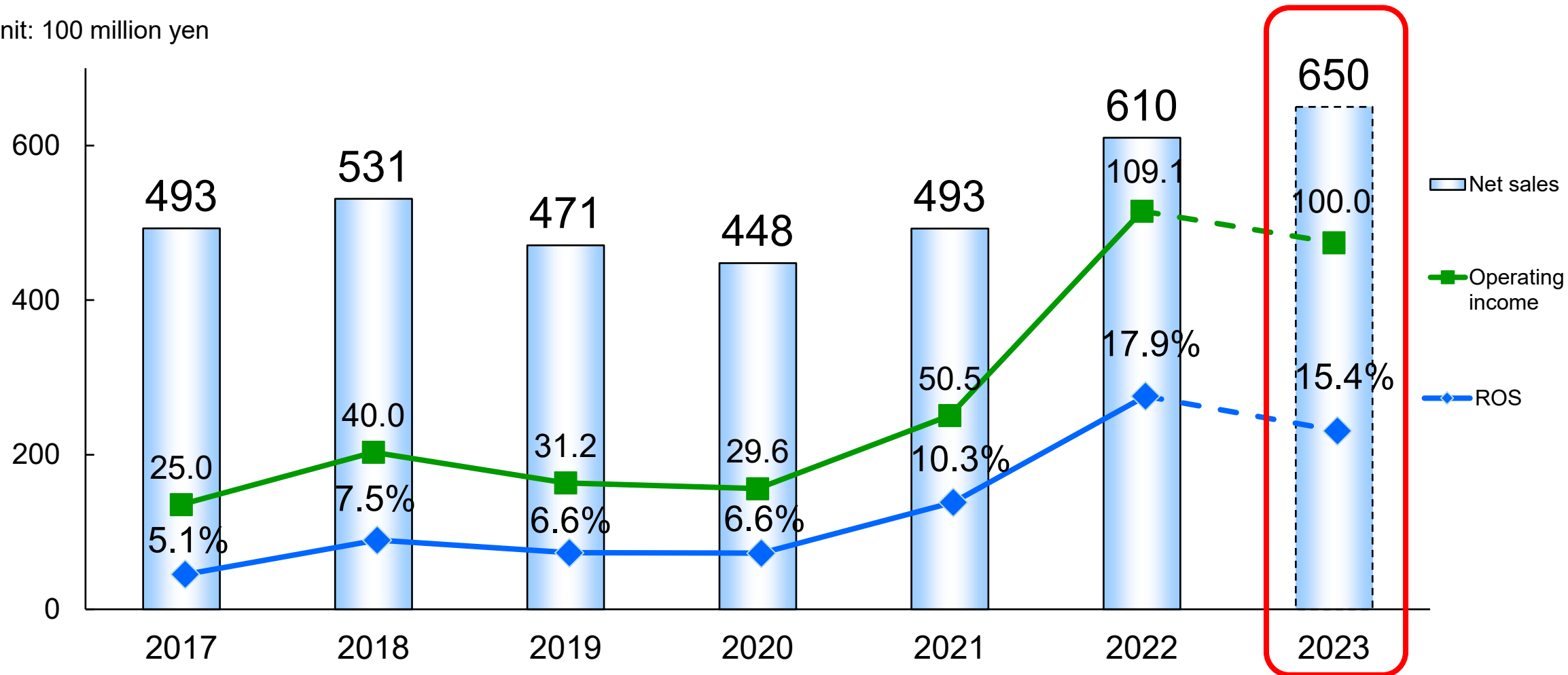
The Company targets the consolidated dividend payout ratio to be approximately 30%. Due to the upward revision in the financial forecast for FY2023, the year-end dividend is expected to increase by 45 yen, to 165 yen.

	Dividend at the end of Q2	Year-end dividend	Annual dividend
Current forecast (year ending March 31, 2024)	0 yen	165 yen	165 yen
Previous forecast (year ending March 31, 2024)	0 yen	120 yen	120 yen

* Figures after the 3-for-1 stock split, with the effective date being October 1, 2023. Equivalent to a dividend of 495 yen based on pre-split calculations.

Sales, Profit and ROS

Unit: 100 million yen



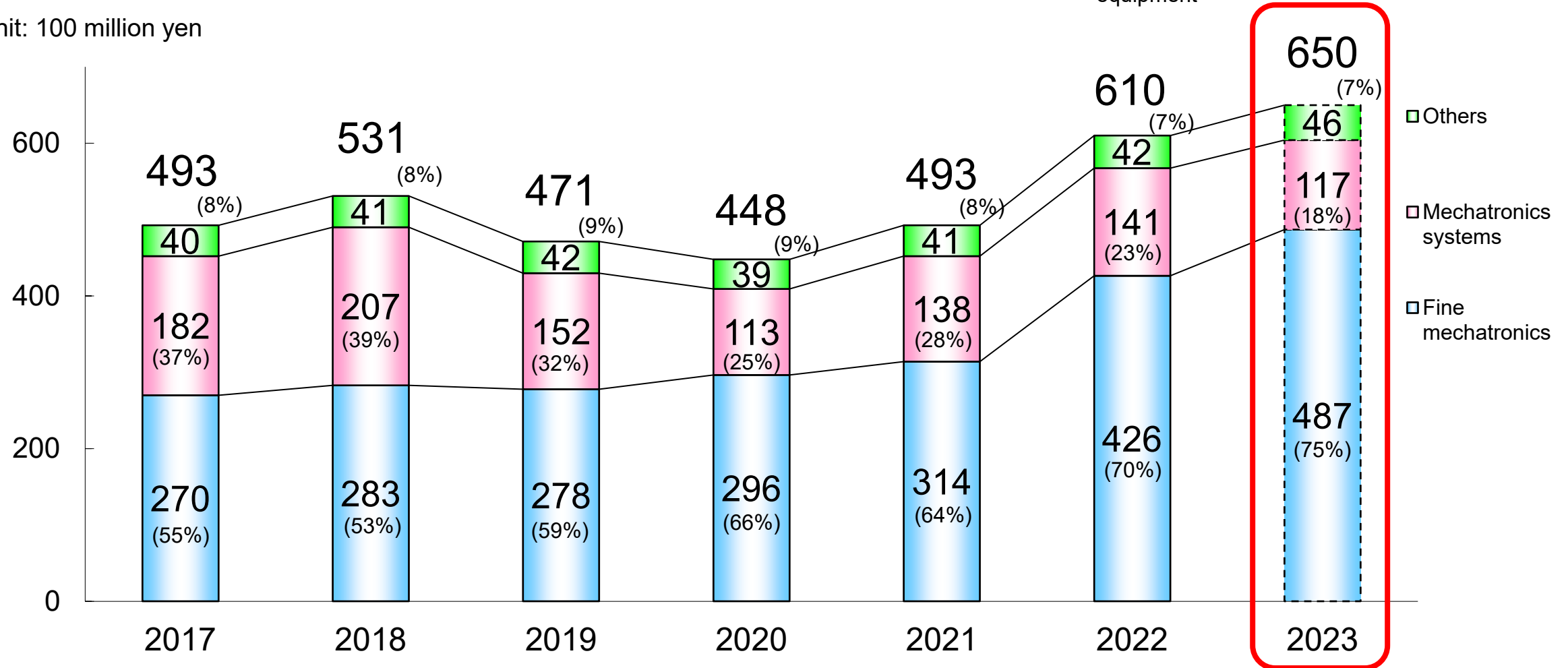
Sales by Segment

Fine mechatronics accounts for 75%

* Fine mechatronics: Front-end process equipment for semiconductors and FPDs

Mechatronics systems: Back-end process equipment for semiconductors and FPDs, vacuum equipment

Unit: 100 million yen



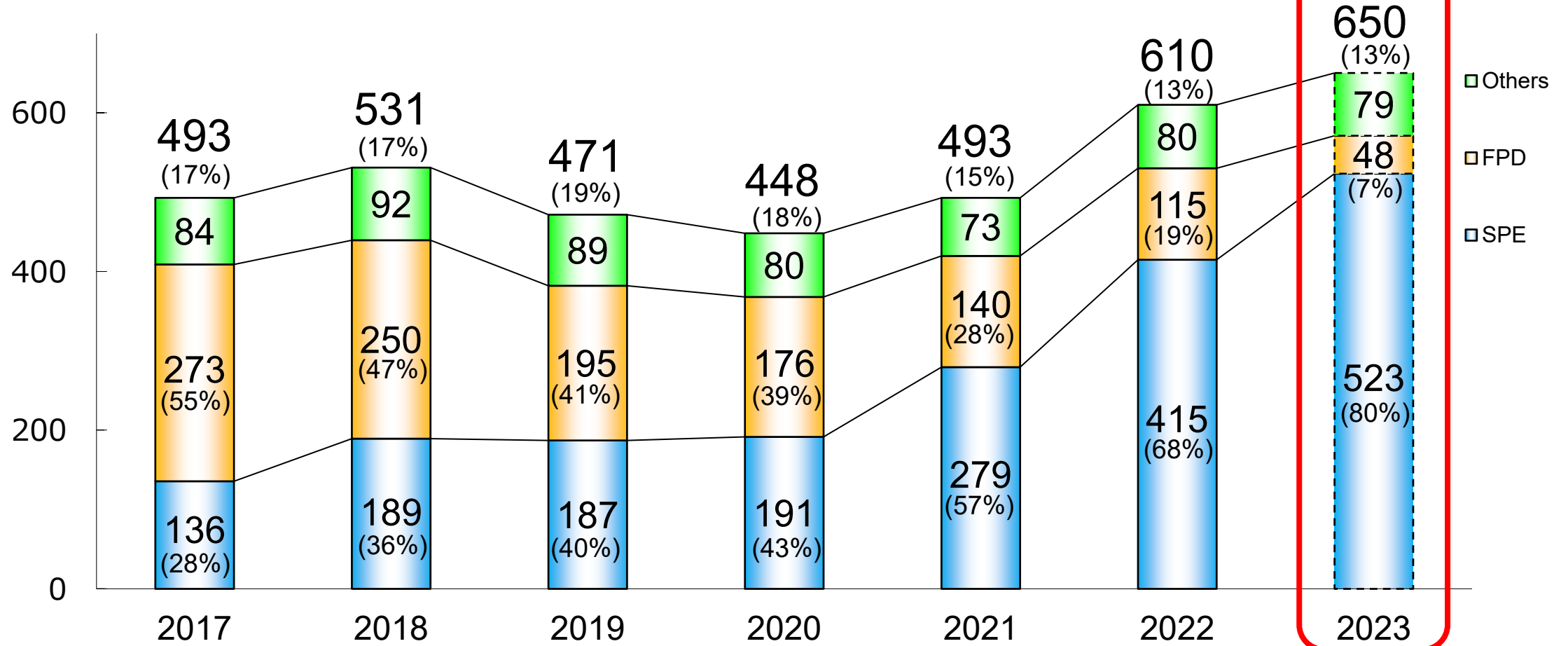
- Others
- Mechatronics systems
- Fine mechatronics

Sales by Product Field

Sales in the SPE field are expected to increase to 80%.

* SPE: Front and back-end process equipment for semiconductors
 FPD: Front and back-end process equipment for FPDs

Unit: 100 million yen

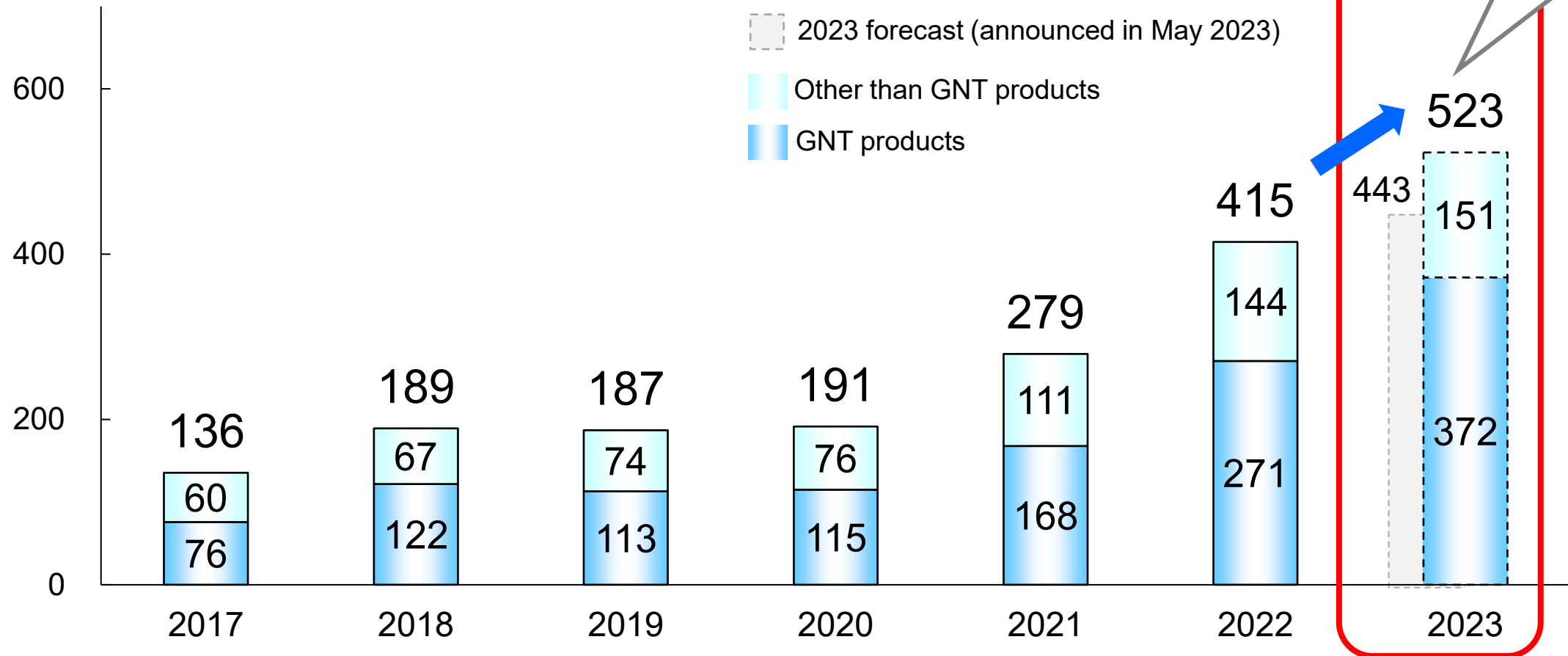


Sales of SPE Field

FY2023 is expected to exceed the May forecast.

* GNT products: Our global niche top target product group (cf. p.31)

Unit: 100 million yen

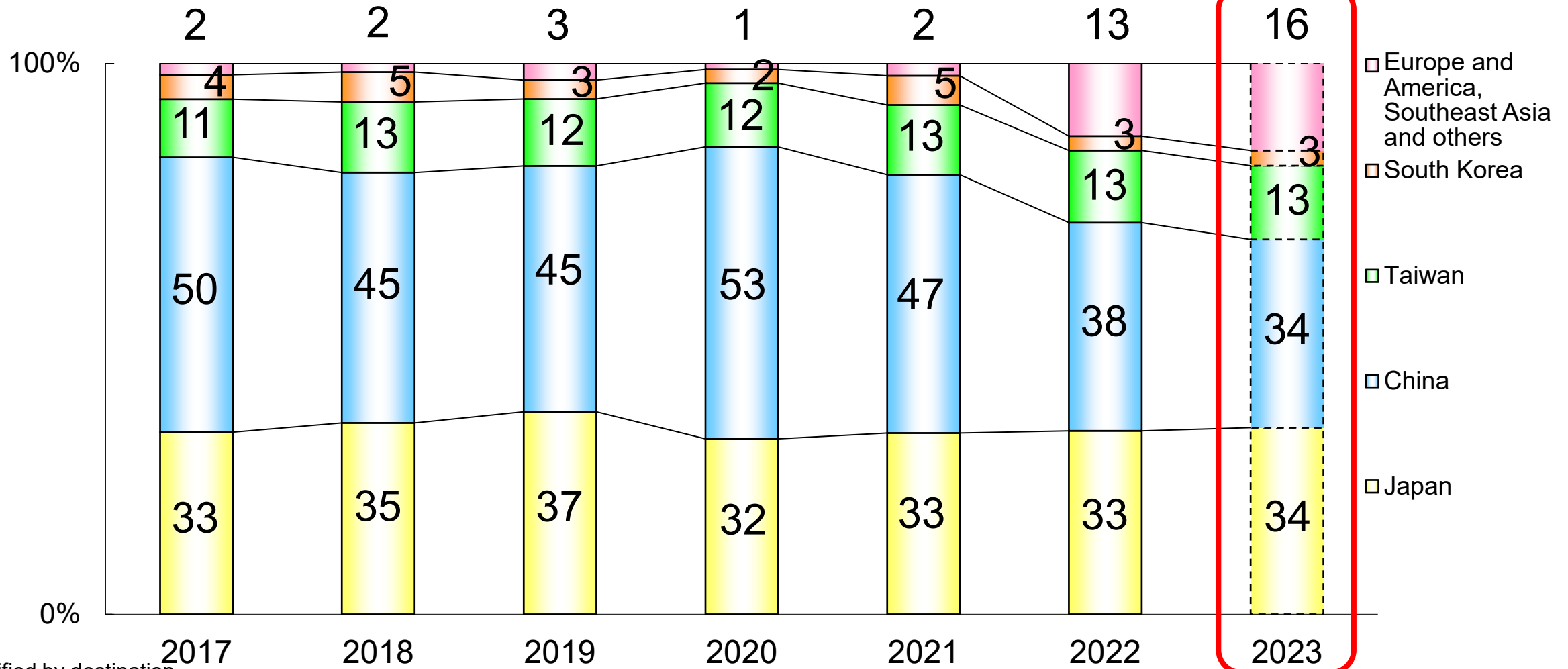


Sales in the overall SPE field

Sales Ratio by Destination

Overseas sales 66% (China: 34%)

Sales increased in Europe and the United States, Southeast Asia, and others.



* Classified by destination

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Social changes and issues we have perceived

Market

- Expansion of markets, including semiconductor and FPD markets, associated with progress in digital society such as IoT, (Beyond) 5G, AI, AR, and VR

Technology

- Development and manufacturing of highly advanced semiconductors
- Developing and securing engineers

Environment

- Considerations for carbon neutrality and environmental impact
- Effective use of resources

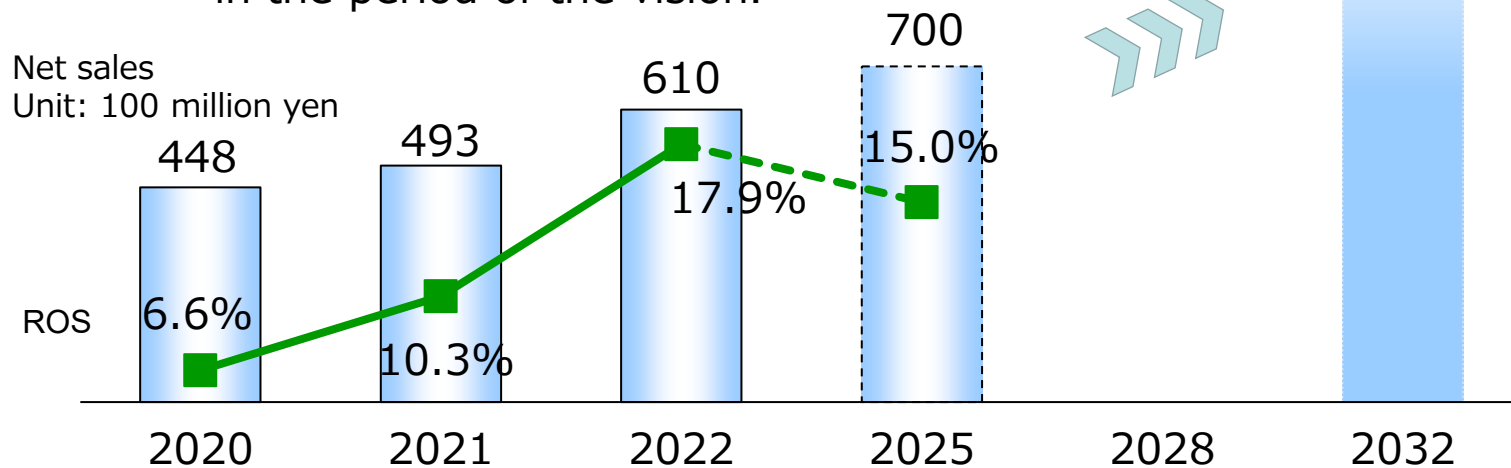
Stable supply

- Growing demand for semiconductors, securing supply, and supply shortages
- Greater diversity and a higher level of required functionality
- Concern over geopolitical risks

Vision in 10 Years

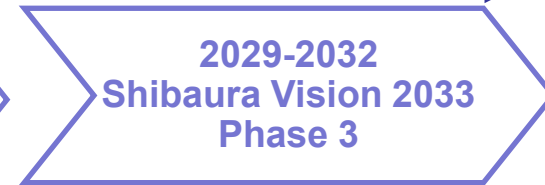
A corporate group which comprehends future issues of society and customers and the potential needs that exist there, makes suggestions and gives solutions actively, and achieves growth with customers

We aim to achieve
 - net sales of 100.0 billion yen or more
 and
 - ROS of 20% or higher
 in the period of the vision.



April 1, 2023-March 31, 2033

Achievement of
Shibaura Vision 2033



Aiming to achieve operating income exceeding 10.0 billion yen again by reinforcing the foundations for future growth, with investing in sustainable growth being the key initiative

<FY2025 Targets>

Net sales	70.0 billion yen
Operating income	10.5 billion yen
ROS	15%
ROE	17%

Four key initiatives

- (1) An even stronger presence in the SPE field
- (2) Investments for sustainable growth
- (3) Comprehending issues and needs
- (4) Driving sustainable management linked with material issues

Progress of the Mid-Term Management Plan

Sales and profits in FY2023 are expected to exceed the mid-term goal.

*1: Published in May 2023

Unit: 100 million yen

	2021	2022	2023	Mid-Term Management Plan Annual Targets *1		
	Fiscal Year Results	Fiscal Year Results	Fiscal Year Forecast	2023	2024	2025
Net sales	493	610	650	590	680	700
Operating income	50.5	109.1	100.0	73.0	95.0	105.0
ROS	10.3%	17.9%	15.4%	12.4%	14.0%	15.0%
Ordinary income	48.8	105.1	97.0	-	-	-
Net income	29.8	92.0	72.0	-	-	-
ROE	12.8%	31.9%	20.5%	15.0%	17.0%	17.0%

Our Business Environment (Overall impression/SPE)

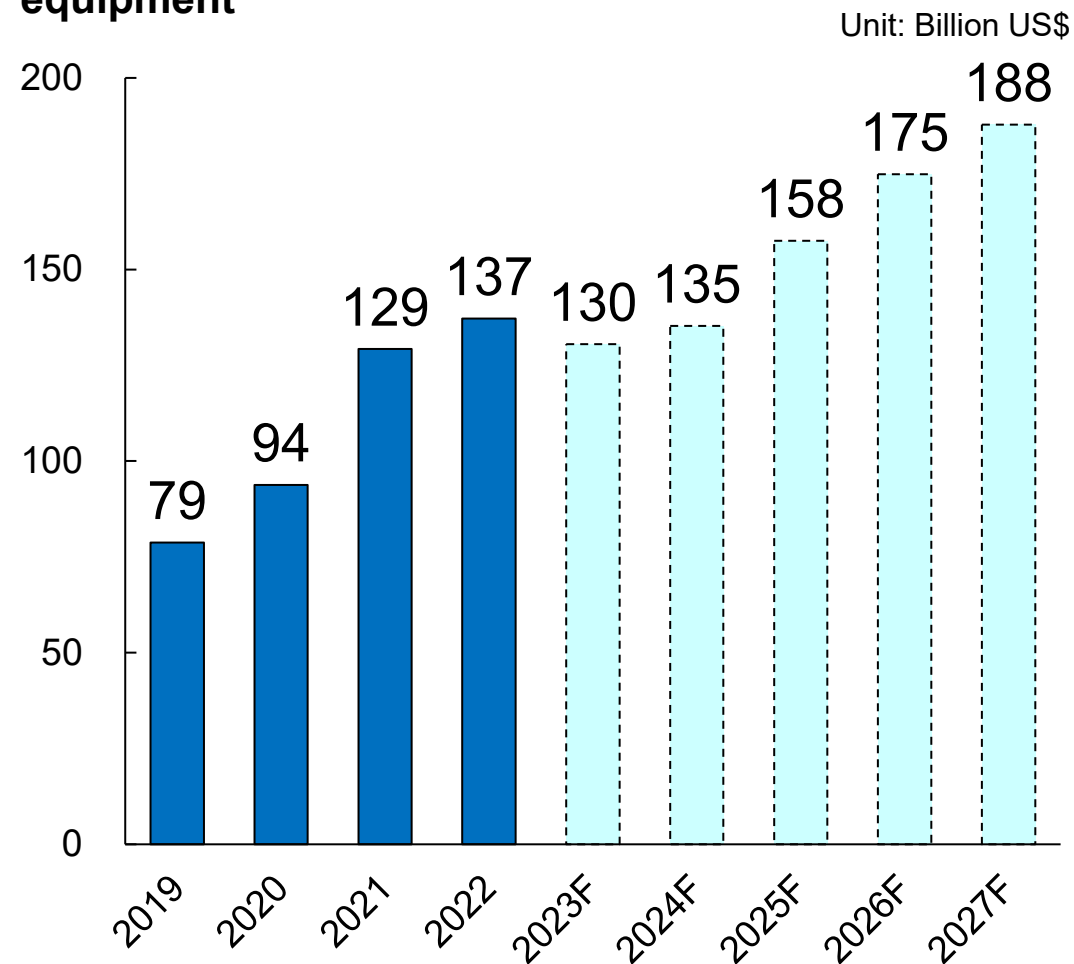
- Demand for smartphones, PCs, and TVs remained sluggish and capital investments slowed overall
- Although tighter restrictions on semiconductor exports require continued attention, the semiconductor market is expected to continue to expand over the medium to long term on the back of firm demand for IoT, 5G, AI, etc.
- Looking at the current business environment surrounding the company from the perspective of orders:

SPE front-end process equipment The market will slow temporarily, but foundries, power devices, and Si wafers will all continue to invest in the medium term.

SPE back-end process equipment Booming investment in 2.5D and FO-WLP packages for generative AI applications. Market interest in hybrid bonding remains strong.

*1 Source: Graph created by the Company using TechInsights Manufacturing Analysis Inc. 2023-10

Forecast sales of semiconductor manufacturing equipment*



Our Business Environment (FPD)

- Similarly, looking at FPDs, in terms of orders received

Front-end process equipment for FPDs

A decrease in capital investment is expected to continue for the time being given overall panel demand decline and oversupply, but investment in large size OLEDs (for IT panels and others) is expected.

Back-end process equipment for FPDs

Decline in demand for TV panels has stagnated capital investment.

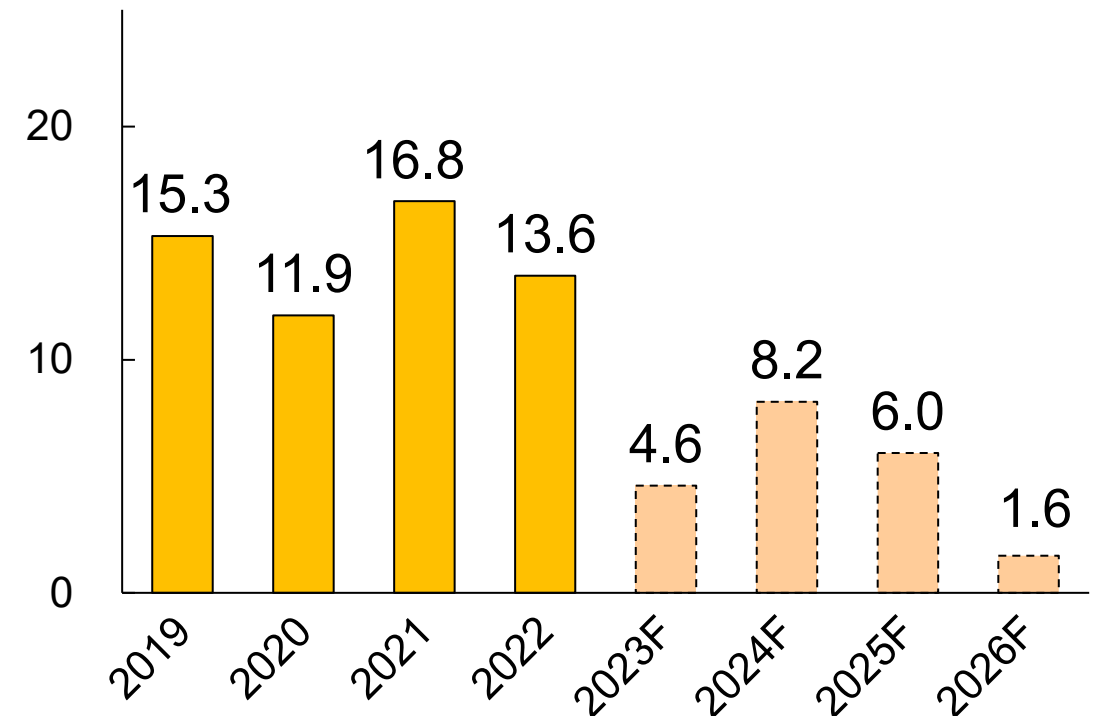
Large-scale automotive panels are being considered, but investment has been cautious.

IT panels are expected to see a recovery in capital investment, which had cooled due to reactionary factors from the COVID-19 special demand.


*2 Source: Graph created by the Company using using Display Supply Chain Consultants, LLC 2023-8

■ Forecast sales of FPD manufacturing equipment*

Unit: Billion US\$



SPE Field Major Product Groups by Process

*  Four processes to which our global niche top target product group (GNT products) belongs (Listed models are examples.)

Si wafer manufacturing



Single Si wafer cleaning equipment

Photomask manufacturing

Photomask etching equipment



Photomask cleaning equipment

Module process



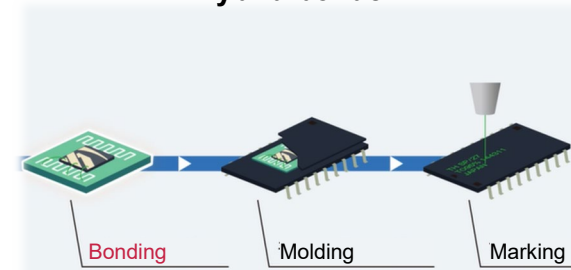
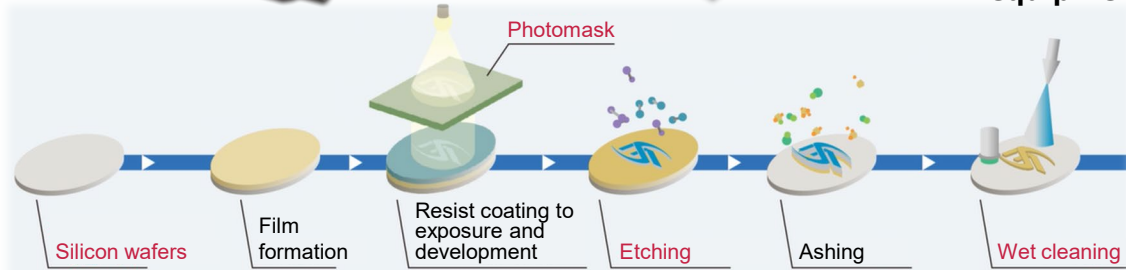
Ultra-high-accuracy hybrid bonder



High-accuracy 2.5D bonder



High-accuracy FO-PLP bonder



Other notable products



Chemical dry etching equipment

Wafer process



Single wafer phosphoric acid etching equipment

New GNT products

Focusing efforts on creation and expansion

- Keeping the groups of products for the four processes positioned as groups of GNT products
- Pursuing a stronger presence in the SPE field with the groups of GNT products at the core
- Creating new GNT products

SPE Front End Topics

Si wafer manufacturing

- Progress in the expansion of our proprietary new cleaning technology to the Si wafer cleaning process
- Starting a basic evaluation with the aim of launching the product in 2025



Single Si wafer cleaning equipment

Photomask manufacturing

- Share increase in dry etching equipment for both next-generation EUV and legacy products
- New model of cleaning equipment equipped with freeze cleaning technology to be launched in 2024



Photomask etching equipment

Wafer process

- Single-wafer high-temperature phosphoric acid etching system begins evaluation of new heating method with advanced logic products
- Aiming to further increase market share by applying phosphoric acid process to memory manufacturers



Single wafer phosphoric acid etching equipment

SPE Back-end Process Topics

Module process



High-accuracy 2.5D bonder
TFC-6500

- High-performance bonder for 2.5D and 3D packages
- Highly evaluated in the GPU market for generative AI and receiving many orders



High precision Fo-WLP bonder
TFC-6100W

- Extensive experience in the high-density Fo-WLP market, including application processors
- Developed a next-generation bonder for silicon bridges, to be launched at the end of 2023



Ultra-high-accuracy hybrid bonder
TFC-6700

- The successor model TFC-6800 with improved productivity was launched in August this year.
- Research and development of in-house pretreatment (cleaning, plasma) systems underway



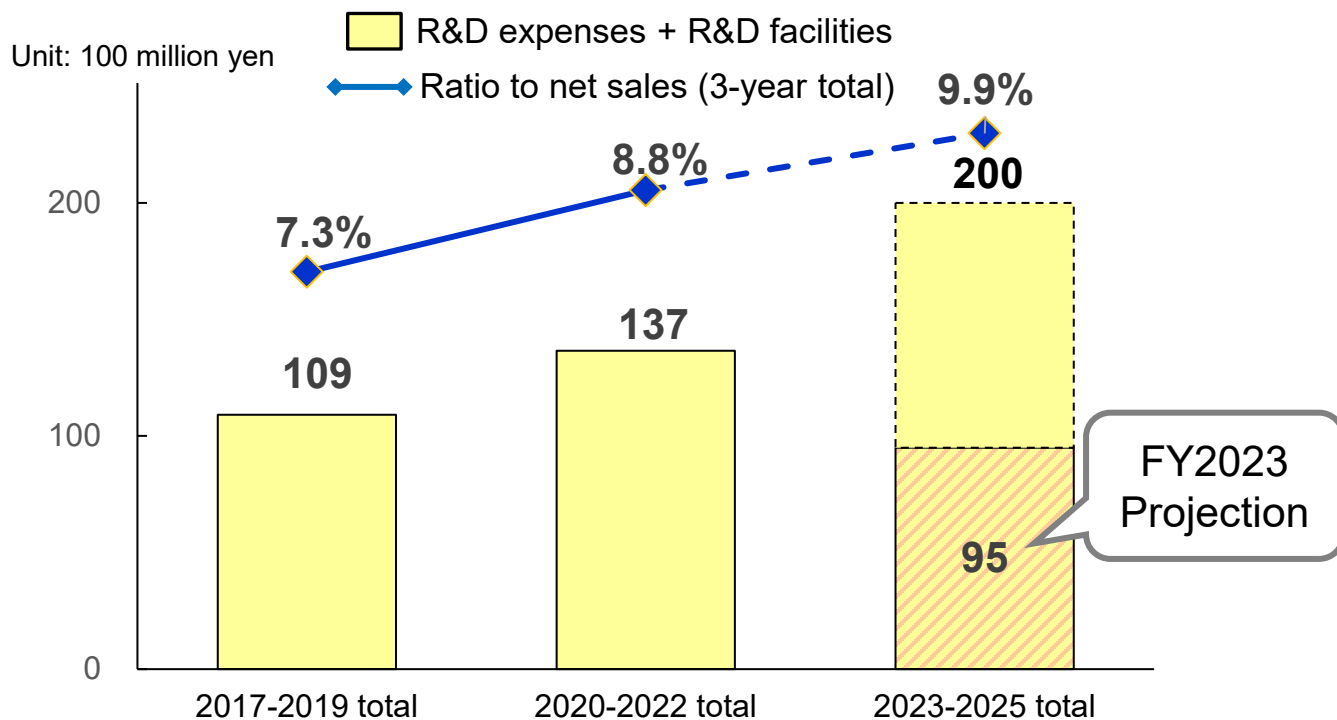
High-accuracy flip chip bonder (FO-PLP bonder)
TFC-9300

- Further growth and expansion of the Fo-PLP market will be driven by the module process.
- High-accuracy mounting onto large substrate, entering the board mounting field with high technology and a proven track record

Investments for sustainable growth

- R&D expenses + R&D facilities
 - Focusing on SPE field in accordance with the mid-term management plan

■ R&D-related investment and ratio to net sales (by mid-term plan period)



- Building maintenance (Yokohama Operations, Sagamino Operations)
 - Progress on schedule for clean room expansion (Total investment: Approx. 7.0 billion yen)
- New R&D building at Yokohama Operations (to be completed in summer 2025)



(A three-story building with an approximate total floor area of 4,300 m²)

Topics Related to Sustainability Management

- Signing UN Global Compact (UNGC)
 - Signed and registered as a participant in the UNGC, the world's largest sustainability initiative, which brings together the United Nations and the private sector (companies and organizations) to build a healthy global society.
 - Support and implement the 10 principles in the four areas of the protection of human rights, elimination of unfair labor, response to the environment and prevention of corruption and accelerate efforts to achieve to solve material issues.
- Publication of Integrated Report 2023
 - Integrate conventional annual report and CSR report
 - Report the Group's medium- to long-term vision and strategy as a value creation story with consistency.
 - Continue to develop and provide environmentally conscious products



Integrated Report 2023

Smart Solutions & Services *for Your Manufacturing*

We will facilitate customer manufacturing through the three S: “Smart”, “Solutions”, and “Services”.

Forward-looking statements including business forecasts contained in this document are based on information currently available to the company and certain assumptions the company deems reasonable, and the Company does not guarantee that they will be realized.

Please note that actual results may differ materially due to various factors.

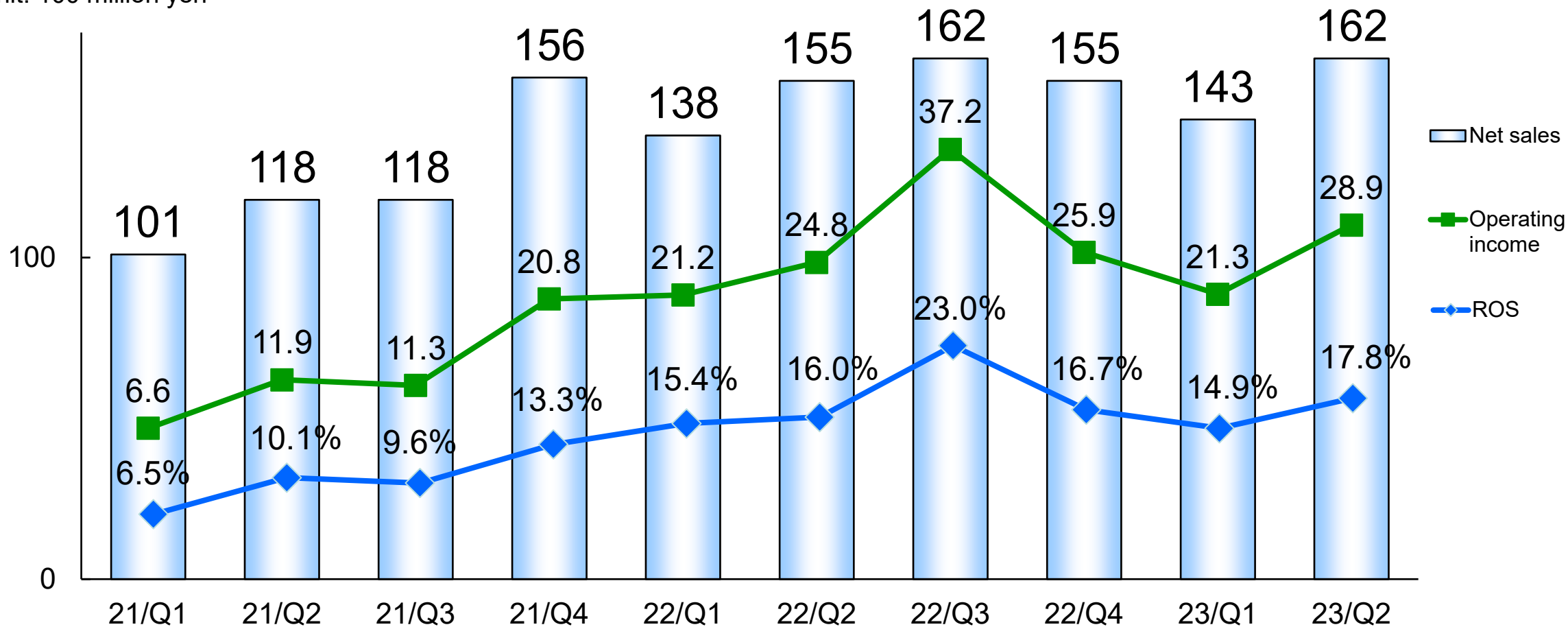
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Appendix

Quarterly Change (1)

Sales, Profit and ROS

Unit: 100 million yen

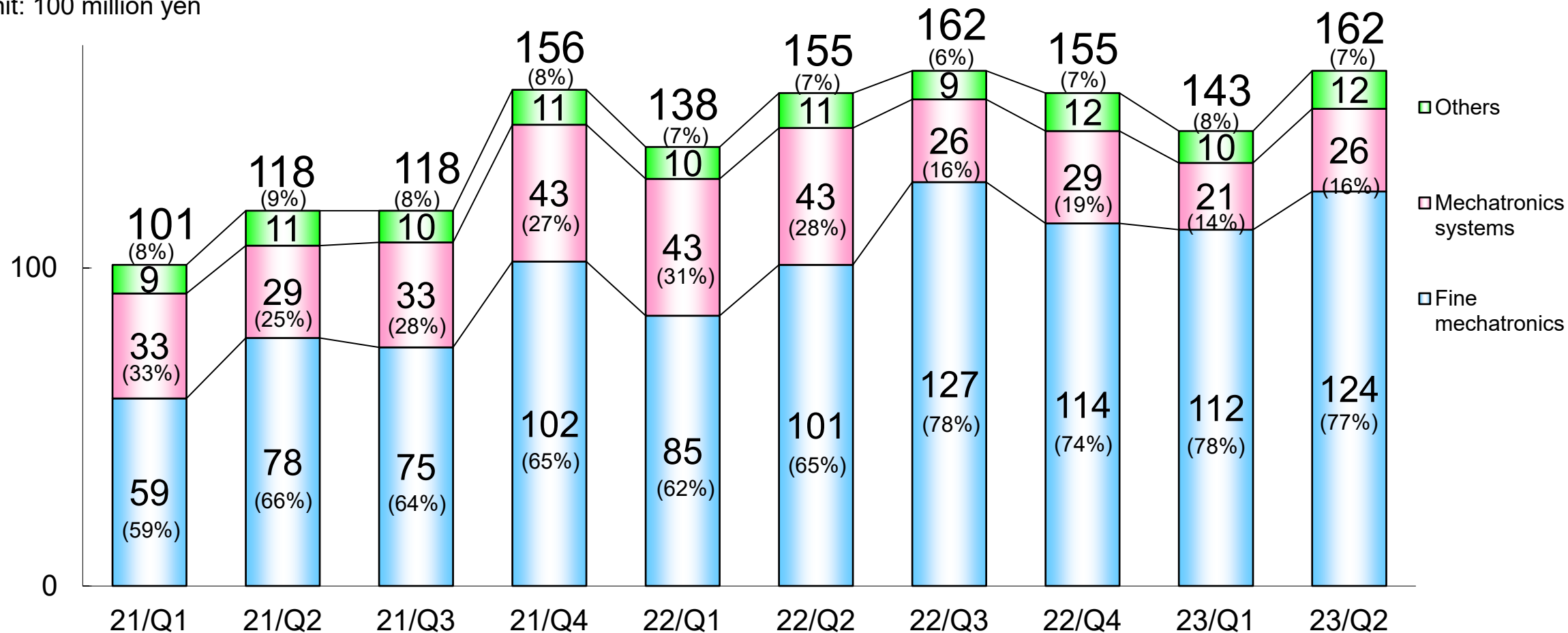


Quarterly Change (2)

Sales by Segment

*Fine mechatronics: Front-end process equipment for semiconductors and FPDs
 Mechatronics systems: Back-end process equipment for semiconductors and FPDs, vacuum equipment

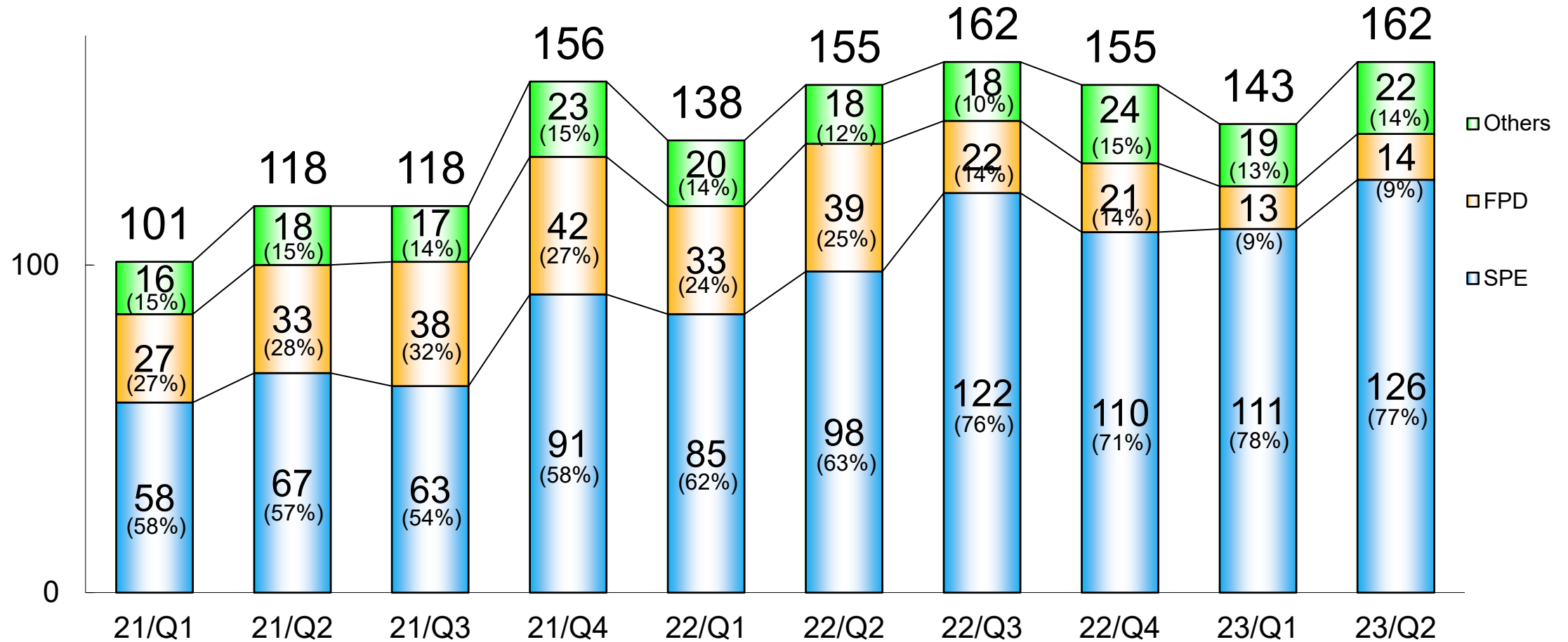
Unit: 100 million yen



Sales by Product Field

* SPE: Front and back-end process equipment for semiconductors
 FPD: Front- and back-end process equipment for FPDs

Unit: 100 million yen

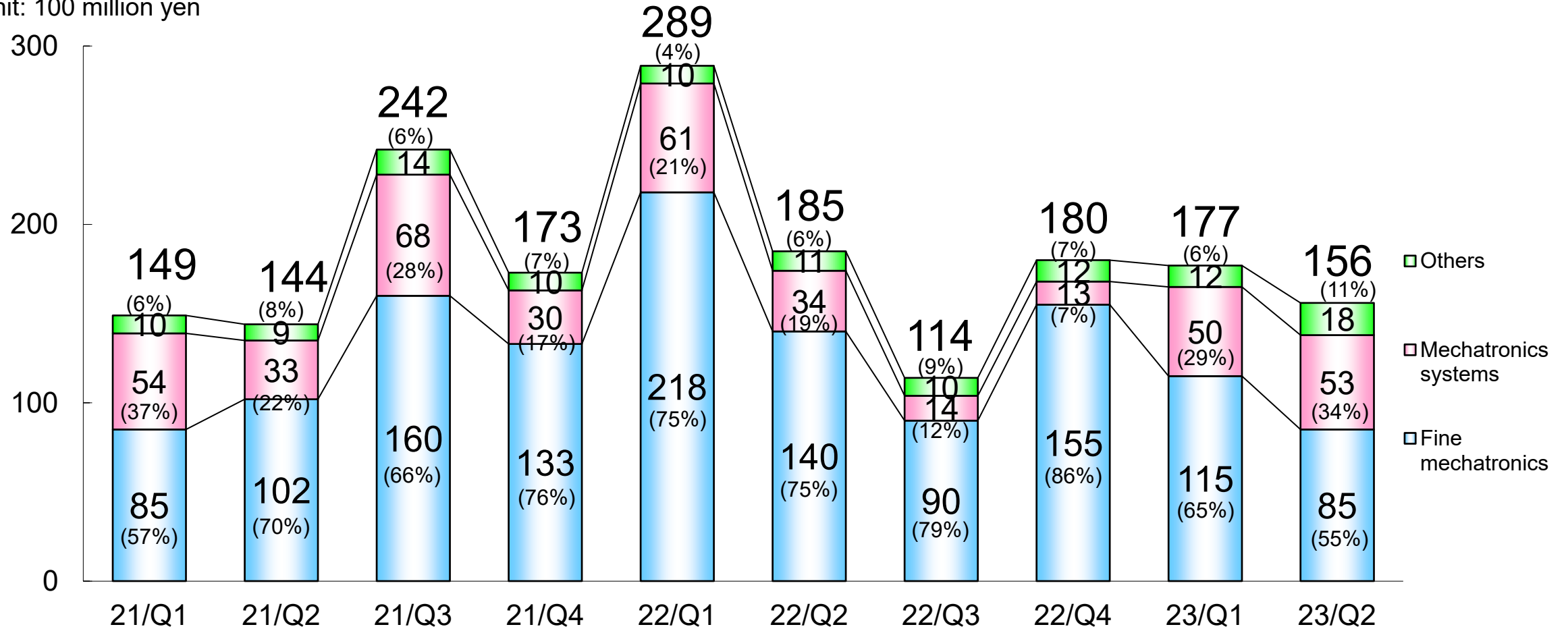


Quarterly Change (4)

Orders Received by Segment

*Fine mechatronics: Front-end process equipment for semiconductors and FPDs
 Mechatronics systems: Back-end process equipment for semiconductors and FPDs, vacuum equipment

Unit: 100 million yen



Orders Received by Product Field

* SPE: Front and back-end process equipment for semiconductors
 FPD: Front- and back-end process equipment for FPDs

Unit: 100 million yen

