

Business Results

Year Ended March 31, 2021

May 13, 2021

SHIBAURA MECHATRONICS CORPORATION

- 1. Summary of Financial Results for the Year Ended March 31, 2021**
2. Financial Forecast for the Year Ending March 31, 2022
3. Progress of the Mid-Term Management Plan

Financial Results (YoY)

[Consolidated]

Unit: 100 million yen

	FY2019	FY20/1H	FY20/2H	FY2020	YoY rate of change
Net sales	471	233	215	448	-5%
Operating income	31.2	16.5	13.1	29.6	-5%
Ordinary income	27.7	15.8	12.4	28.2	+2%
Net income	19.4	11.4	8.3	19.7	+1%
ROS	6.6%	7.0%	6.1%	6.6%	±0pt
ROE	10%	-	-	9.5%	-0.5pt
Orders received	466	182	238	420	-10%

Summary of Financial Results (YoY)

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

FPD: Front and back-end process equipment for FPDs

- **Net sales** Decreased by 5% YoY (47.1 ⇒ 44.8 billion yen)
 - Net sales increased in the SPE field but decreased in the FPD field, resulting in an overall decline in net sales.

- **Operating income** Decreased by 5% YoY (3.12 ⇒ 2.96 billion yen)
 - While operating income decreased due to lower net sales, ordinary income and net income were around the same level. ROS was 6.6%, the same as the previous year.

- **Orders received** Decreased by 10% YoY (46.6 ⇒ 42.0 billion yen)
 - Orders increased in the SPE field but decreased in the FPD field, resulting in an overall decline in orders.

Summary of Financial Results by Segment (YoY) (i)

■ Fine mechatronics

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

- Net sales Increased by 7% YoY (27.8 ⇒ 29.6 billion yen)

Sales of front-end process equipment for semiconductors increased as planned for logic/foundry and wafers, performing at a high level.

Sales of front-end process equipment for FPDs increased for small- and medium-sized panels, and were also firm for large panels, which also increased.

- Ordinary income Increased by 36% YoY (1.47 ⇒ 1.99 billion yen)

Income increased due to higher net sales and lower SG&A expenses.

- Orders received Decreased by 5% YoY (30.6 ⇒ 29.2 billion yen)

Orders for front-end process equipment for semiconductors increased, but orders decreased overall due to a decline in orders for front-end process equipment for FPDs from customers postponing their investment plans.

Summary of Financial Results by Segment (YoY) (ii)

■ Mechatronics systems

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

- Net sales Decreased by 26% YoY (15.2 ⇒ 11.3 billion yen)

Sales of back-end process equipment for semiconductors decreased year on year, despite firm sales for advanced packages and a recovery in the second half for display driver ICs.

Sales of back-end process equipment for FPDs were affected by postponed customer investment plans and decreased on sluggish performance among large panels and small- and medium-sized panels.

- Ordinary income Decreased by 44% YoY (1.40 ⇒ 0.79 billion yen)

Income decreased due to the decline in net sales.

- Orders received Decreased by 21% YoY (11.5 ⇒ 9.1 billion yen)

Orders for back-end process equipment for semiconductors increased, but orders decreased overall due to a decline in orders for back-end process equipment for FPDs from customers postponing their investment plans.

Financial Results (vs. previous forecast)

[Consolidated]

*1: Published in August 2020

Unit: 100 million yen

	FY2020		
	Previous forecast*1	Results	Rate of change from the previous forecast
Net sales	460	448	-3%
Operating income	30.0	29.6	-1%
Ordinary income	28.0	28.2	+1%
Net income	19.5	19.7	+1%
ROS	6.5%	6.6%	+0.1pt
ROE	9.5%	9.5%	±0pt
Orders received	-	420	-

Summary of Financial Results (vs. previous forecast)

- Net sales Decreased by 3% from the previous forecast
(46.0 ⇒ 44.8 billion yen)
 - Net sales increased in the SPE field, but decreased overall due to lower sales from postponed customer investment plans in the FPD field.

- Operating income Decreased by 1% from the previous forecast
(3.00 ⇒ 2.96 billion yen)
 - Income, ROS and ROE each remained largely the same as previous forecast.

- Orders received No previous forecast
(⇒ 42.0 billion yen)
 - Orders increased in the SPE field, but were sluggish in the FPD field and were unable to cover the large decrease from the first half of the year.

Dividend

We aim to achieve a dividend payout ratio (consolidated net income) of 25% to 30%.

For the year ended March 31, 2021, we plan to issue a year-end dividend of 110 yen, a consolidated dividend payout ratio of approximately 25%.

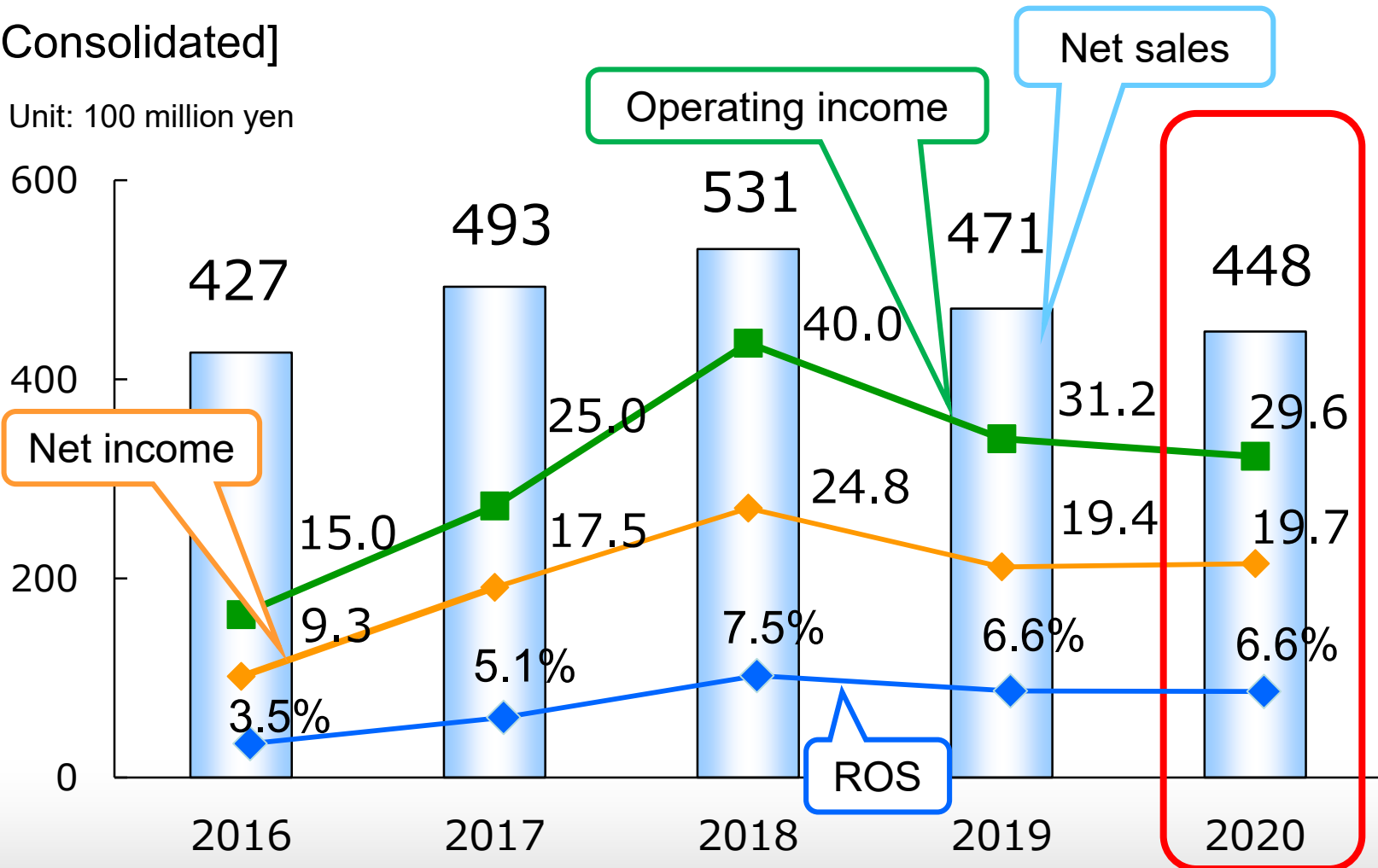
	Dividend at the end of Q2	Year-end dividend	Annual dividend
Year ended March 31, 2021	0 yen	110 yen	110 yen
Year ended March 31, 2020	0 yen	110 yen	110 yen

Sales, Profit and ROS

* ROS: Return on sales

[Consolidated]

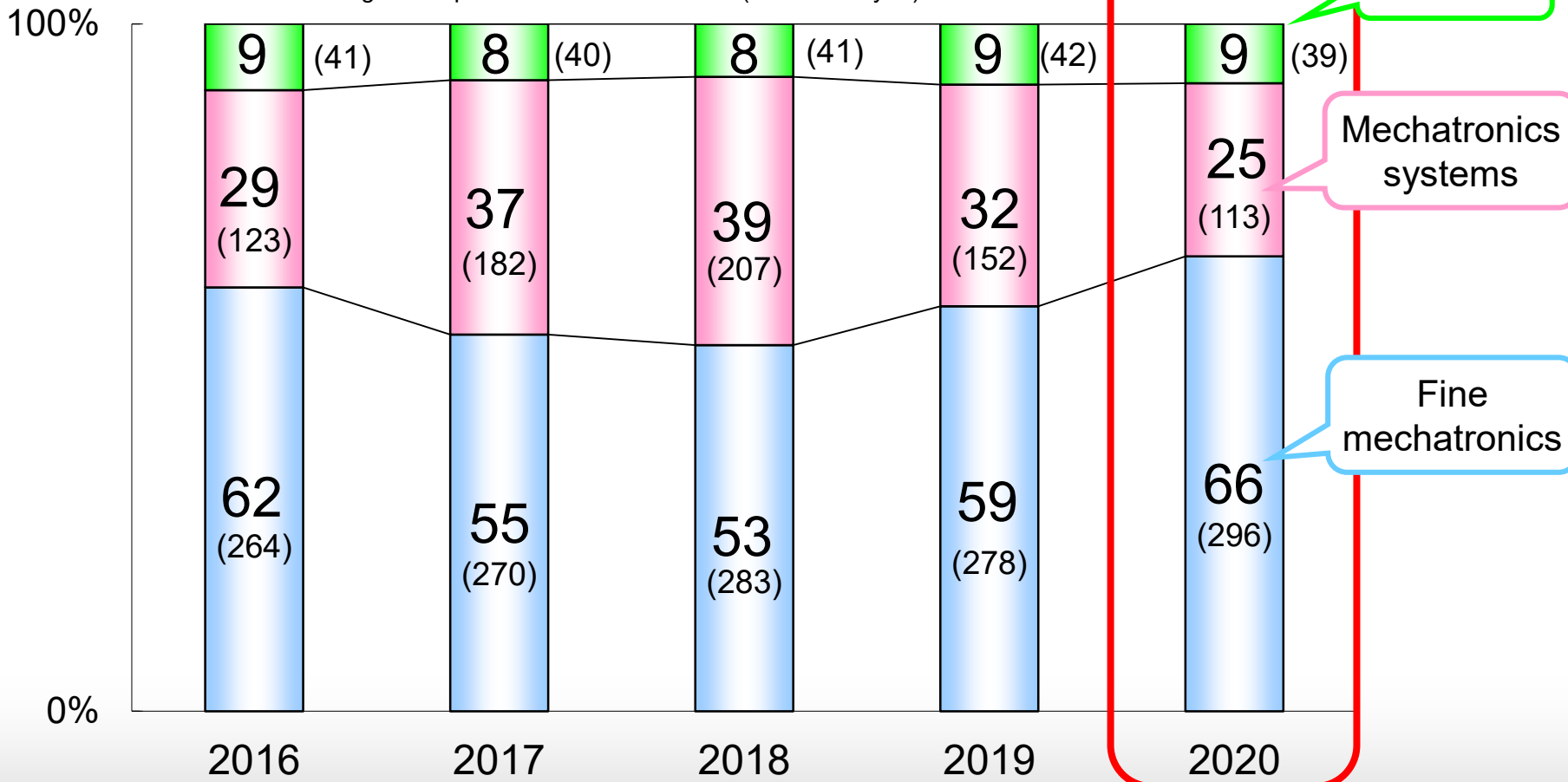
Unit: 100 million yen



Sales Ratio by Segment

[Consolidated]

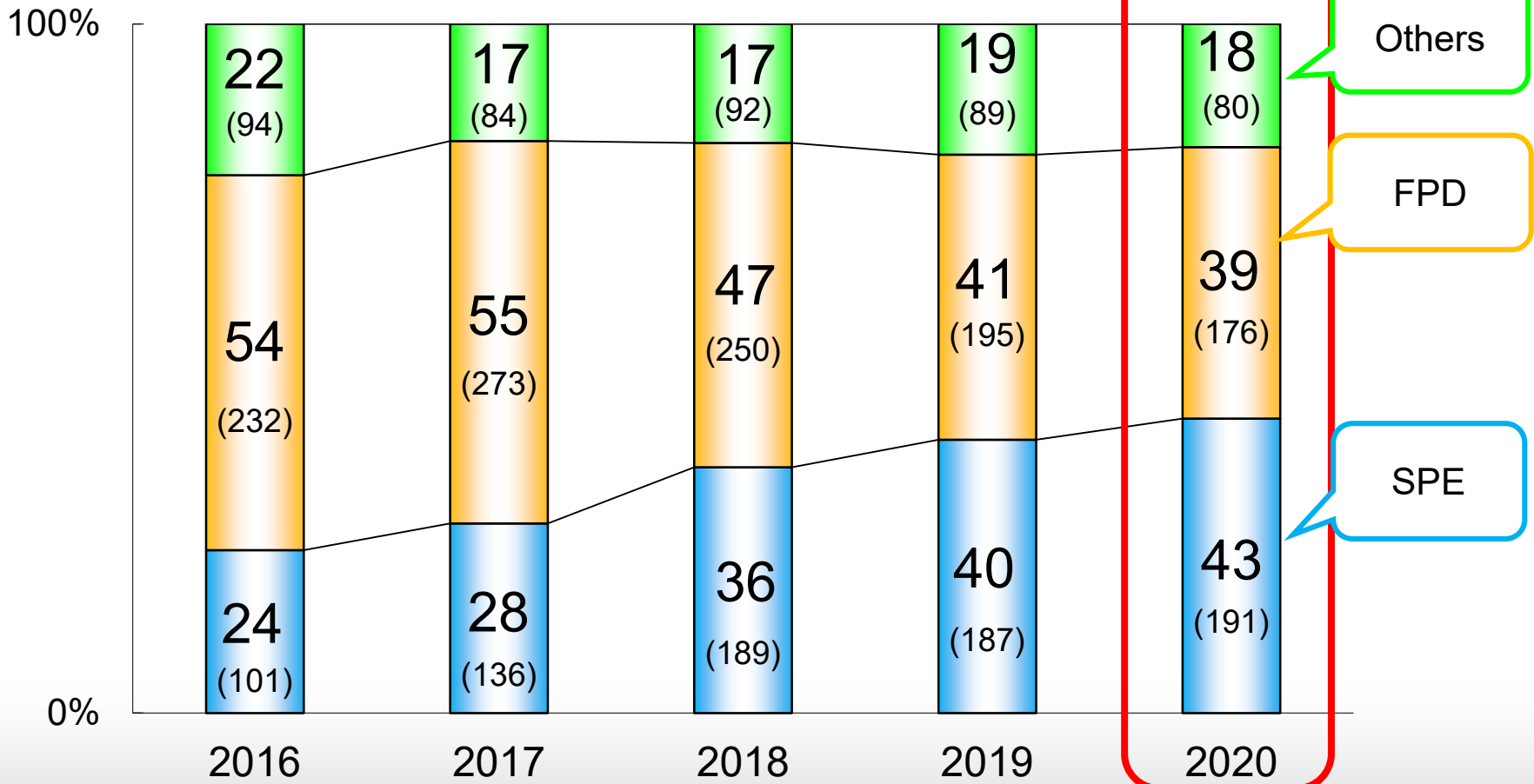
* Fine mechatronics : Front-end process equipment for semiconductors and FPDs
 Mechatronics systems : Back-end process equipment for semiconductors and FPDs, vacuum equipment
 Figures in parentheses are net sales (100 million yen)



Sales Ratio by Product Field

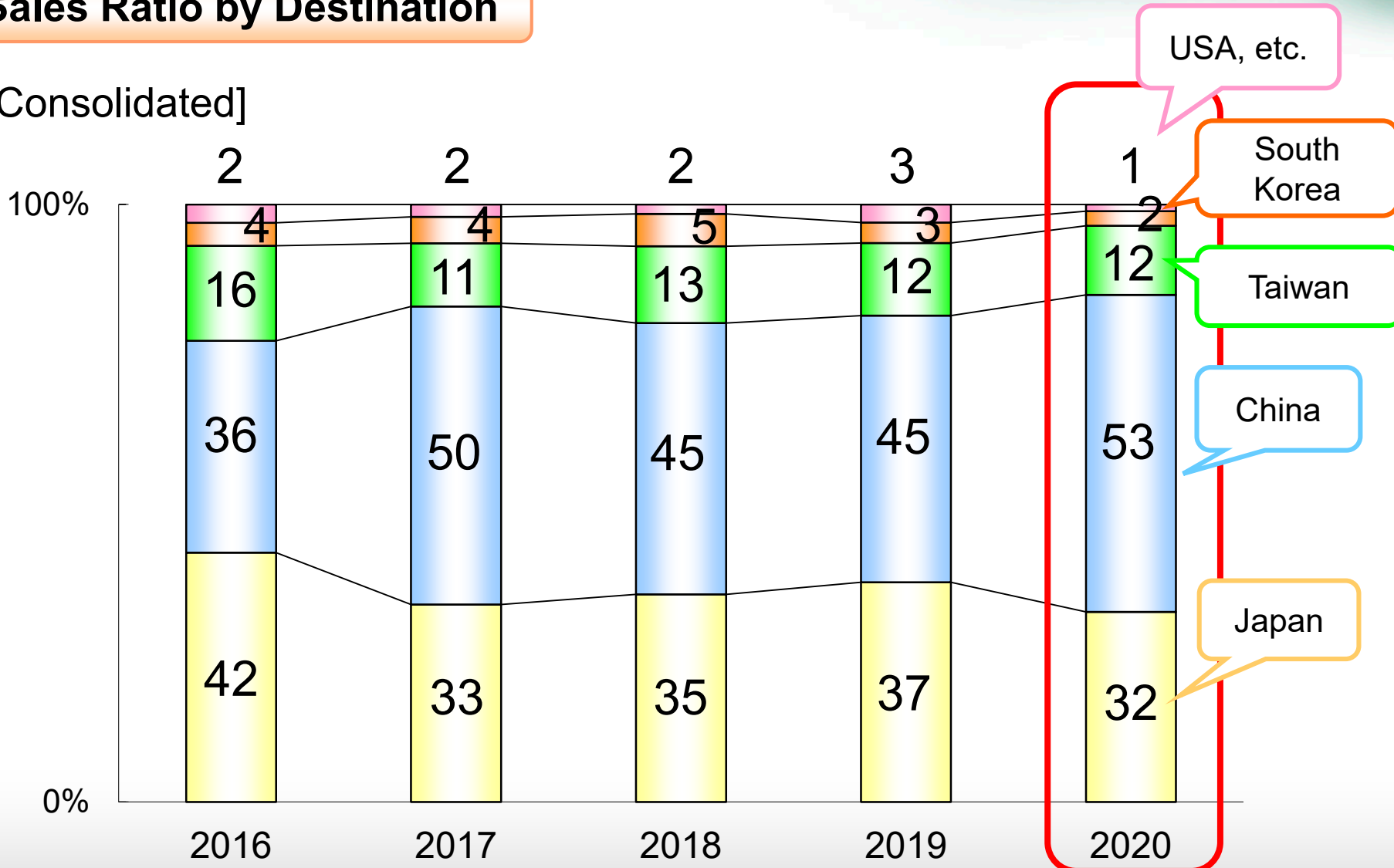
[Consolidated]

* SPE: Front- and back-end process equipment for semiconductors
 FPD: Front- and back-end process equipment for FPDs
 Figures in parentheses are net sales (100 million yen)



Sales Ratio by Destination

[Consolidated]

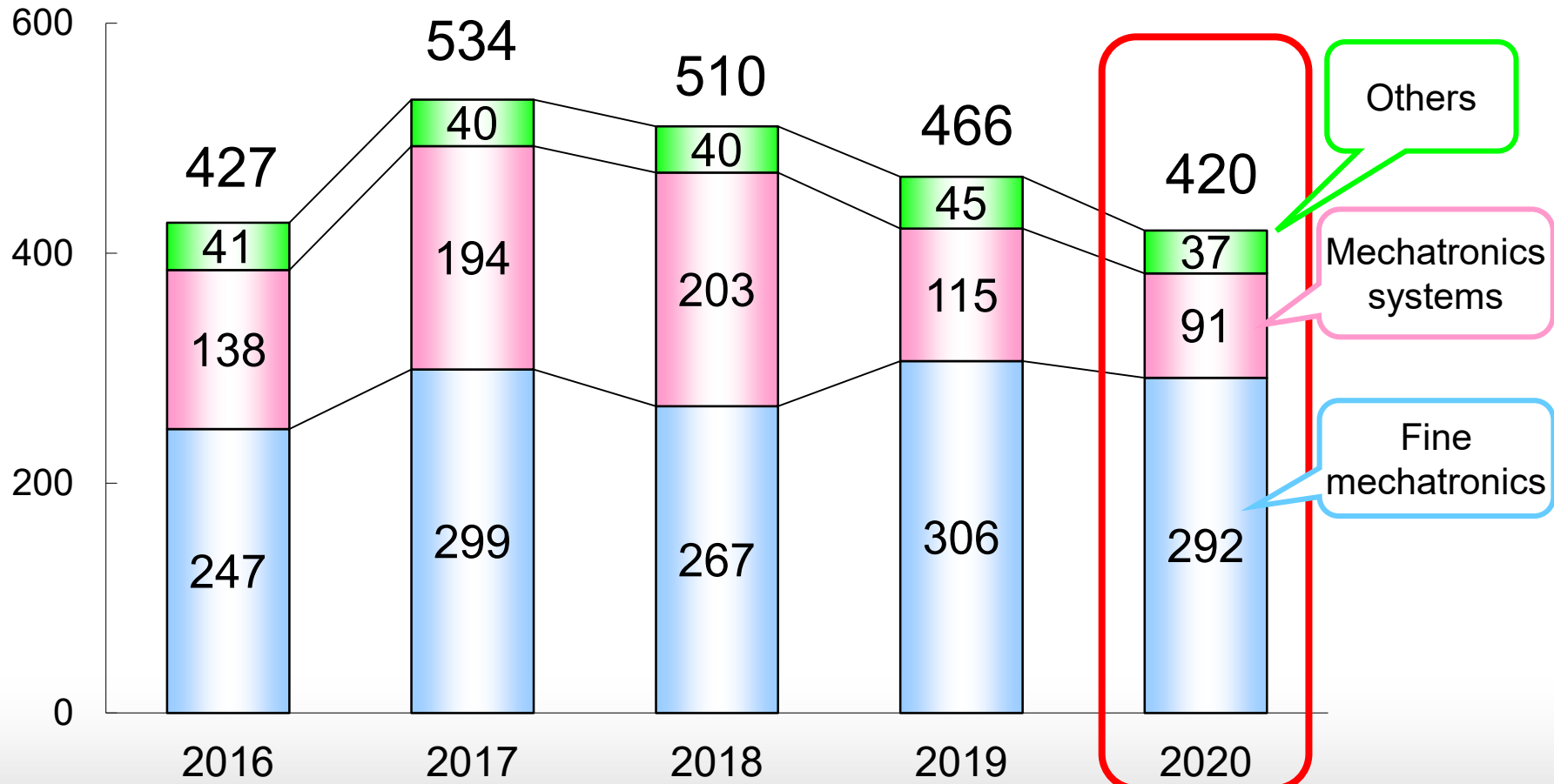


Orders Received

[Consolidated]

Unit: 100 million yen

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

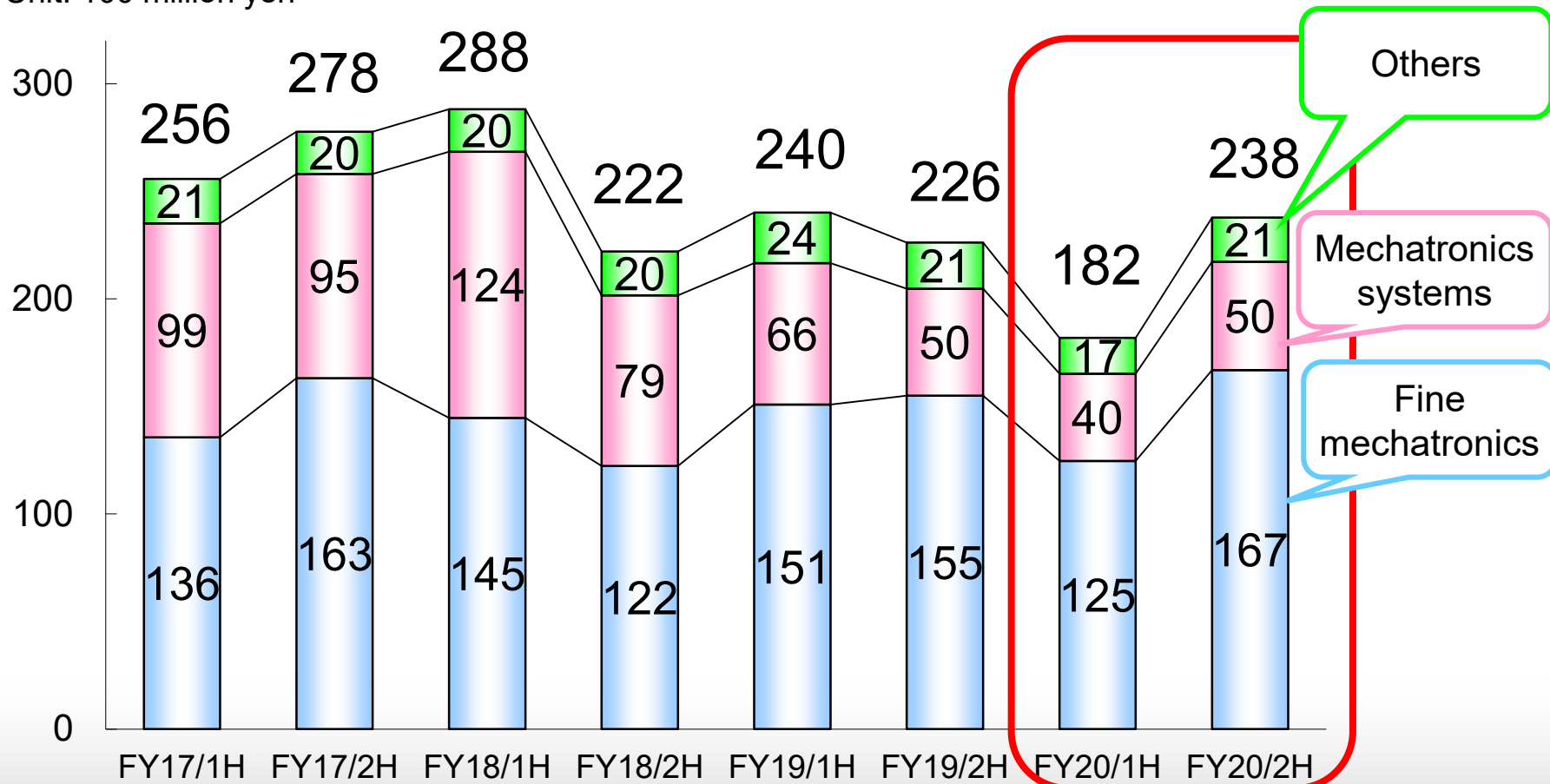


Orders Received – Half-Yearly Change

[Consolidated]

* 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



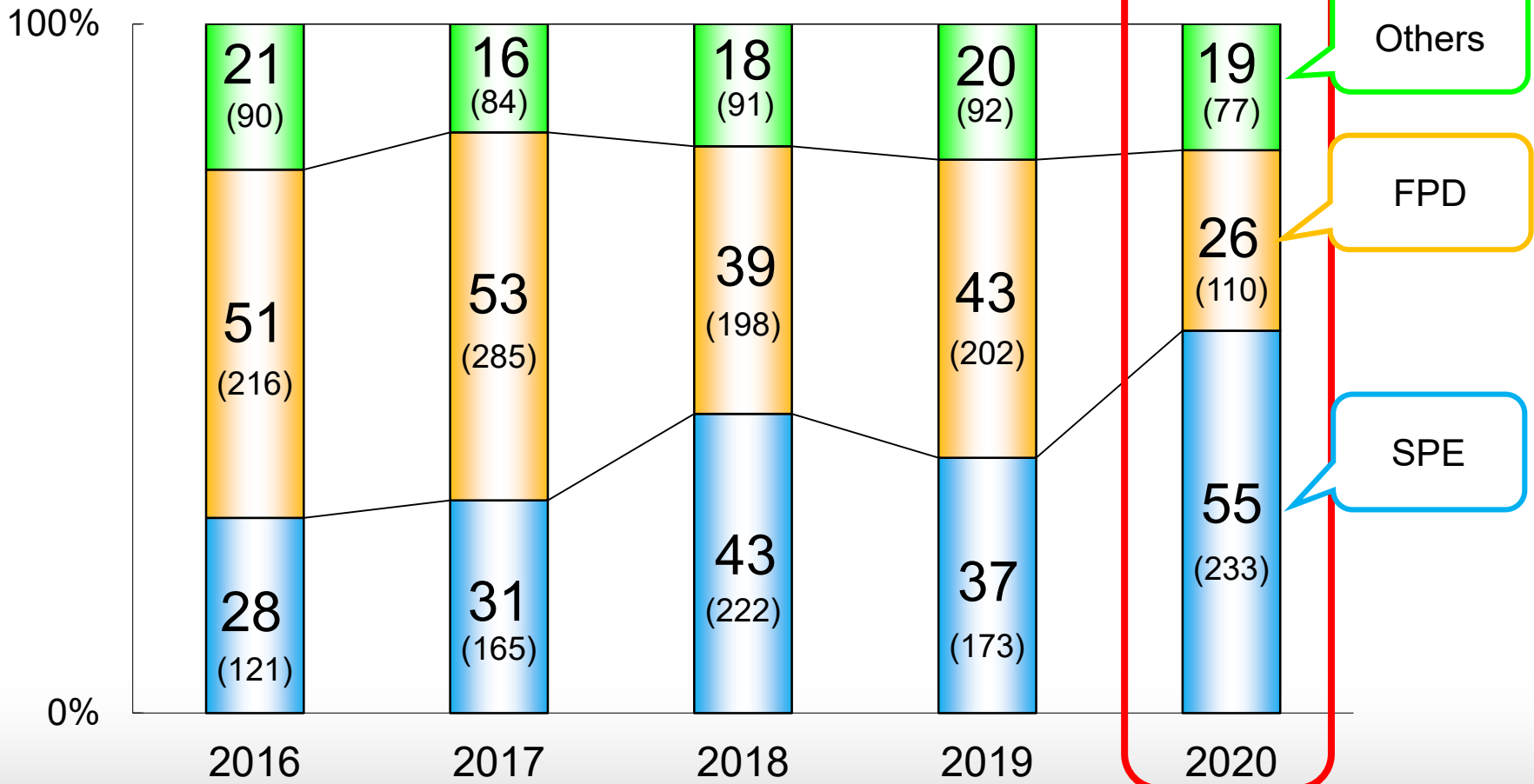
Order Ratio by Product Field

[Consolidated]

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

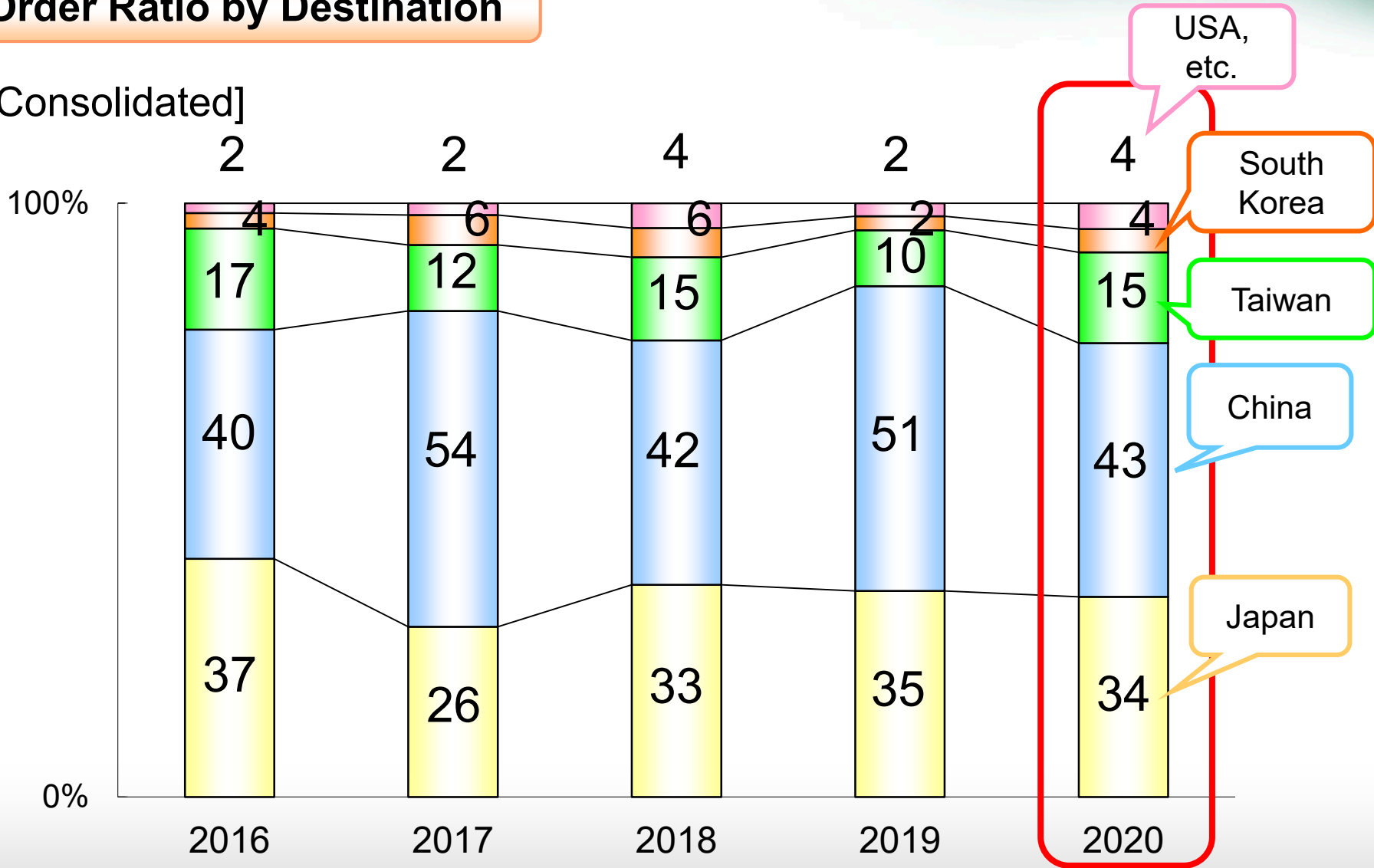
FPD: Front- and back-end process equipment for FPDs

Figures in parentheses are orders received (100 million yen)



Order Ratio by Destination

[Consolidated]

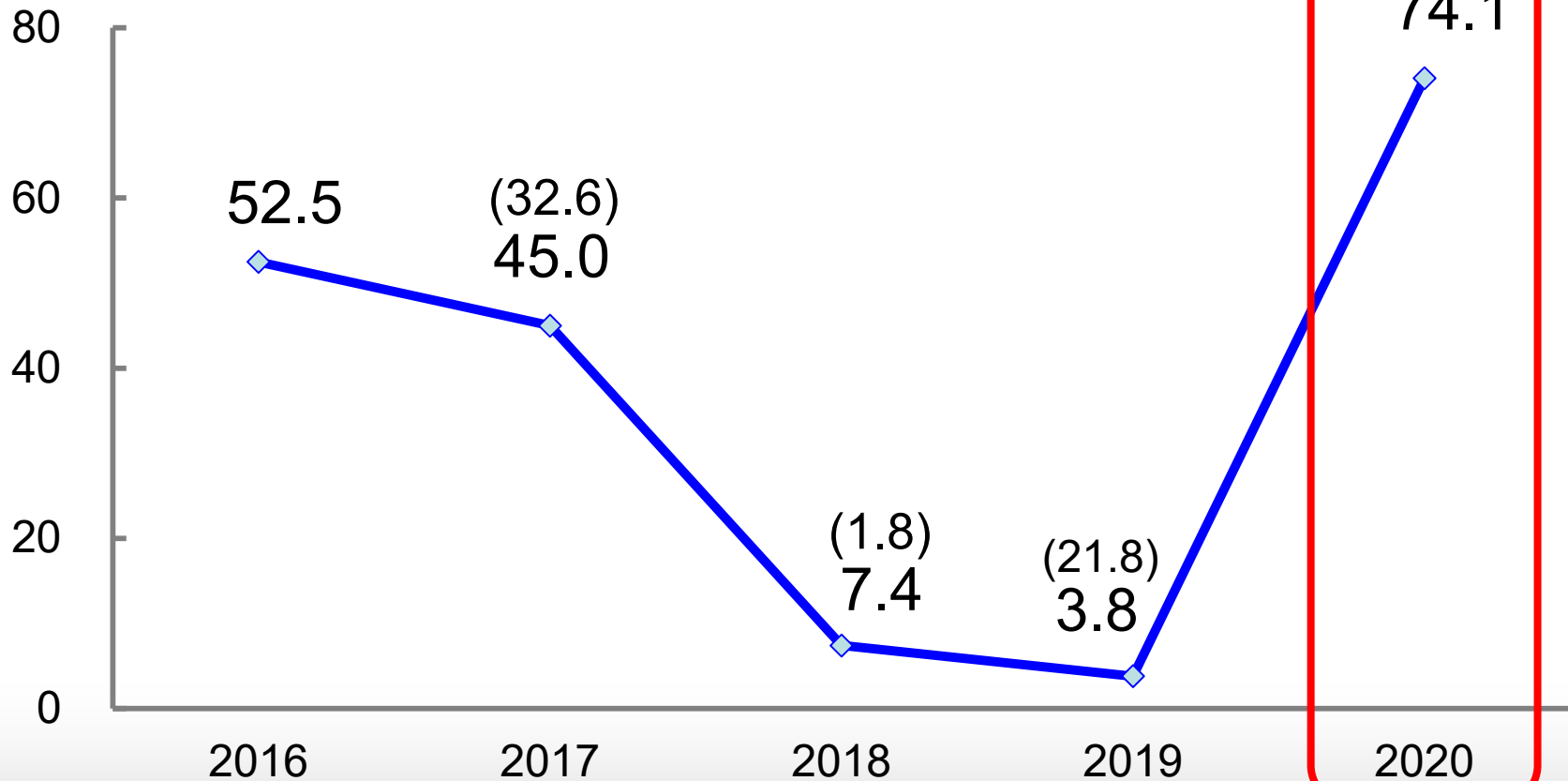


Free Cash Flow

[Consolidated]

* Figures in parentheses: Real free cash flow excluding the effect of a holiday at the end of the fiscal period.

Unit: 100 million yen



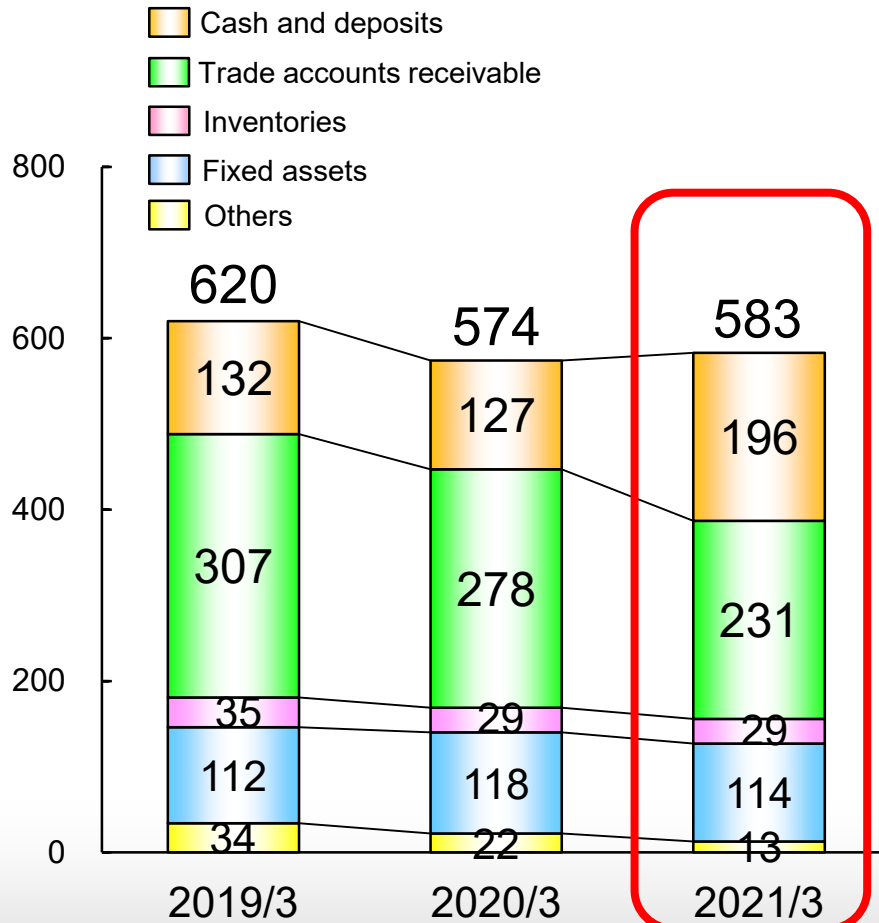
Balance Sheet

Net worth ratio 37%, D/E ratio 50%, ROE 9.5%

[Consolidated]

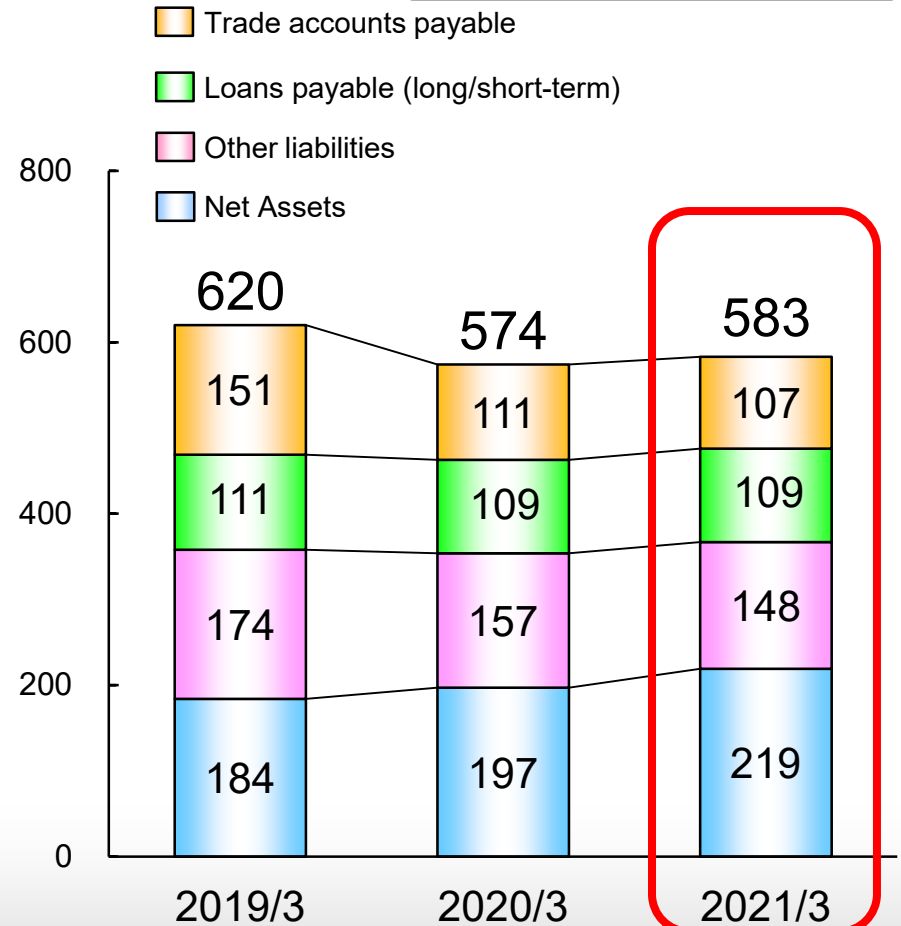
Unit: 100 million yen

Assets



Unit: 100 million yen

Liabilities and Net Assets



1. Summary of Financial Results for the Year Ended March 31, 2021
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3. Progress of the Mid-Term Management Plan

Financial Forecast

*1: When excluding extraordinary losses

[Consolidated]

Unit: 100 million yen

	FY2020			FY2021 forecast		FY2021 forecast	YoY rate of change	FY2021 forecast *1
	FY20/1H	FY20/2H		FY21/1H forecast	FY21/2H forecast			
Net sales	233	215	448	230	250	480	+7%	480
Operating income	16.5	13.1	29.6	17.0	23.0	40.0	+35%	40.0
Ordinary income	15.8	12.4	28.2	16.0	22.0	38.0	+35%	38.0
Extraordinary losses	-	-	-	6.1	-	6.1	-	-
Net income	11.4	8.3	19.7	5.0	16.0	21.0	+7%	27.0
ROS	7.0%	6.1%	6.6%	7.4%	9.2%	8.3%	+1.7pt	8.3%
ROE	-	-	9.5%	-	-	9.2%	-0.3pt	11.7%

Recording of Extraordinary Losses

In Q1 of the year ending March 31, 2022, due to the demolition of an old building at the Yokohama Operations site, we plan to record demolition expenses of 400 million yen for demolition of the building and 210 million yen in impairment losses as extraordinary losses (business restructuring expenses).

Also note that this is being undertaken as a part of redevelopment of the Yokohama Operations site, and the former site of the building will be used for a real estate leasing business (leasing of land).

Dividend Forecast

We aim to achieve a dividend payout ratio (consolidated net income) of 25% to 30%.

For the year ending March 31, 2022, we plan to issue a year-end dividend of 170 yen, representing a consolidated dividend payout ratio of approximately 28% before the reflection of extraordinary losses.

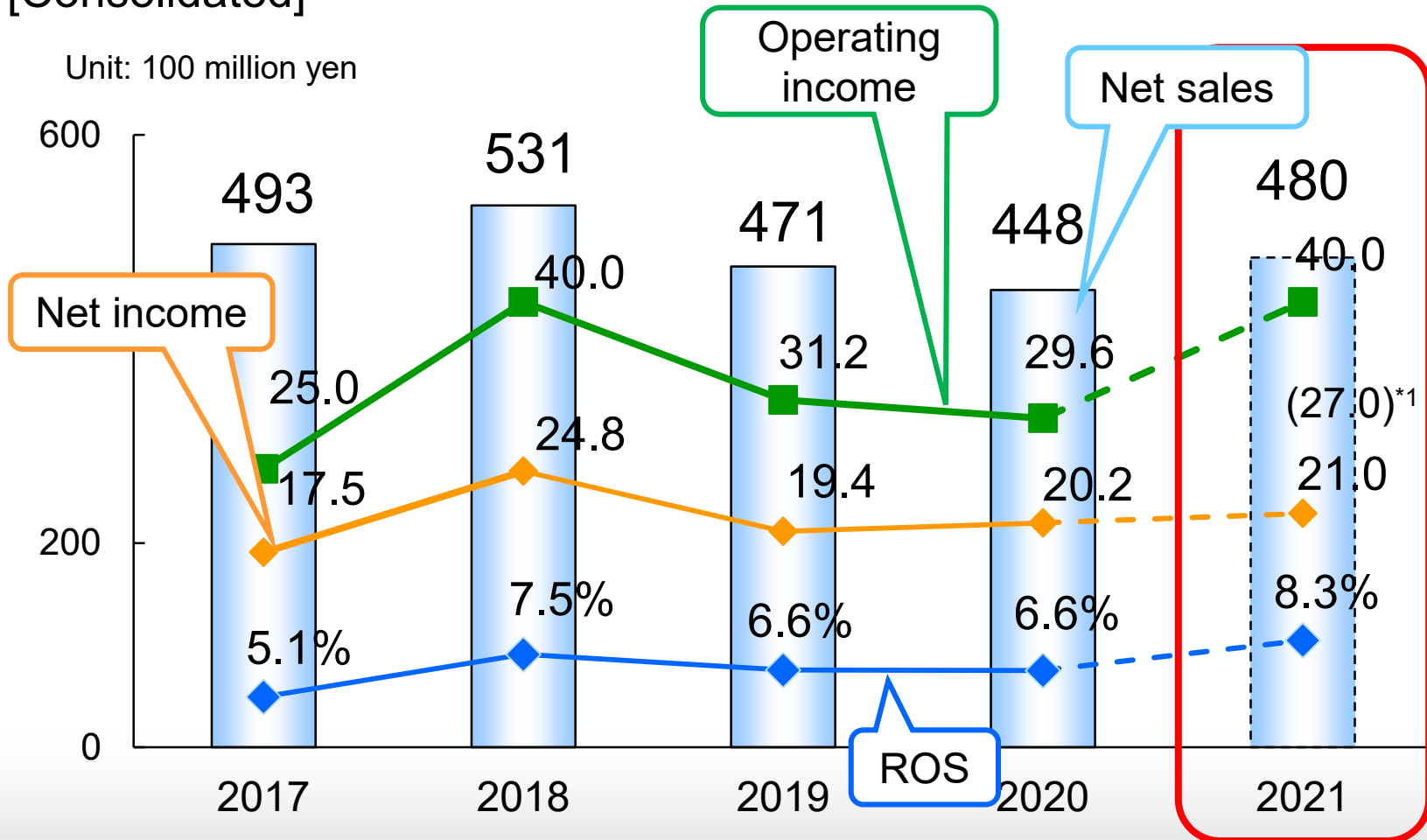
	Dividend at the end of Q2	Year-end dividend	Annual dividend
Year ending March 31, 2022	0 yen	170 yen	170 yen
Year ended March 31, 2021	0 yen	110 yen	110 yen

Sales, Profit and ROS

*1: When excluding extraordinary losses

[Consolidated]

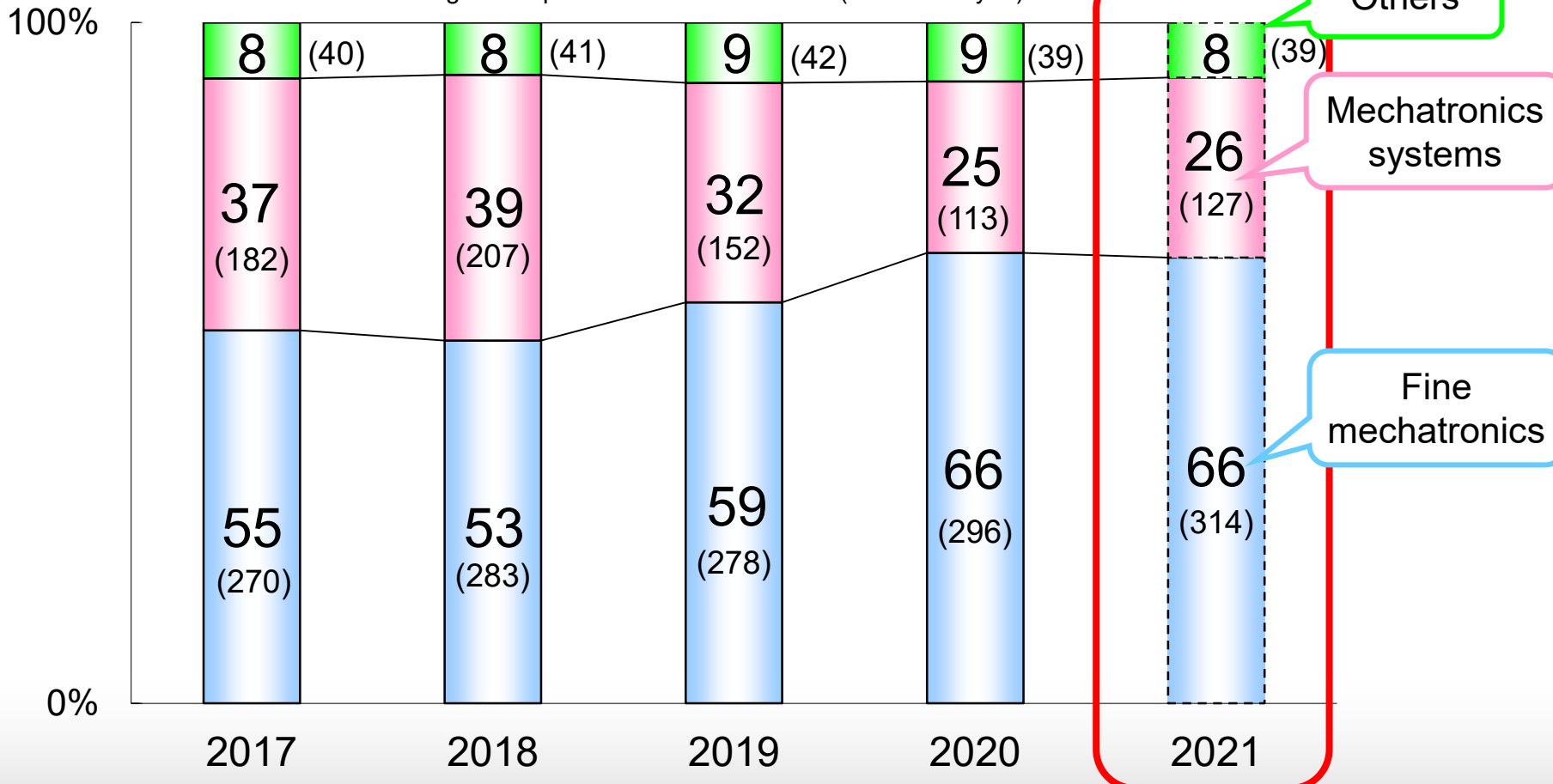
Unit: 100 million yen



Sales Ratio by Segment

[Consolidated]

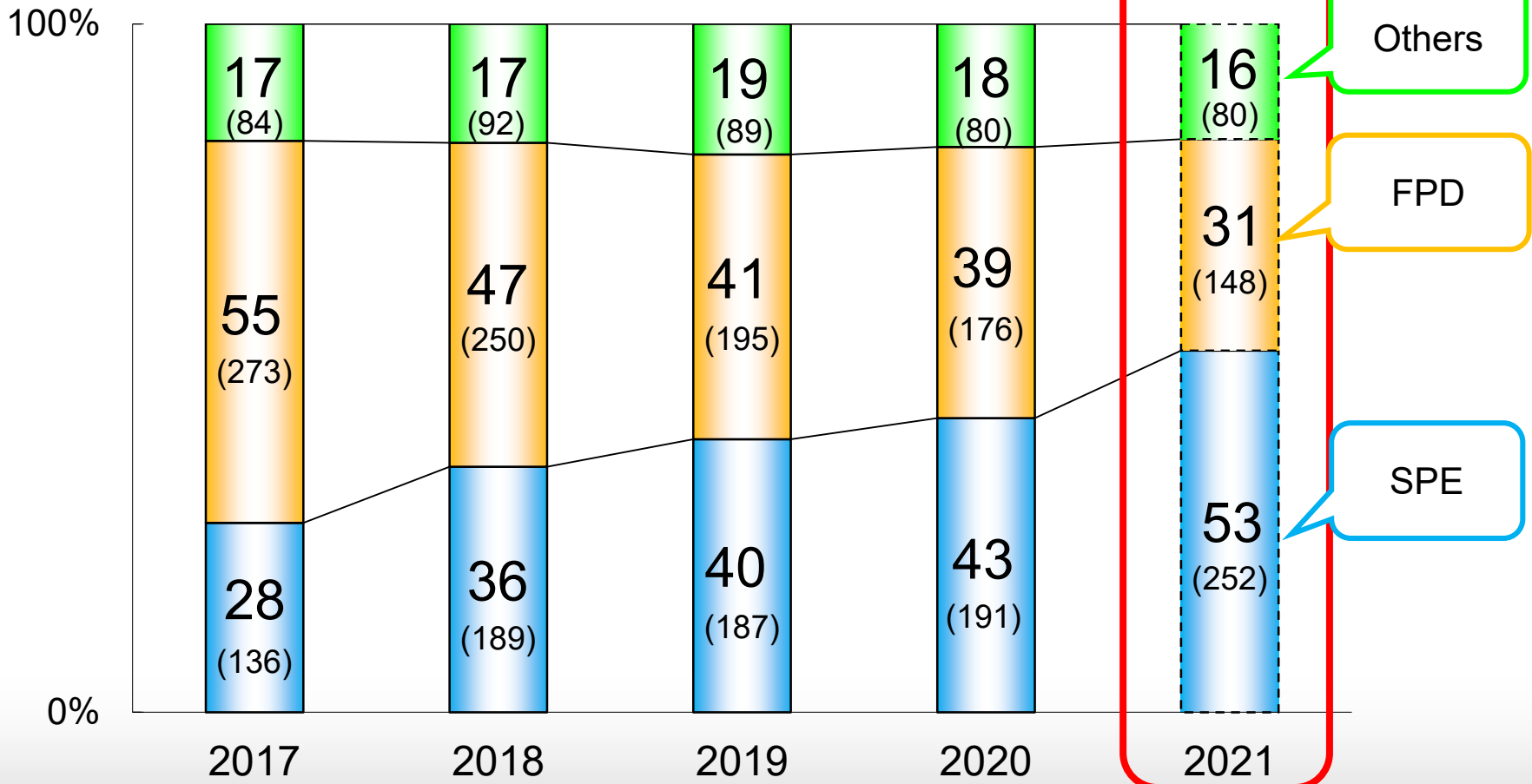
* Fine mechatronics : Front-end process equipment for semiconductors and FPDs
 Mechatronics systems : Back-end process equipment for semiconductors and FPDs, vacuum equipment
 Figures in parentheses are net sales (100 million yen)



Sales Ratio by Product Field

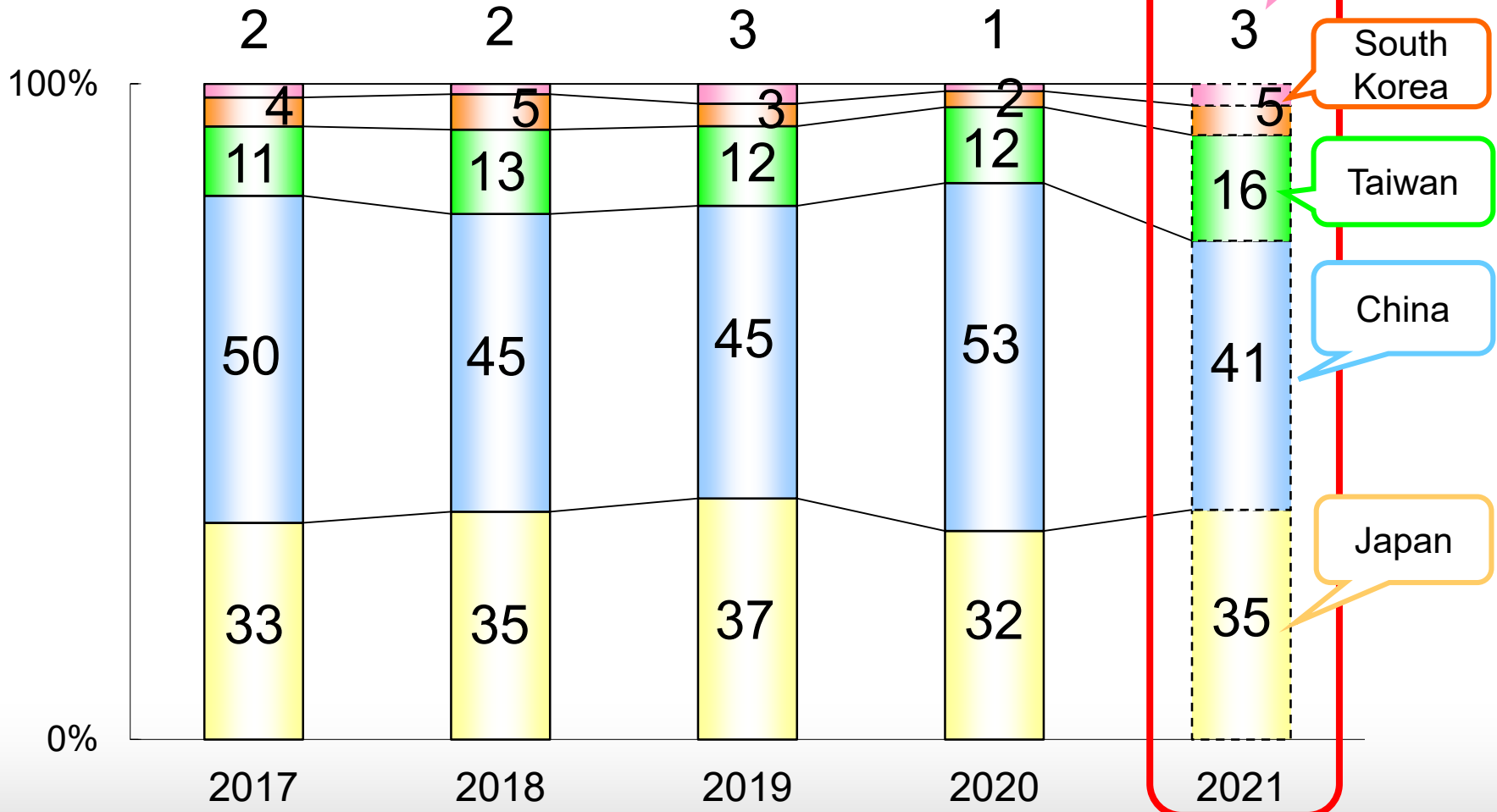
[Consolidated]

* SPE: Front- and back-end process equipment for semiconductors
 FPD: Front- and back-end process equipment for FPDs
 Figures in parentheses are net sales (100 million yen)



Sales Ratio by Sales Destination

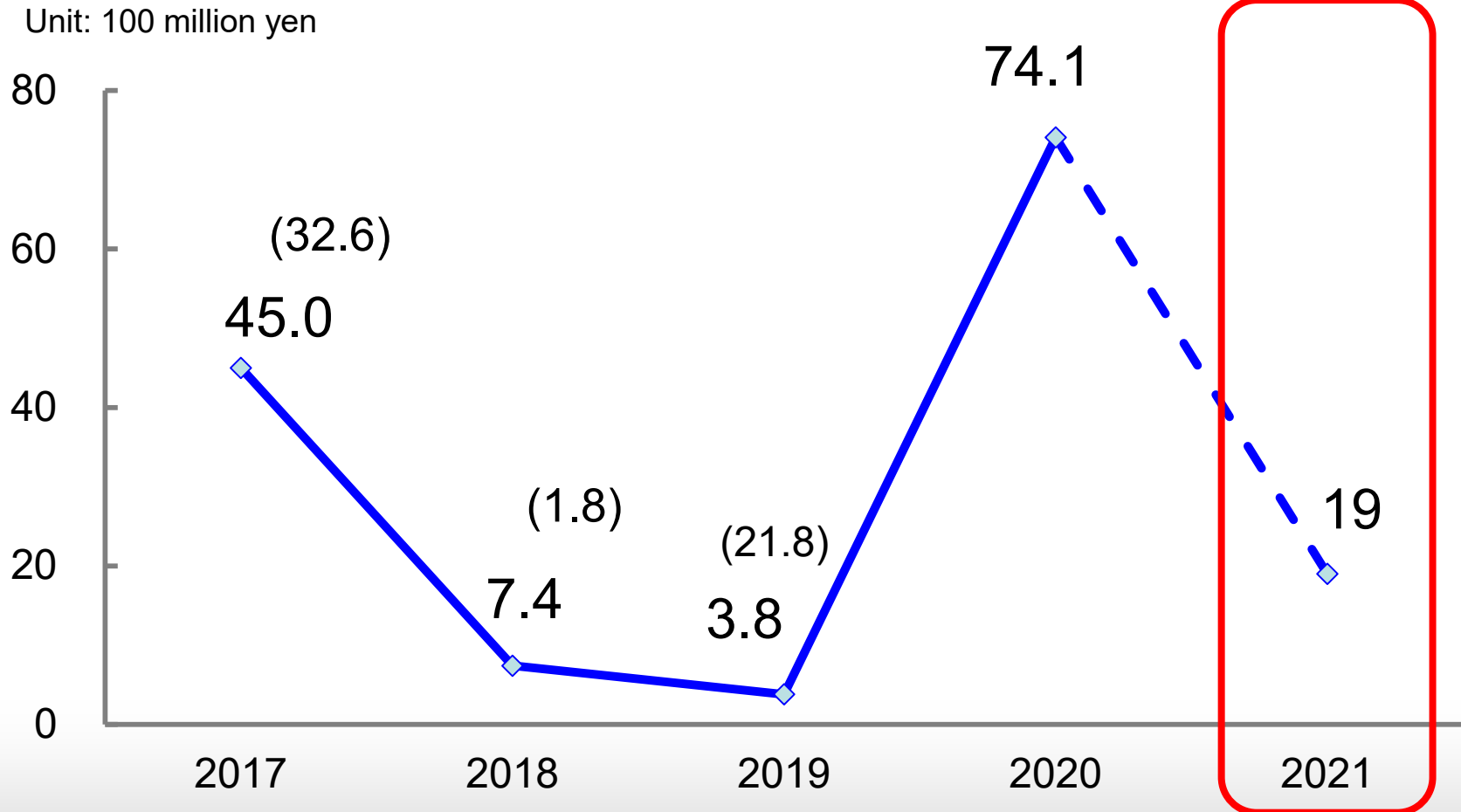
[Consolidated]



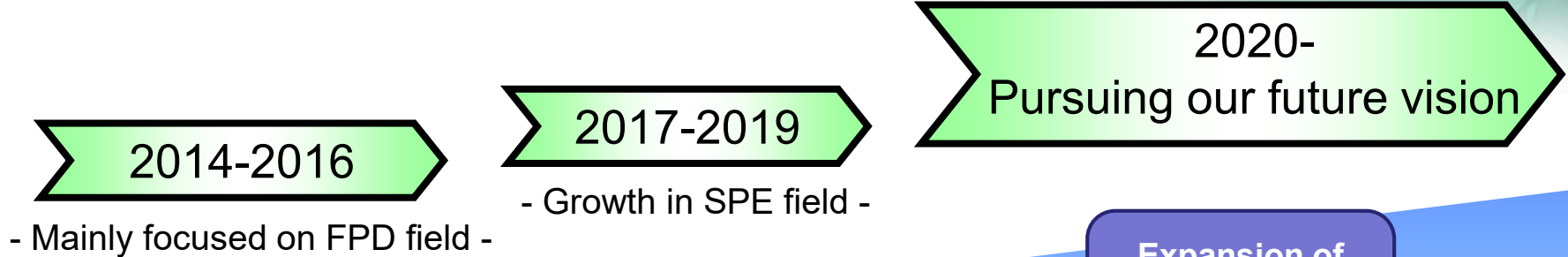
Free Cash Flow

[Consolidated]

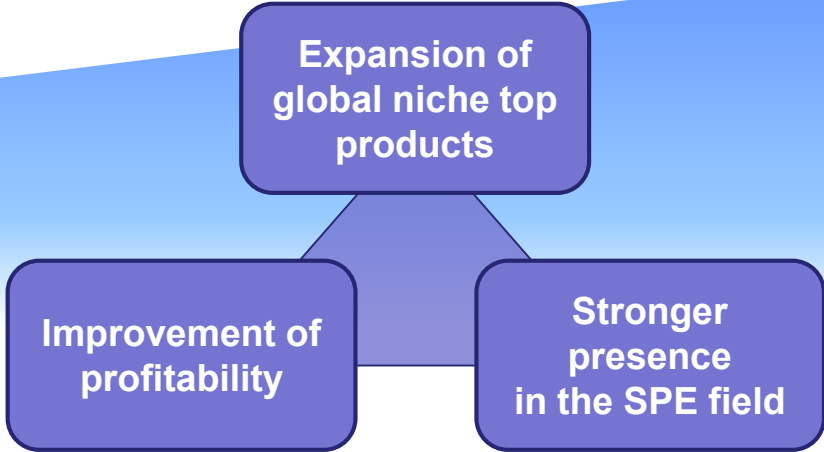
* Figures in parentheses: Real free cash flow excluding the effect of a holiday at the end of the fiscal period.



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- 3. Progress of the Mid-Term Management Plan**



SPE



FPD

Future vision	
◆	Contribute not only to IoT, 5G and AI technologies but also to the data society that will develop further in the coming years by providing cutting edge technologies through manufacturing equipment for semiconductors and FPD. -- From "manufacturing" to "creating value" --
◆	Grow into a corporate group that demonstrates its presence as the top of the global niche in the SPE field and as a major supplier in the FPD field.

Progress of the Mid-Term Management Plan

*1: When excluding extraordinary losses

*2: Published in November 2020

Unit: 100 million yen

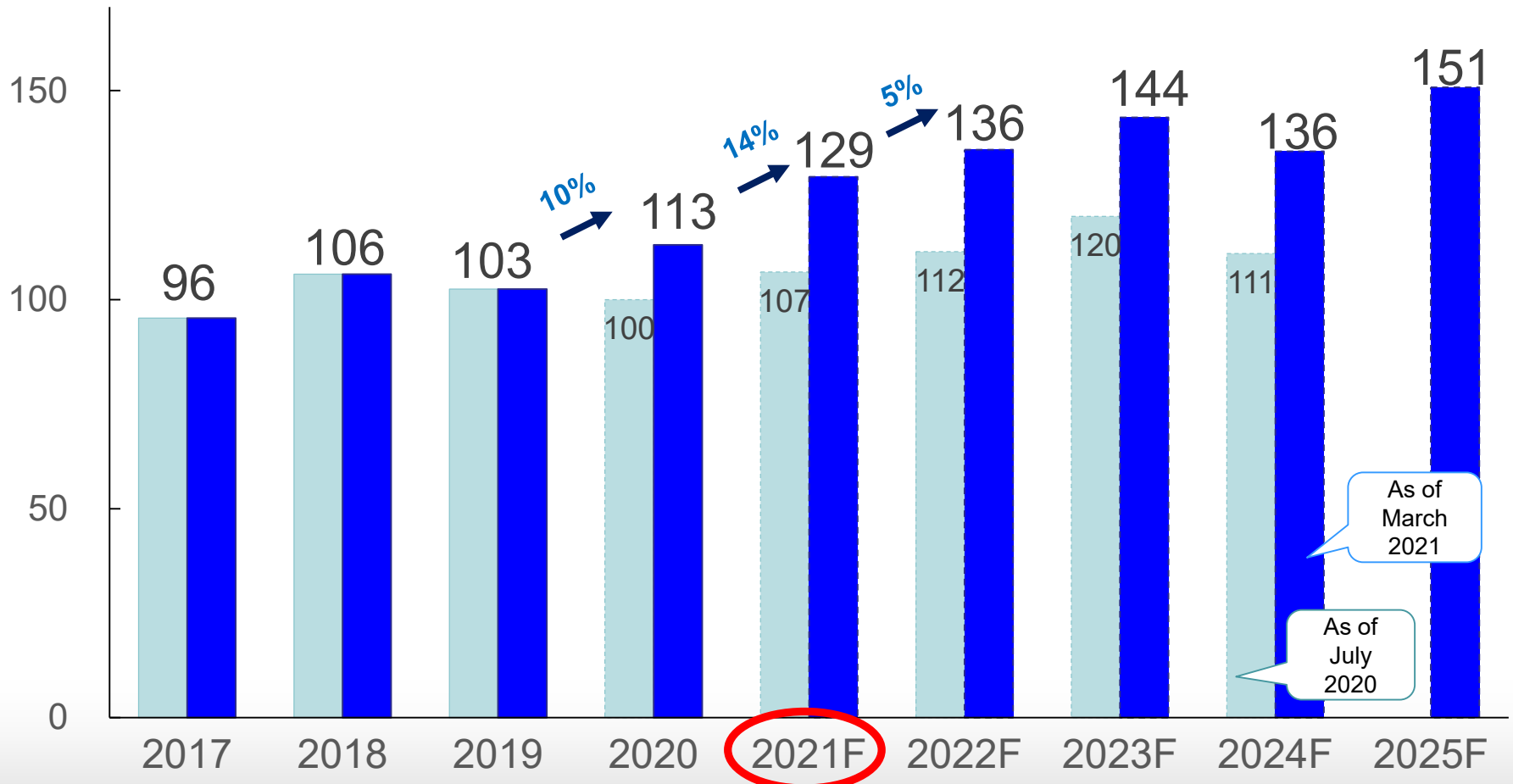
	FY2020 results	FY2021 forecast	FY2021 forecast *1	Mid-Term Management Plan Annual Targets *2		
				2020	2021	2022
Net sales	448	480	480	460	480	510
Operating income	29.6	40.0	40.0	30.0	38.5	51.0
Ordinary income	28.2	38.0	38.0	-	-	-
Net income	19.7	21.0	27.0	-	-	-
ROS	6.6%	8.3%	8.3%	6.5%	8.0%	10.0%
ROE	9.5%	9.2%	11.7%	9.5%	11.5%	13.0%

Semiconductor Plant/Equipment Investments Forecast

* Source: IC Insights 2020-7, 2021-3
The chart was prepared by the company.

Unit: Billion US\$

2019 – 2022CAGR : 9.9%



Business Environment Surrounding the Company

- While capital investment is expected to expand due to the advance of IoT, 5G and AI, we will keep a close watch on the impact due to COVID-19.

Looking at the current business environment surrounding the company from the perspective of orders:

- ✓ Front-end process equipment for semiconductors
Investment is expected to continue or expand for logic/foundry, memory, power devices and Si wafers
- ✓ Back-end process equipment for semiconductors
The market for advanced packages such as FO-WLP/PLP and 2.5D is expected to expand

- ✓ (i) Single Si wafer wet cleaning equipment, (ii) single wafer phosphoric etching equipment and (iii) high-accuracy flip chip bonders will continue to see a steady expansion in orders and sales, maintaining and expanding a top market share
- ✓ (iv) For photomask manufacturing equipment, efforts will also be accelerated for advanced masks to develop freeze-cleaning technologies, to receive orders for mass production etching equipment, and to enter full-scale mass production for the EUV generation.



(i) Single Si wafer cleaning equipment



(iv) Photomask manufacturing equipment
(single wafer photomask cleaning equipment)

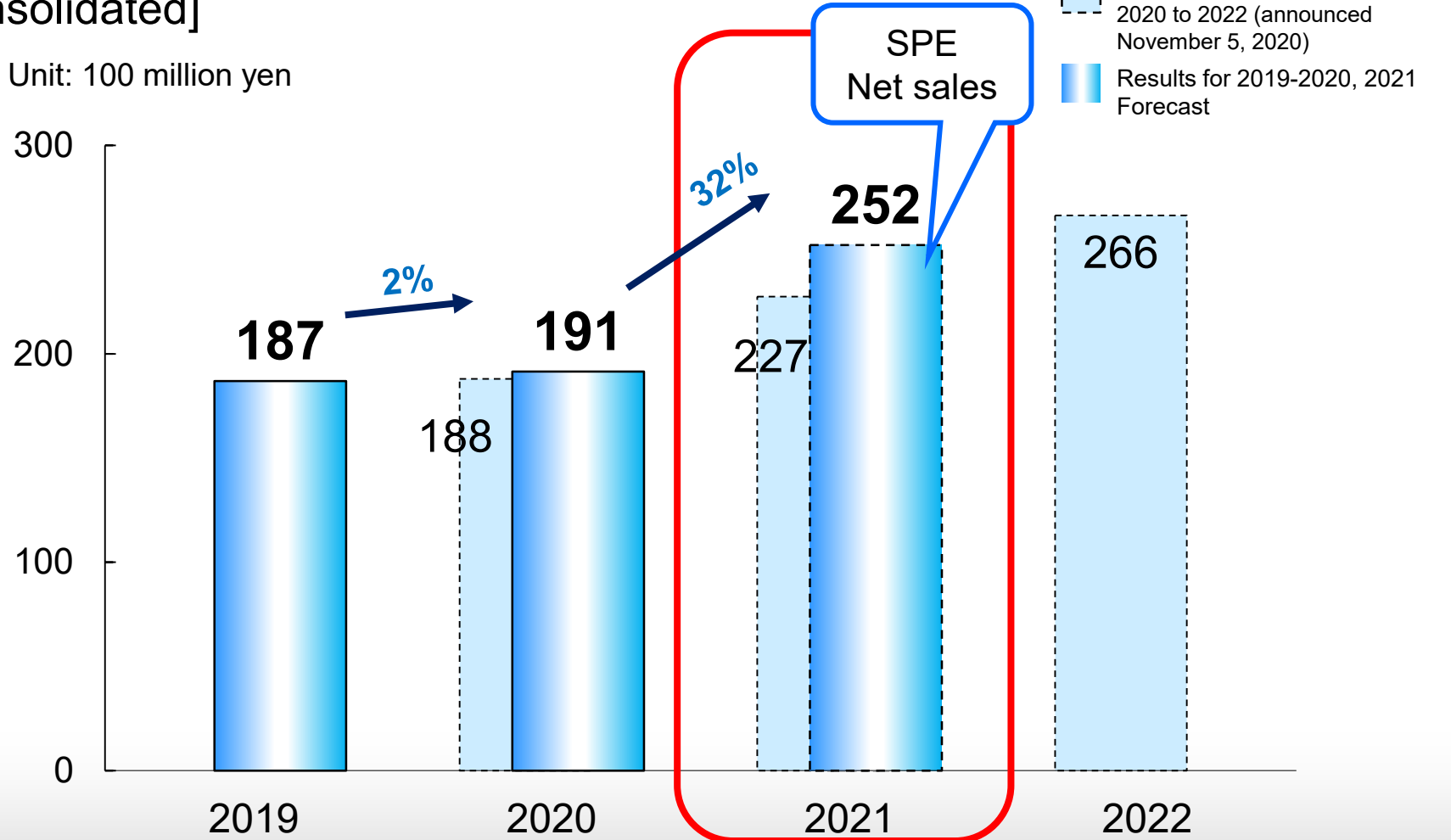


(iii) High-accuracy flip chip bonder (FO-PLP bonder)

SPE Expansion with Global Niche Top Products

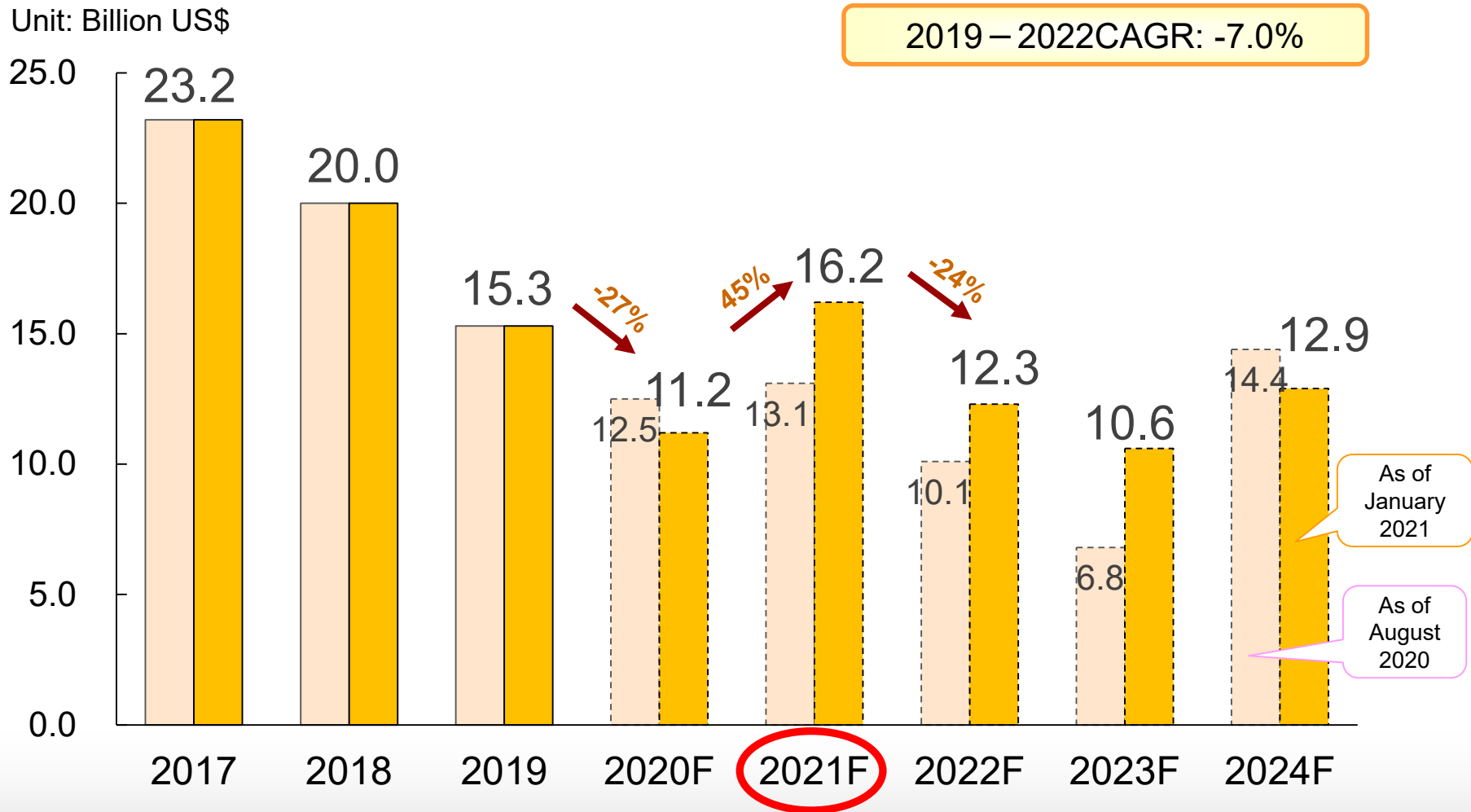
[Consolidated]

Unit: 100 million yen



Equipment Investments Forecast

* Source: DSCC 2020-8, 2021-1
The chart was prepared by the company.



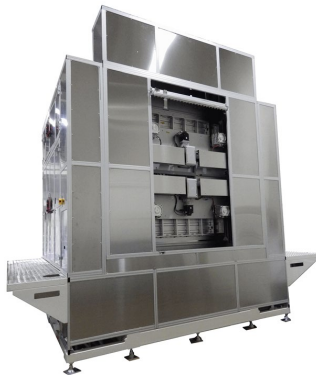
Business Environment Surrounding the Company

Looking at the business environment surrounding the company from the perspective of orders:

- ✓ Front-end process equipment for FPDs
New and increased investment plans will materialize due to increased demand for large LCD panels, while investment timing for small- and medium-sized OLED panels will remain fluid

- ✓ Back-end process equipment for FPDs
While the situation will be similar to front-end process equipment for large and small- and medium-sized panels, investment is expected to expand for monitors and in-vehicle equipment

- ✓ For OLED, we have appealed the superiority of the vacuum firing method (cleanliness, productivity, materials) demonstrated by (i) the high vacuum clean oven and improved quality from new proprietary technologies for (ii) mid/small-size OLB, and are in the process of successful adoptions
- ✓ For μ LED, in addition to receiving repeat orders for (iii) bonders for mass transfer and repair, we will contribute to market development through the development of high-precision tiling equipment and resin molding equipment



**(i) High vacuum clean oven
for flexible OLED**



(ii) Mid/small-size OLB for OLED



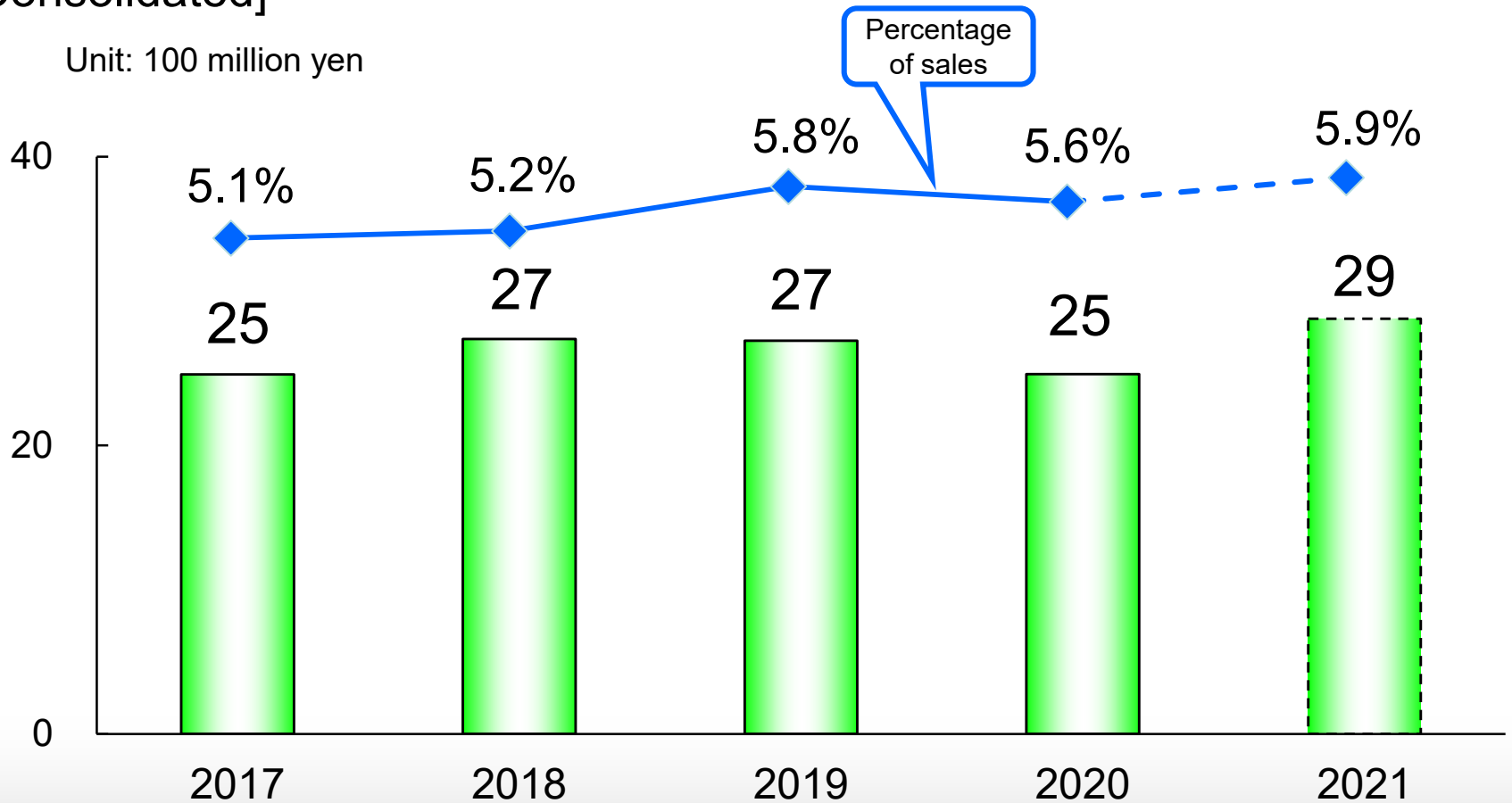
**(iii) High-accuracy
 μ LED bonder**

R&D Expenses

Focus on SPE field

[Consolidated]

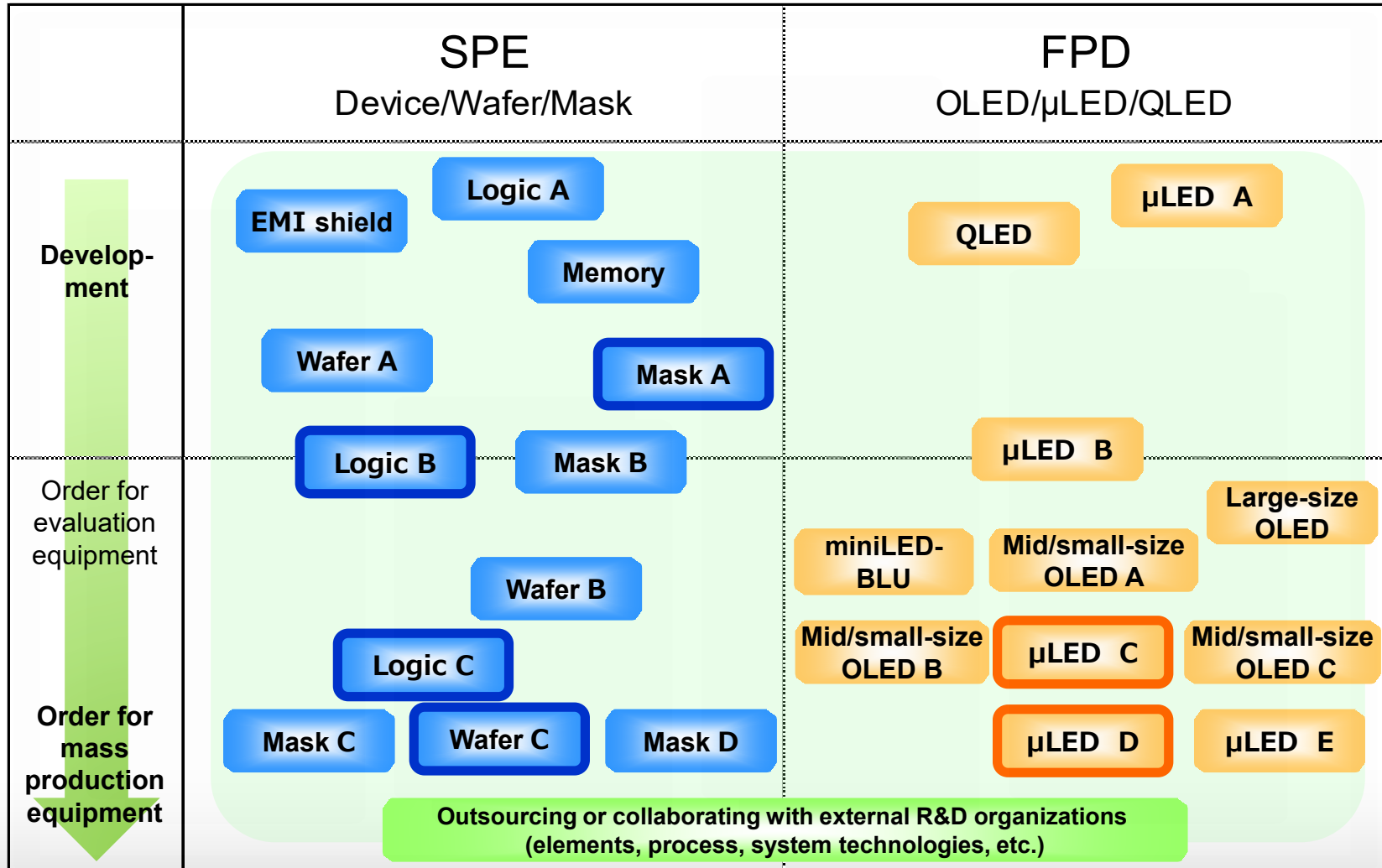
Unit: 100 million yen



Collaboration with Other Companies (i)

- Collaborate with equipment, material and device manufacturers, research institutes, universities and other organizations to accelerate the development of strong products for earlier release
- Collaborate with major shareholders (Toshiba Corporation, Shin-Etsu Engineering Co., Ltd., NuFlare Technology, Inc.,)
- Projects are underway based on 23 major themes in total (17 previously). Steady progress has been made on wafers, masks, logic and μ LED in particular, contributing to expansion of the business.

Collaboration with Other Companies (ii)

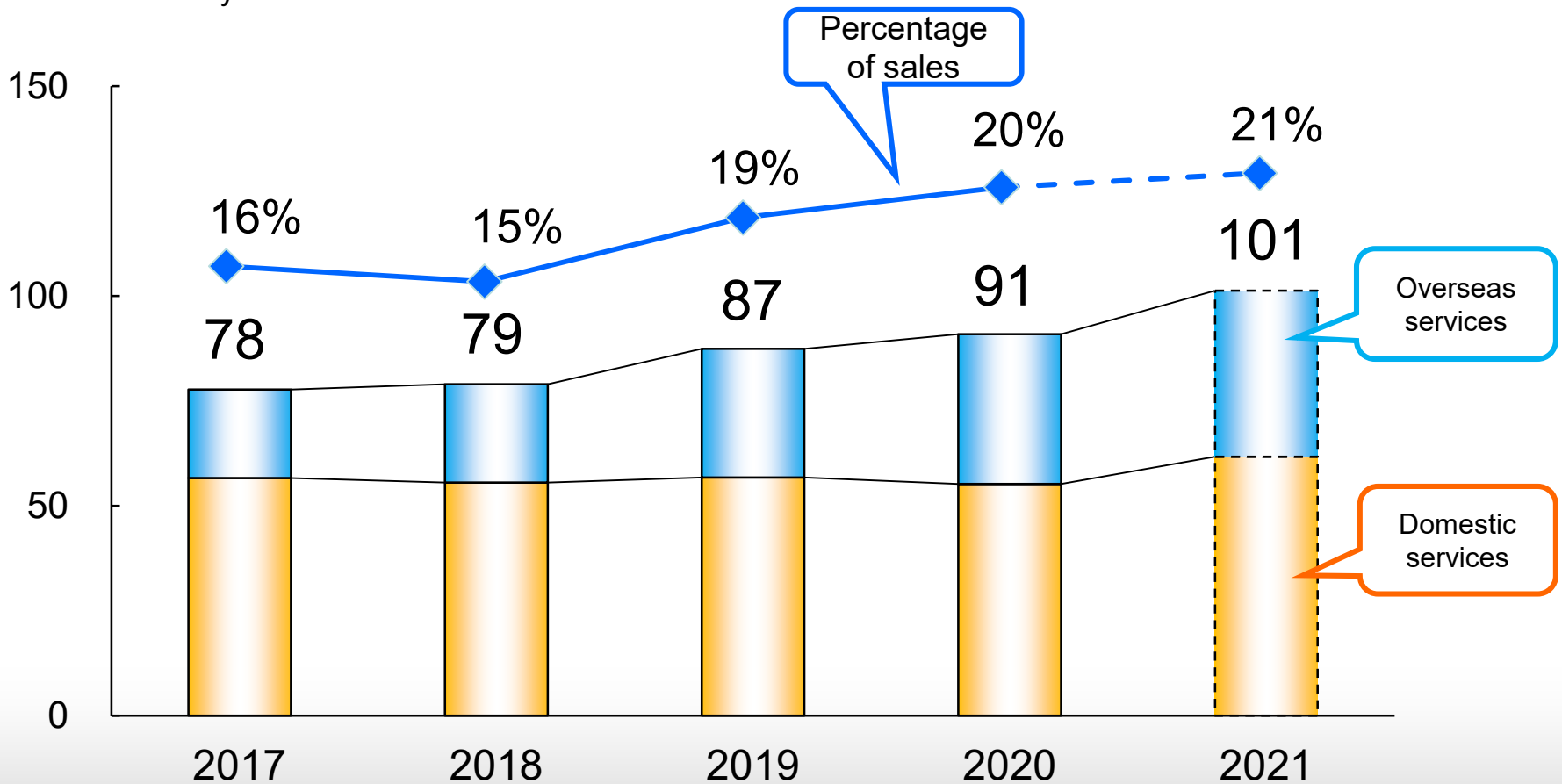


Service Business Net Sales

[Consolidated]

Unit: 100 million yen

**Strengthen the service business
in the Chinese market**
Target percentage of sales for FY2022: 23%

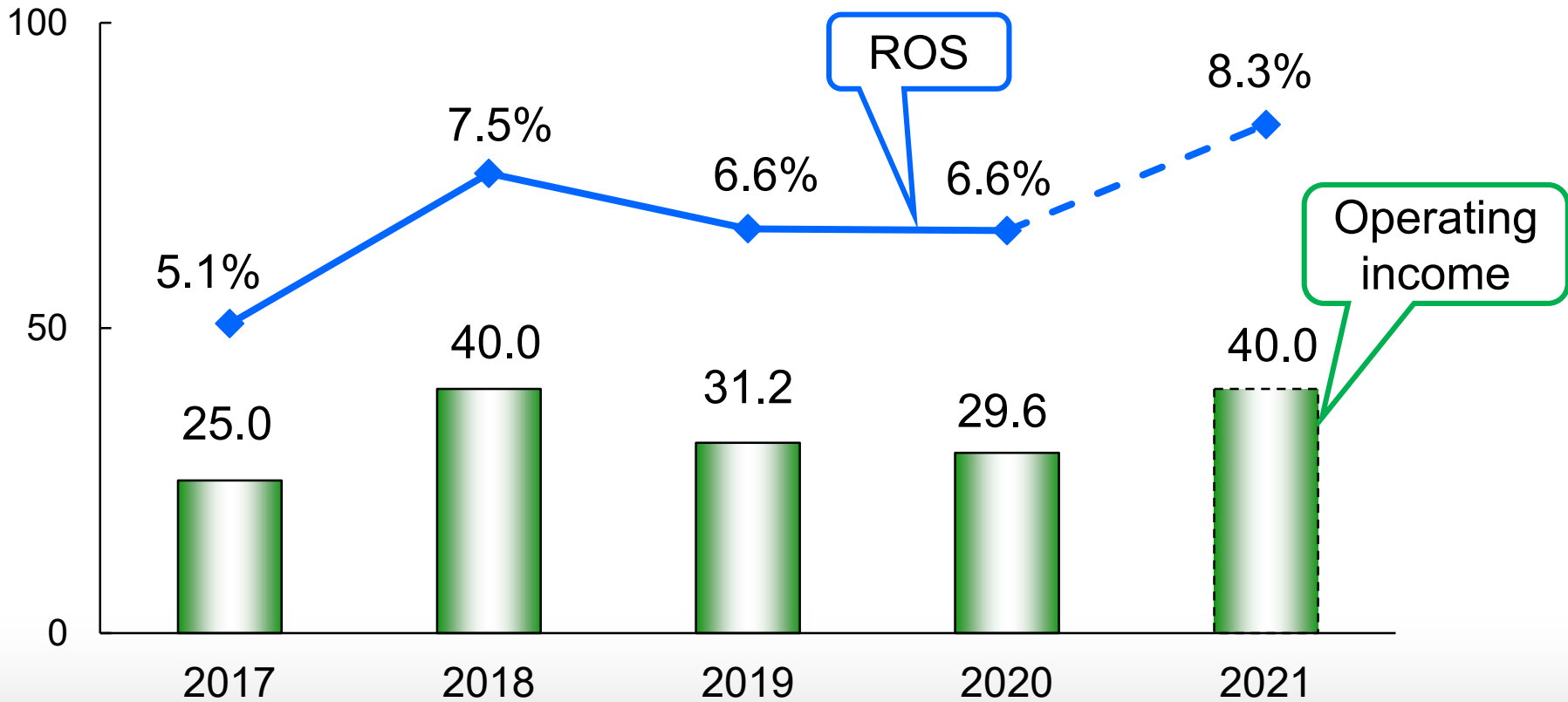


ROS Improvement

Improve ROS with a target of 10% for FY2022 by expanding high value-added products, reducing variable costs and improving fixed costs

[Consolidated]

Unit: 100 million yen



Product Target

Ratio of environmentally conscious products

2020 results: Ratio of 96% of sales
(Target: at least 85%)

Business process Target

Energy consumption at business office*1

2020 results: 1.7% YoY decrease
(Target: 1% decrease)

Zero emission ratio*2

2020 results: 0.06%
(Target: 0.5% or lower)

*1: Per unit of production

*2: Landfill amount/total waste amount

We will engage in management with a focus on ESG to achieve a sustainable society and enrich people's lives.



Smart Solutions & Services for Your Manufacturing

We will facilitate customer manufacturing through three Ss:
"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.

END