

# **Business Results Q2 of The Year Ending March 31, 2022**

**November 5, 2021**

**SHIBAURA MECHATRONICS CORPORATION**

- 1. Financial Results for Q2 of the Year Ending March 31, 2022**
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

	FY20/1H	FY20/2H	FY21/1H results	YoY rate of change
Net sales	233	215	219	-6%
Operating income	16.5	13.1	18.5	+12%
ROS	7.0%	6.1%	8.4%	+1.4pt
Ordinary income	15.8	12.4	17.5	+10%
Extraordinary losses	-	-	6.1	-
Net income	11.4	8.3	7.5	-34%
Orders received	182	238	293	+61%

## 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 6% YoY (23.3 ⇒ 21.9 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**                            Increased by 12% YoY (1.65 ⇒ 1.85 billion yen)
  - Operating income increased, reflecting a rise in net sales in the SPE field.
  
- **Net income**                                      Decreased 34% YoY (1.14 ⇒ 0.75 billion yen)
  - An extraordinary loss (0.61 billion yen) was recorded in connection with the redevelopment of the Yokohama Operations site that was announced on May 13.
  
- **Orders received**                              Increased by 61% YoY (18.2 ⇒ 29.3 billion yen)
  - Performance in the SPE field was steady, and there was also firm performance in the FPD field, resulting in a significant increase.

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

### ■ Fine mechatronics

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

- **Net sales** Decreased by 14% YoY (16.0 ⇒ 13.7 billion yen)

Sales of front-end process equipment for semiconductors increased due to the firm performance of logic/foundry, Si wafers and power devices.

Sales of front-end process equipment for FPDs decreased due to the sluggish performance of orders in the previous fiscal year.

- **Ordinary income** Decreased by 34% YoY (1.36 ⇒ 0.9 billion yen)

Income increased reflecting a rise in net sales in front-end process equipment for semiconductors, but sales in front-end process equipment for FPDs decreased, resulting in an overall decline in income.

- **Orders received** Increased by 50% YoY (12.5 ⇒ 18.7 billion yen)

Orders for front-end process equipment for semiconductors were strong, particularly for Si wafers and power devices.

In terms of front-end process equipment for FPDs, orders for small- and medium-sized panels were steady.

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

### ■ Mechatronics systems

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

- Net sales Increased by 12% YoY (5.6 ⇒ 6.2 billion yen)

Sales of back-end process equipment for semiconductors increased due to strong overall performance for advanced packages such as 2.5D, FO-PLP and display driver ICs.

Sales of back-end process equipment for FPDs decreased due to postponed investment plans on the part of some customers, despite the firm performance of large panels.

- Ordinary income Increased by 225% YoY (0.28 ⇒ 0.93 billion yen)

Higher sales of back-end process equipment for semiconductors greatly contributed to the increase in income.

- Orders received Increased by 114% YoY (4.0 ⇒ 8.7 billion yen)

Orders were steady overall in back-end process equipment for semiconductors.

For back-end process equipment for FPDs, orders were firm thanks to the resumption of customer investment plans for large panels that had been postponed.

## Financial Results (vs. previous forecast)

[Consolidated]

\*1: Published in May 2021

Unit: 100 million yen

	FY21/1H		
	Previous forecast *1	Results	Rate of change from the previous forecast
Net sales	230	219	-5%
Operating income	17.0	18.5	+9%
ROS	7.4%	8.4%	+1.0pt
Ordinary income	16.0	17.5	+9%
Extraordinary losses	6.1	6.1	-
Net income	5.0	7.5	+50%
Orders received	-	293	-

## Summary of Financial Results (vs. previous forecast)

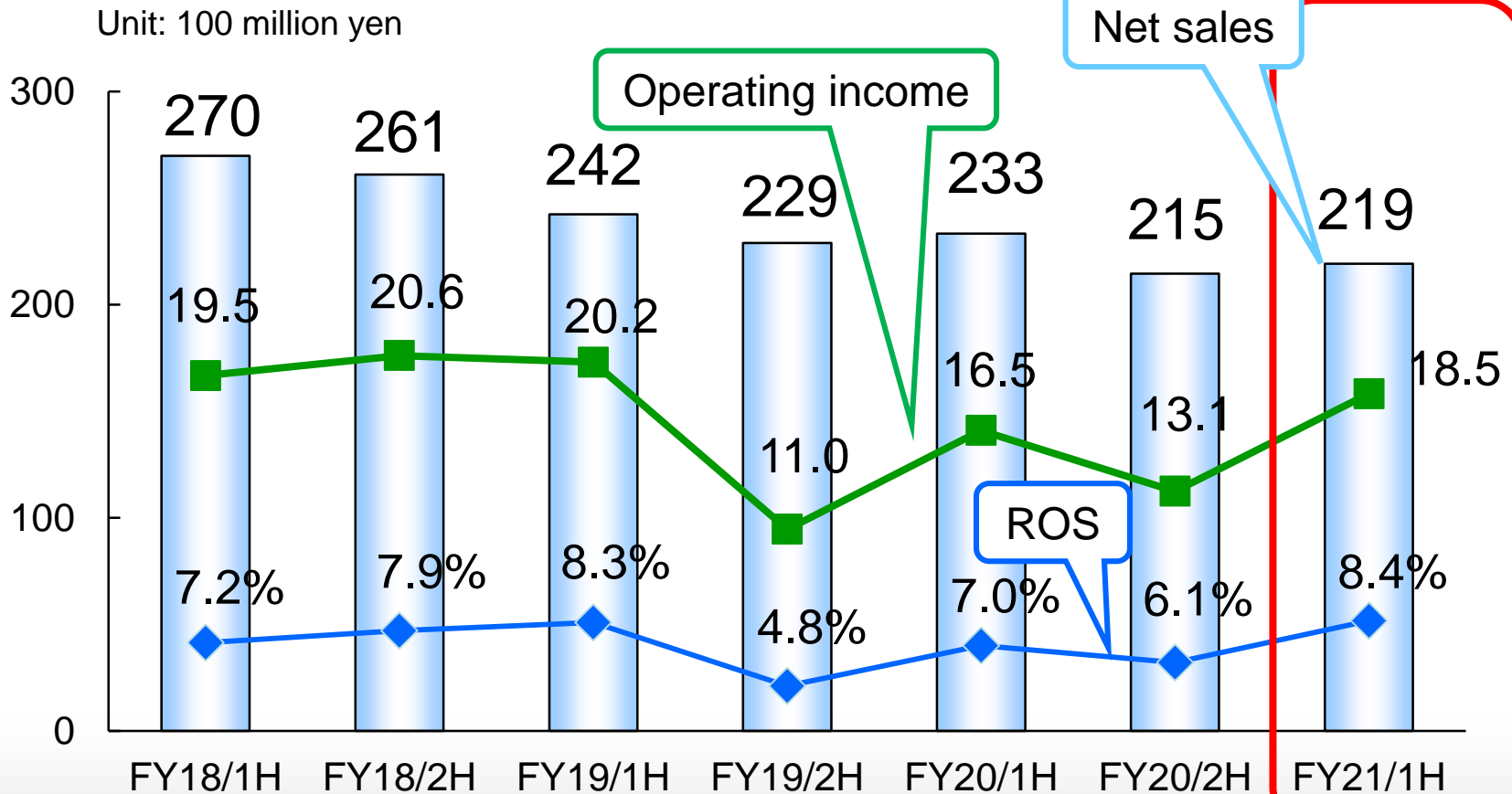
- Net sales Decreased by 5% from the previous forecast  
(23.0 ⇒ 21.9 billion yen)
  - Despite a steady performance in the SPE field, net sales of the FPD field decreased due to the postponement of customer investment plans, resulting in an overall decline in net sales.
  
- Operating income Increased by 9% from the previous forecast  
(1.7 ⇒ 1.85 billion yen)
  - Improved profit margin due to higher ratio in the SPE field, improvements thanks to expense control.
  
- Net income Increased by 50% from the previous forecast  
(0.5 ⇒ 0.75 billion yen)
  - Improvements due to improved operating income and reduced tax burden, etc.



## Sales, Profit and ROS

Improved ROS due to increases in the SPE field

[Consolidated]



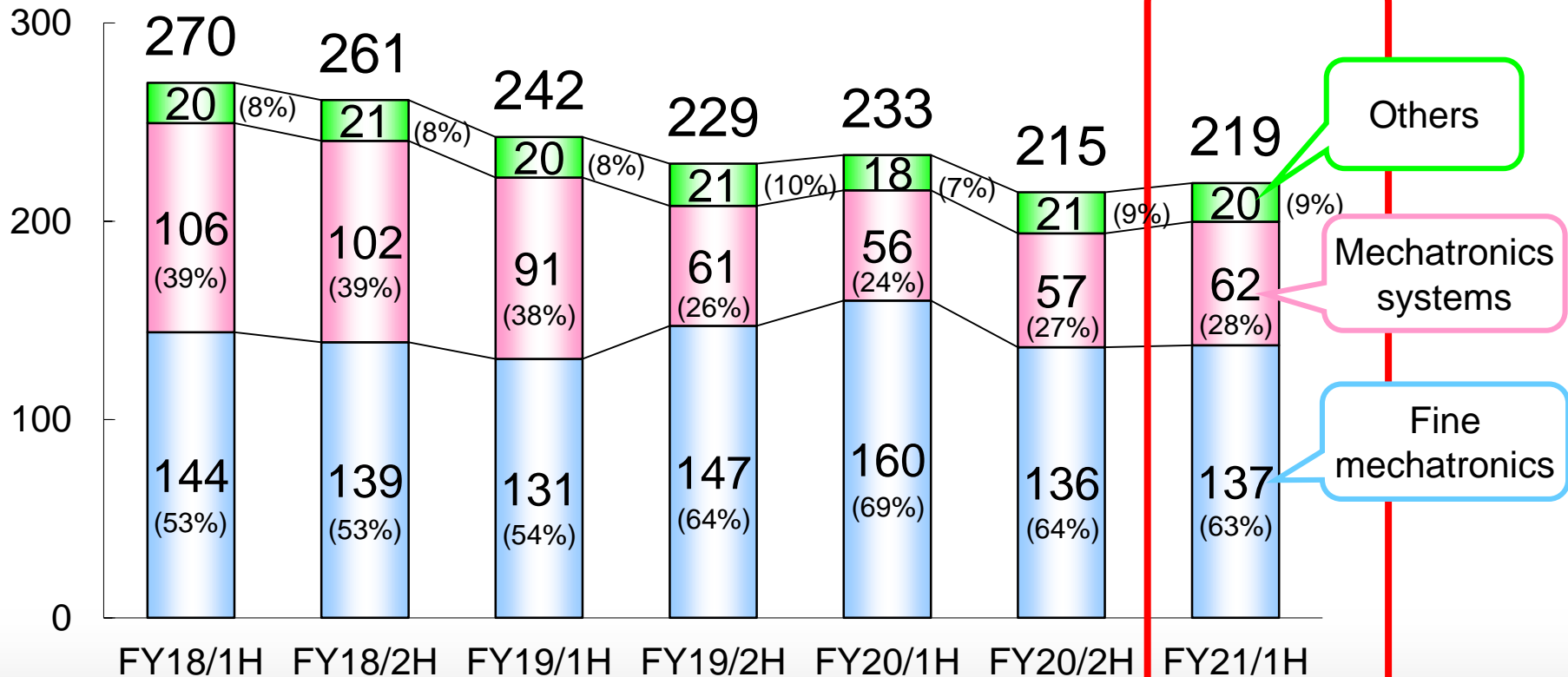
## Sales by Segment

Fine mechatronics accounts for more than 60% of sales.

[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



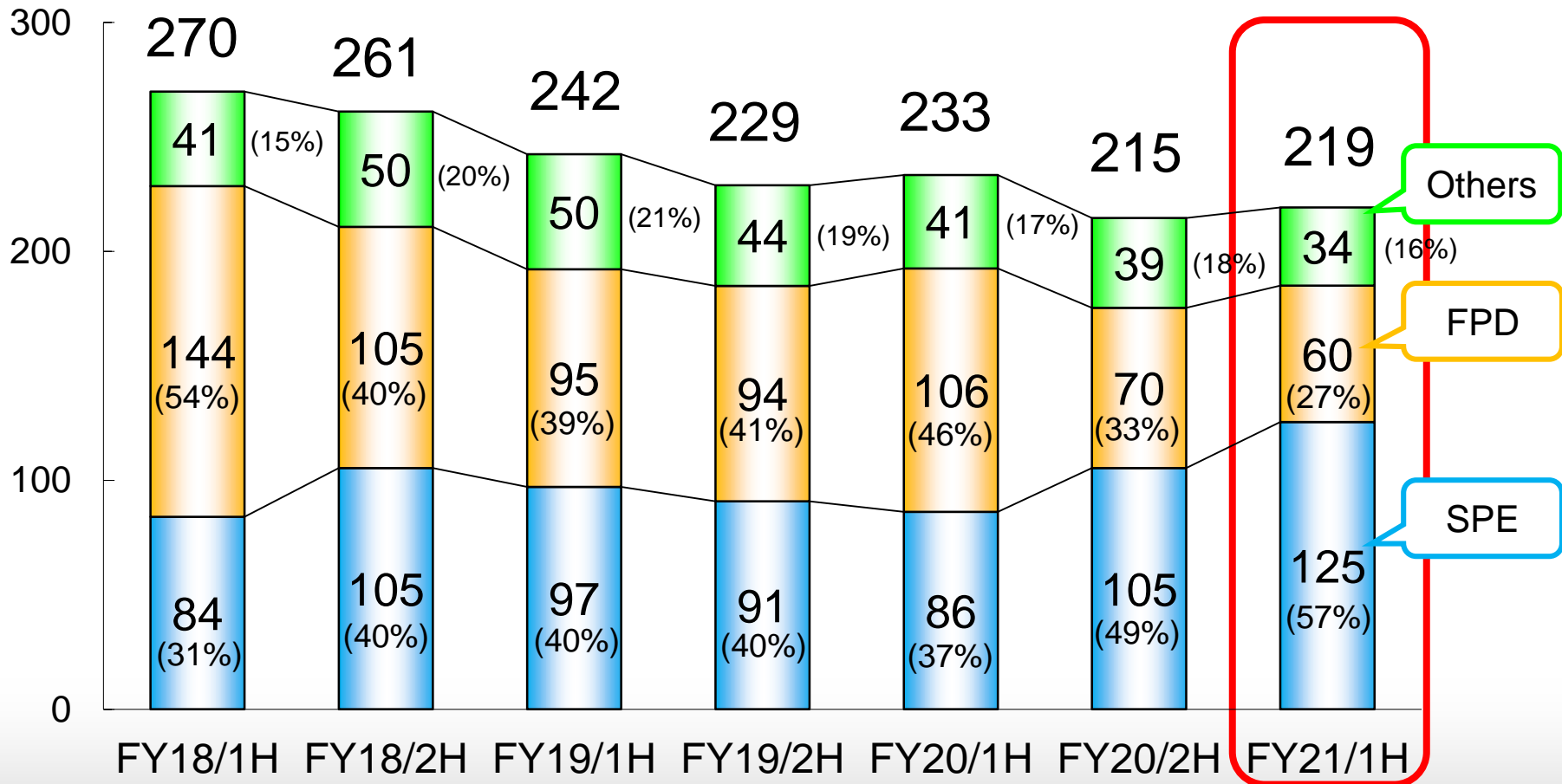
## Sales by Product Field

Sales in the SPE field have increased to 57%.

[Consolidated]

Unit: 100 million yen

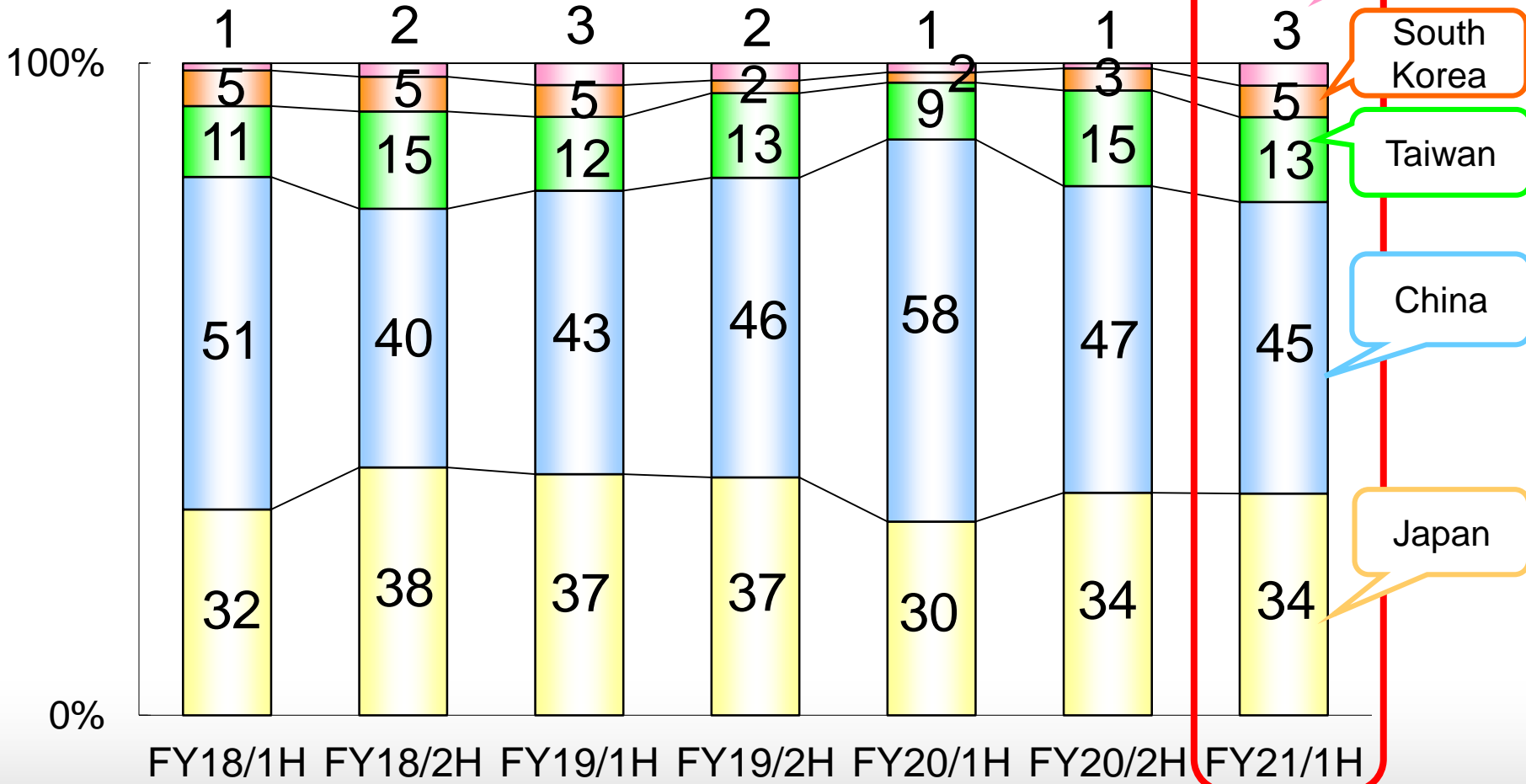
\* FPD: Front- and back-end process equipment for FPDs  
SPE: Front- and back-end process equipment for semiconductors



## Sales Ratio by Destination

Overseas sales : 66%  
(China: 45%)

[Consolidated]



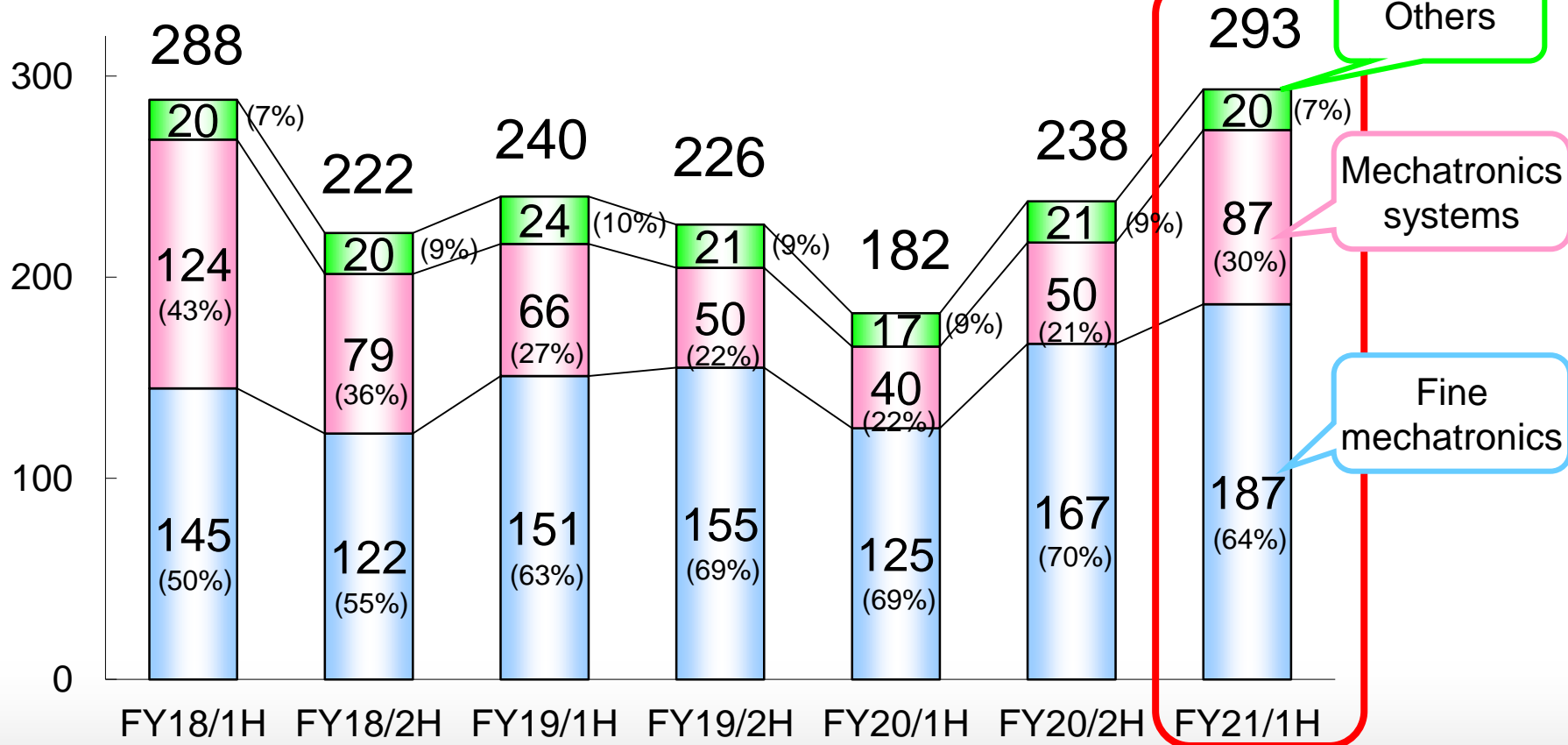
## Orders Received by Segment

Steady increase after reaching a low in FY2020/1H

[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



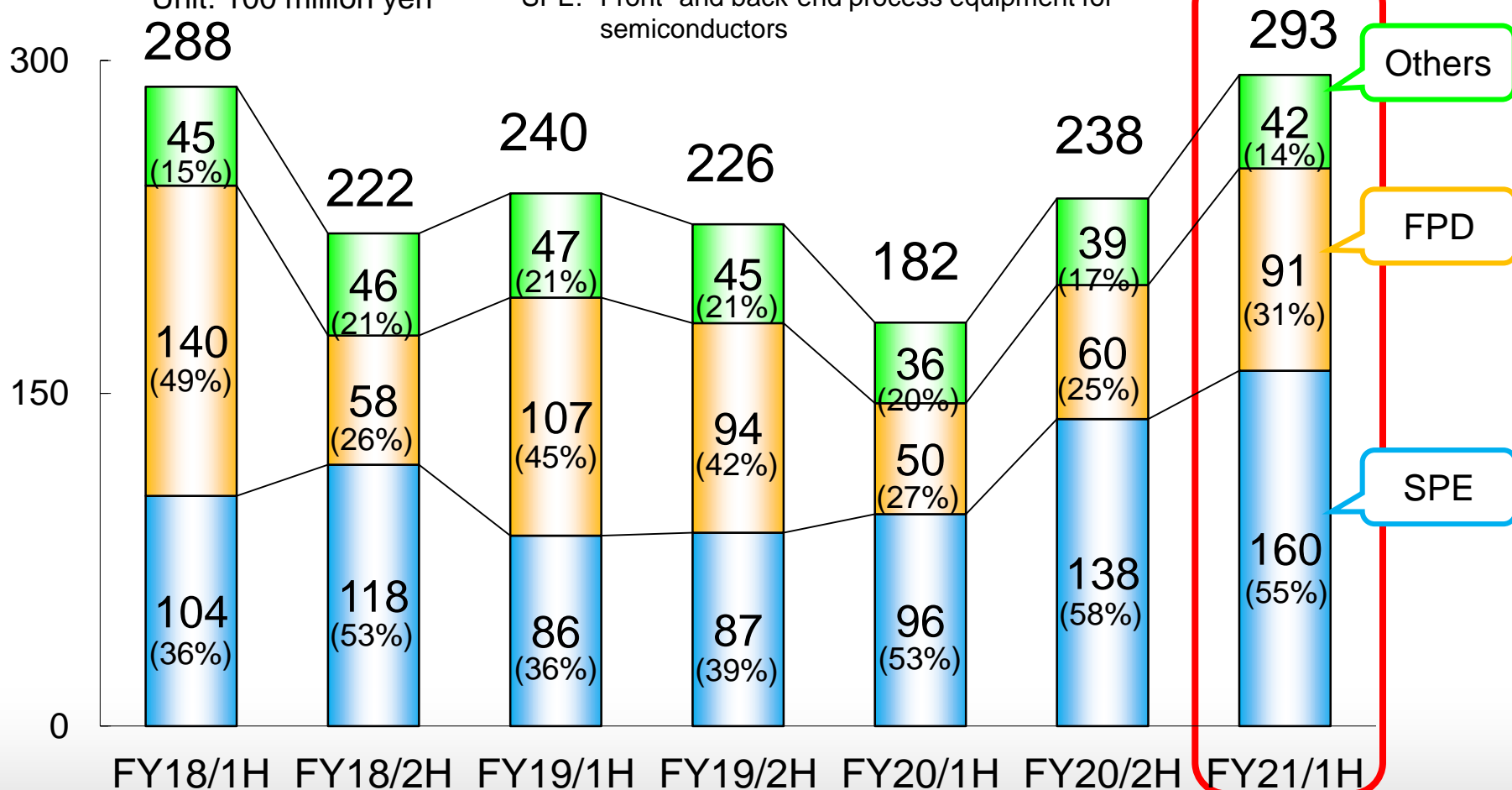
## Orders Received by Product Field

Orders increased steadily overall, driven by the SPE field

[Consolidated]

Unit: 100 million yen

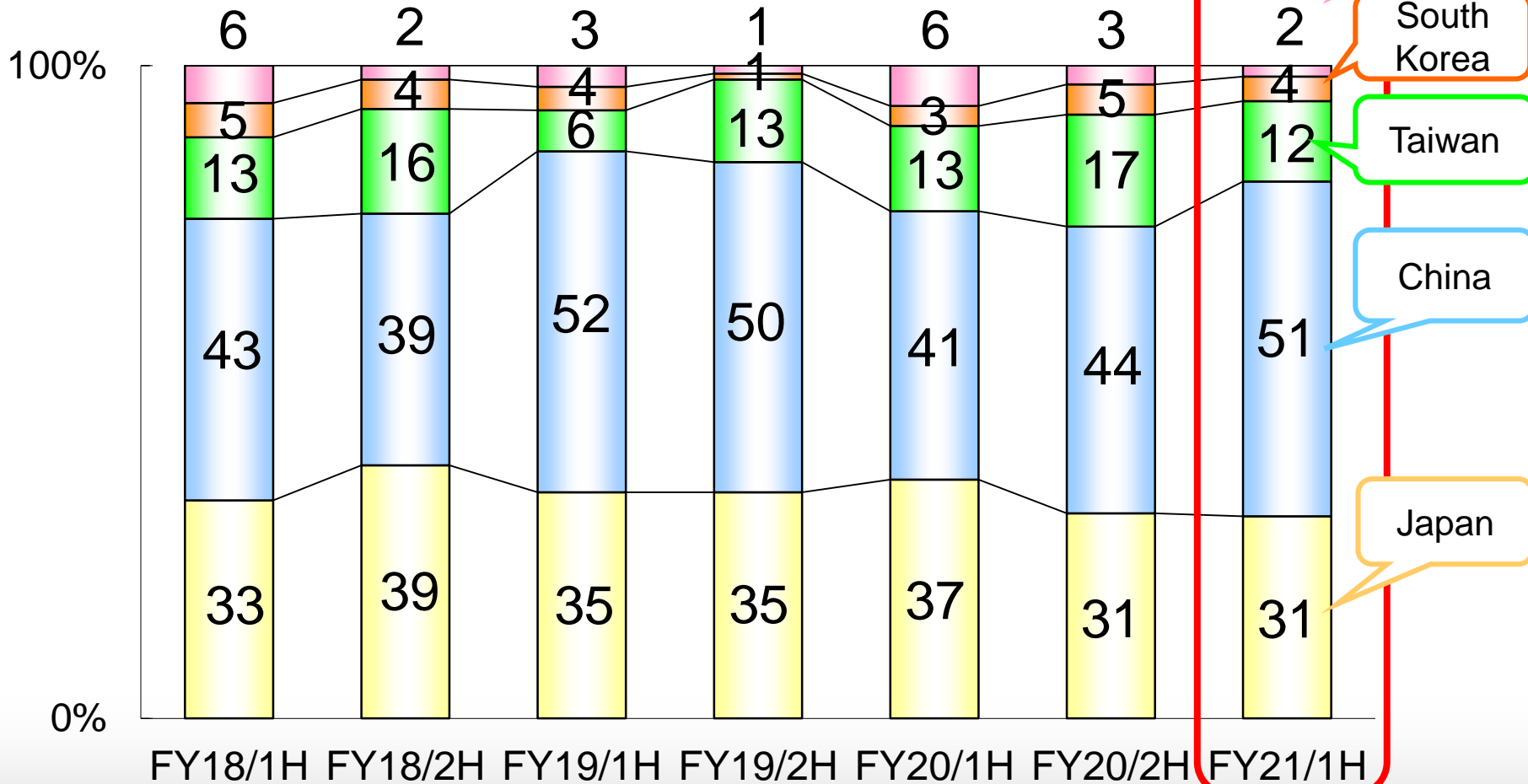
\* FPD: Front- and back-end process equipment for FPDs  
 \* SPE: Front- and back-end process equipment for semiconductors



## Order Ratio by Destination

Overseas orders: 69%  
(China: 51%)

[Consolidated]

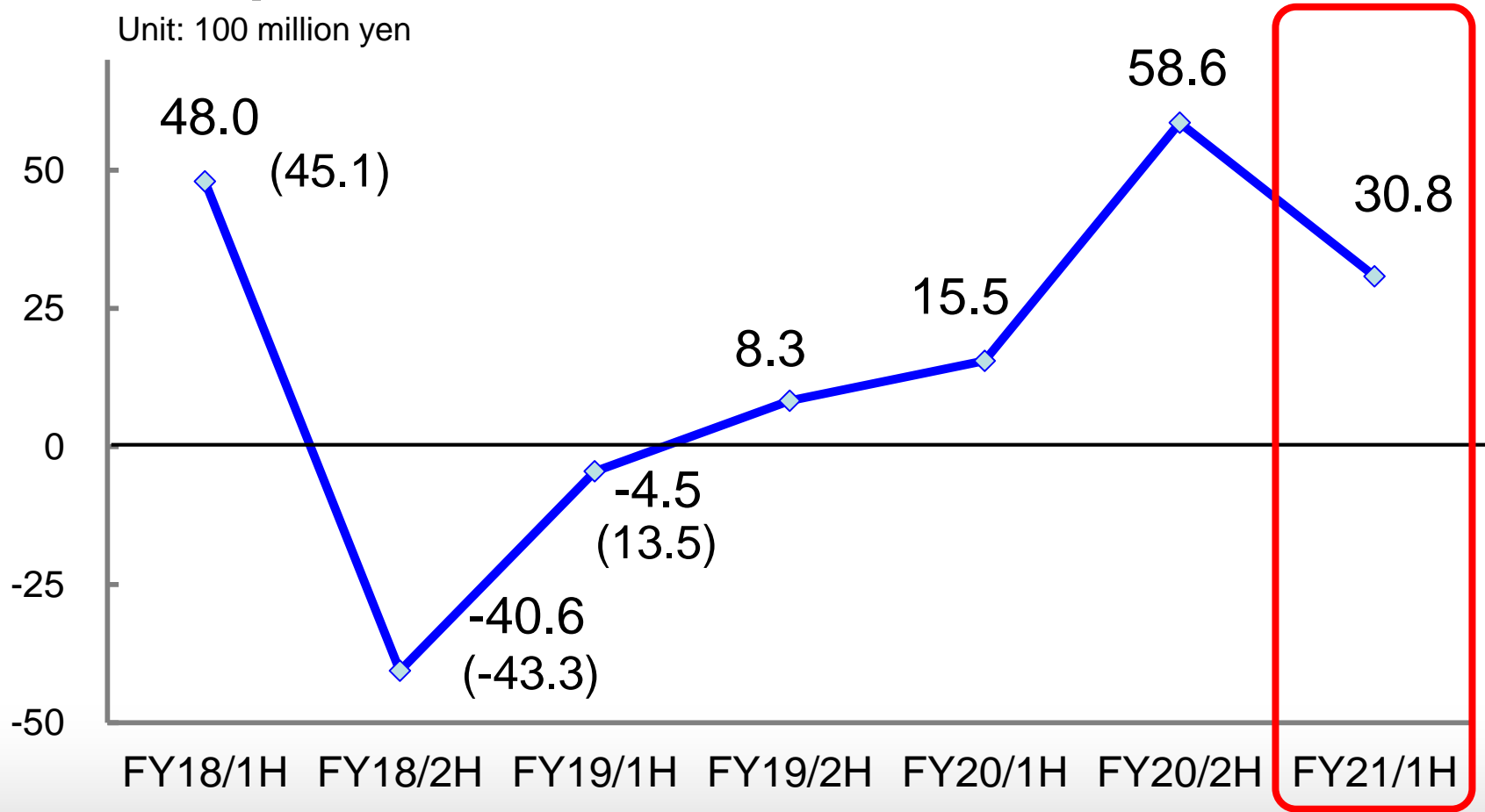


## Free Cash Flow

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

[Consolidated]

Unit: 100 million yen



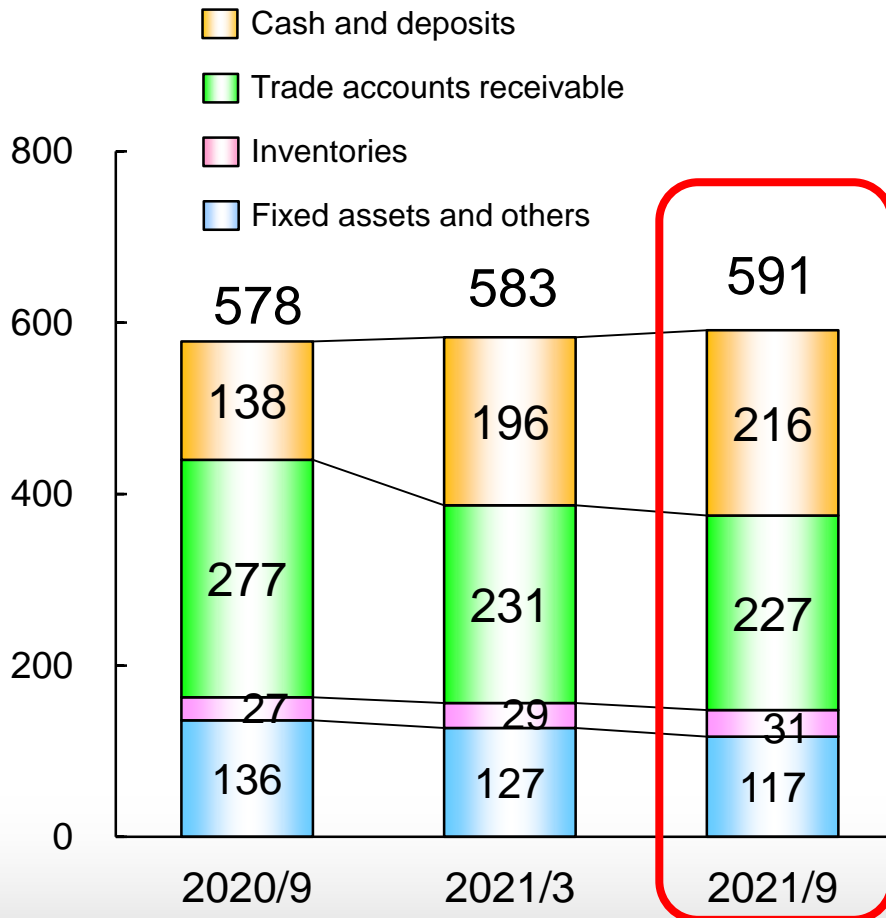


## Balance Sheet

Shareholders' equity ratio - March 2021: 37%, September 2021: 38%  
 D/E ratio - March 2021: 50%, September 2021: 46%

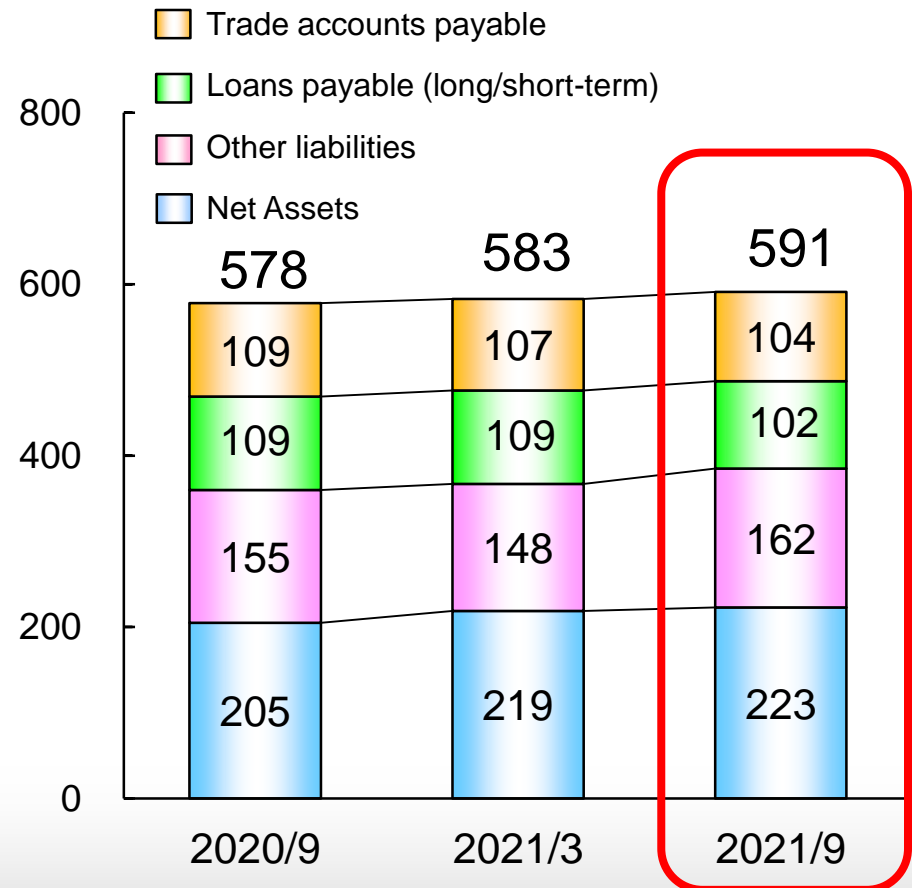
[Consolidated]

Unit: 100 million yen



## Liabilities and Net Assets

Unit: 100 million yen



1. Financial Results for Q2 of the Year  
Ending March 31, 2022
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Ending March 31, 2022**
3. Progress of the Mid-Term Management  
Plan

## Financial Forecast

No changes to net sales from previous forecast,  
but income expected to beat forecasts

\*1: Published in May 2021

Unit: 100 million yen

[Consolidated]

							Previous forecast *1		
	FY20/1H	FY20/2H	FY2020	FY21/1H results	FY21/2H forecast	FY2021 forecast	FY21/1H	FY21/2H	FY2021
Net sales	233	215	448	219	261	480	230	250	480
Operating income	16.5	13.1	29.6	18.5	24.0	42.5	17.0	23.0	40.0
ROS	7.0%	6.1%	6.6%	8.4%	9.2%	8.9%	7.4%	9.2%	8.3%
Ordinary income	15.8	12.4	28.2	17.5	23.0	40.5	16.0	22.0	38.0
Extraordinary losses	-	-	-	6.1	-	6.1	6.1	-	6.1
Net income	11.4	8.3	19.7	7.5	17.5	25.0	5.0	16.0	21.0
ROE	-	-	9.5%	-	-	11.0%	-	-	9.2%
Dividend	-	-	110 yen	-	-	200 yen	-	-	170 yen

## Dividend Forecast

Due to the upward revision in the financial forecast for FY2021, the year-end dividend has been increased by 30 yen to 200 yen.

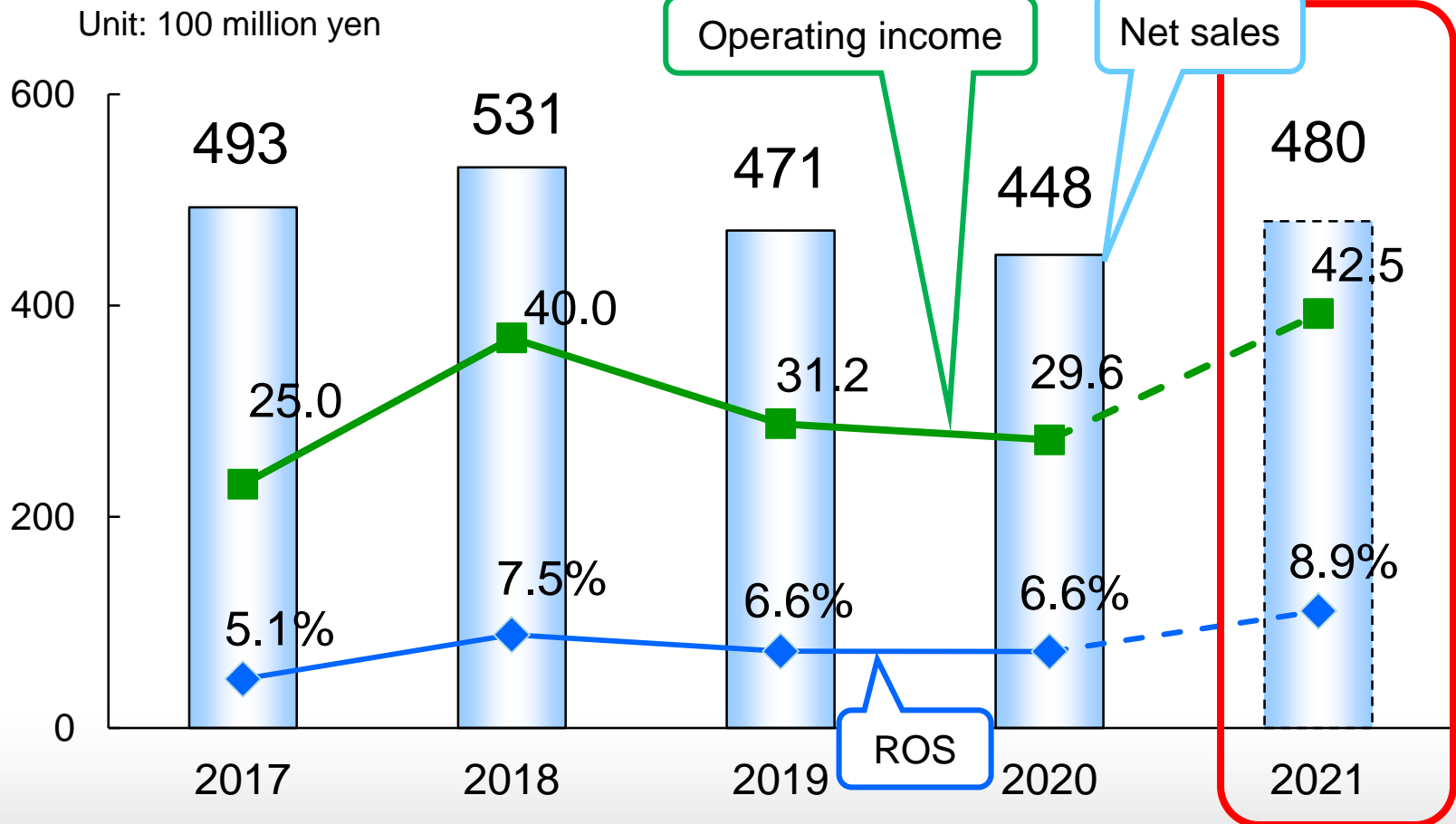
We aim to achieve a dividend payout ratio (consolidated net income) of 25% to 30%, and this dividend forecast represents the consolidated dividend payout ratio before extraordinary losses are taken into account.

	Dividend at the end of Q2	Year-end dividend	Annual dividend
Current forecast (year ending March 31, 2022)	0 yen	200 yen	200 yen
Previous forecast (year ending March 31, 2022)	0 yen	170 yen	170 yen

## Sales, Profit and ROS

Trending towards increased sales and income

[Consolidated]



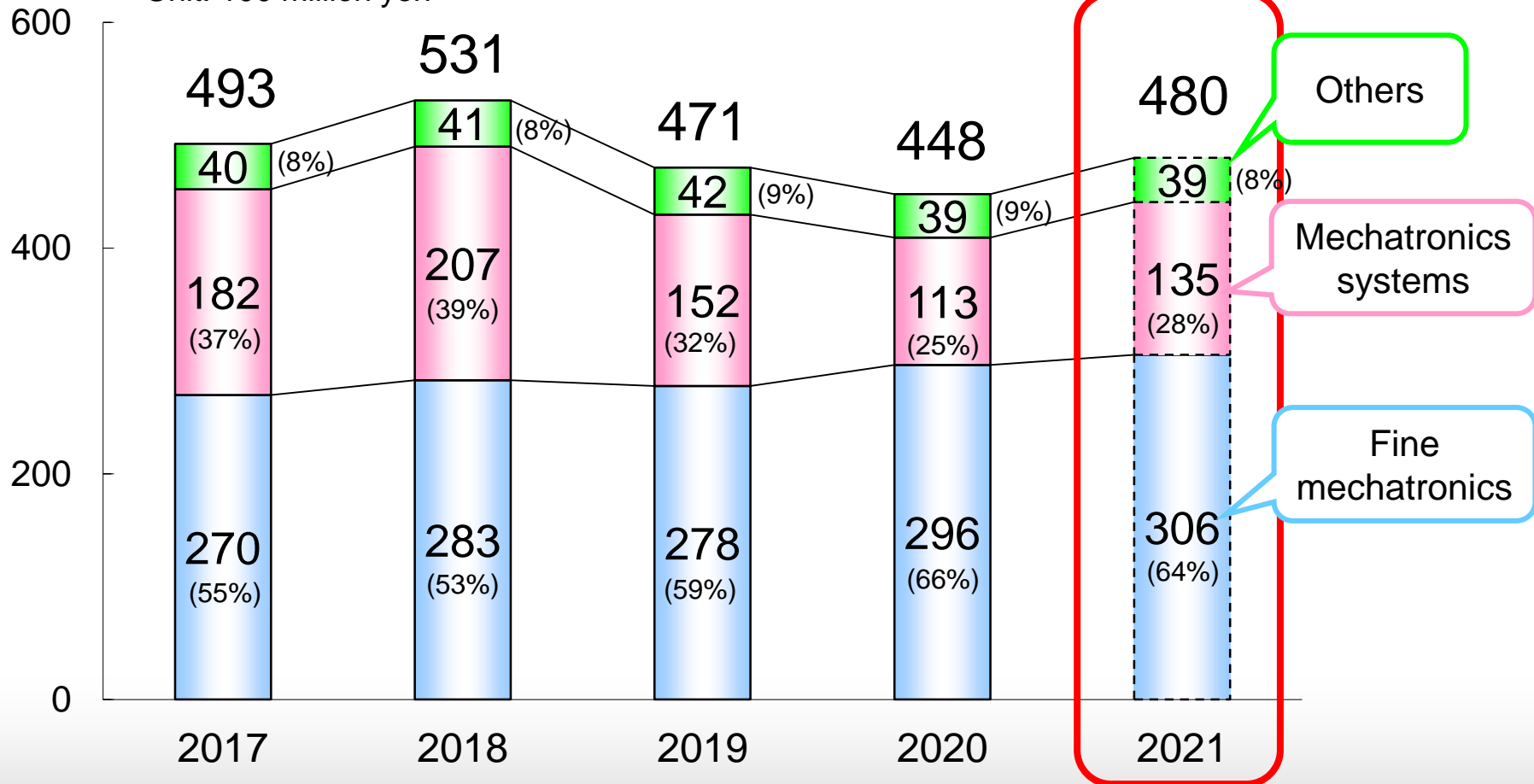
## Sales by Segment

Fine mechatronics accounts for 64%

[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



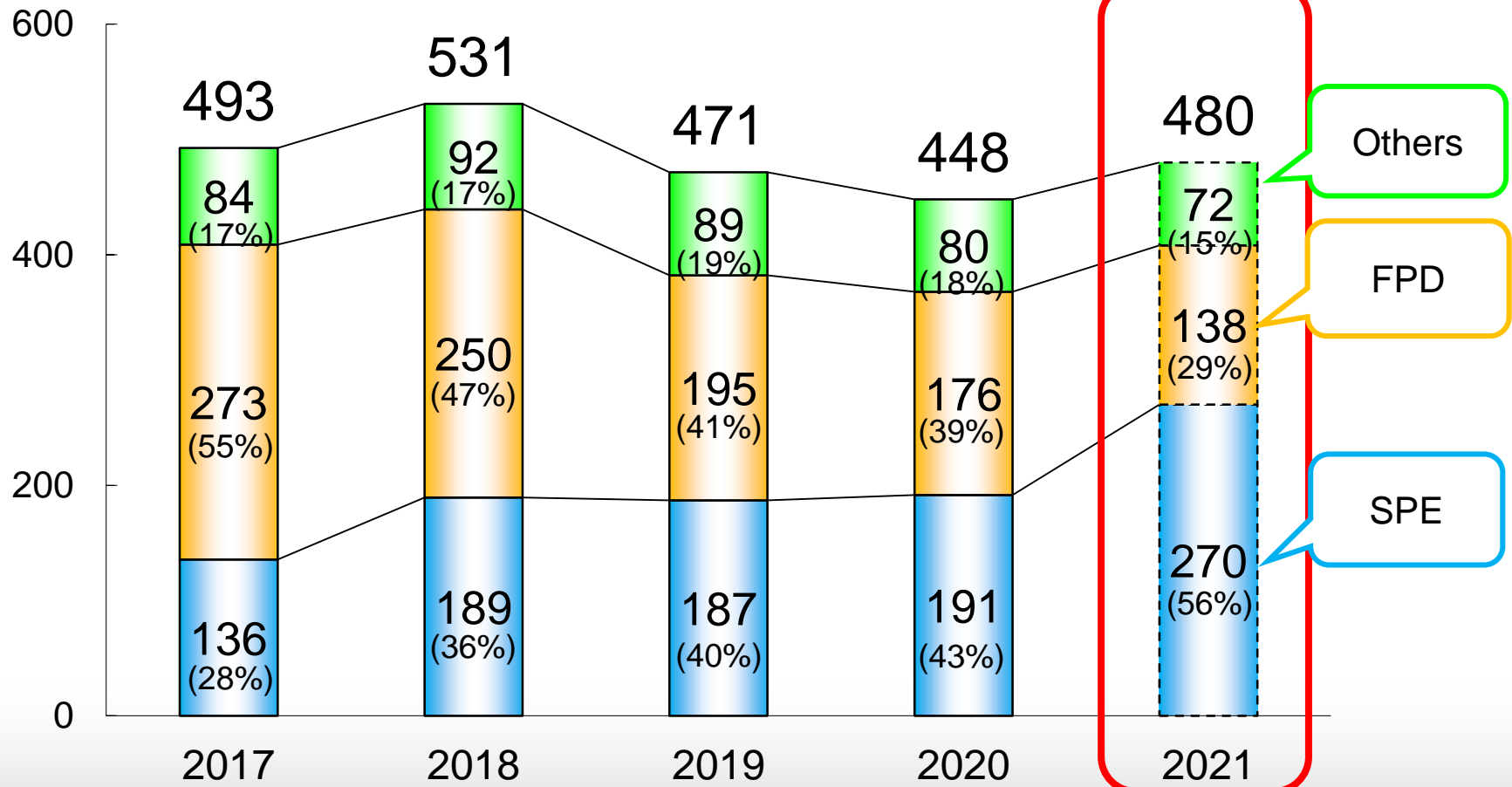
## Sales by Product Field

SPE field accounts for 56%

[Consolidated]

Unit: 100 million yen

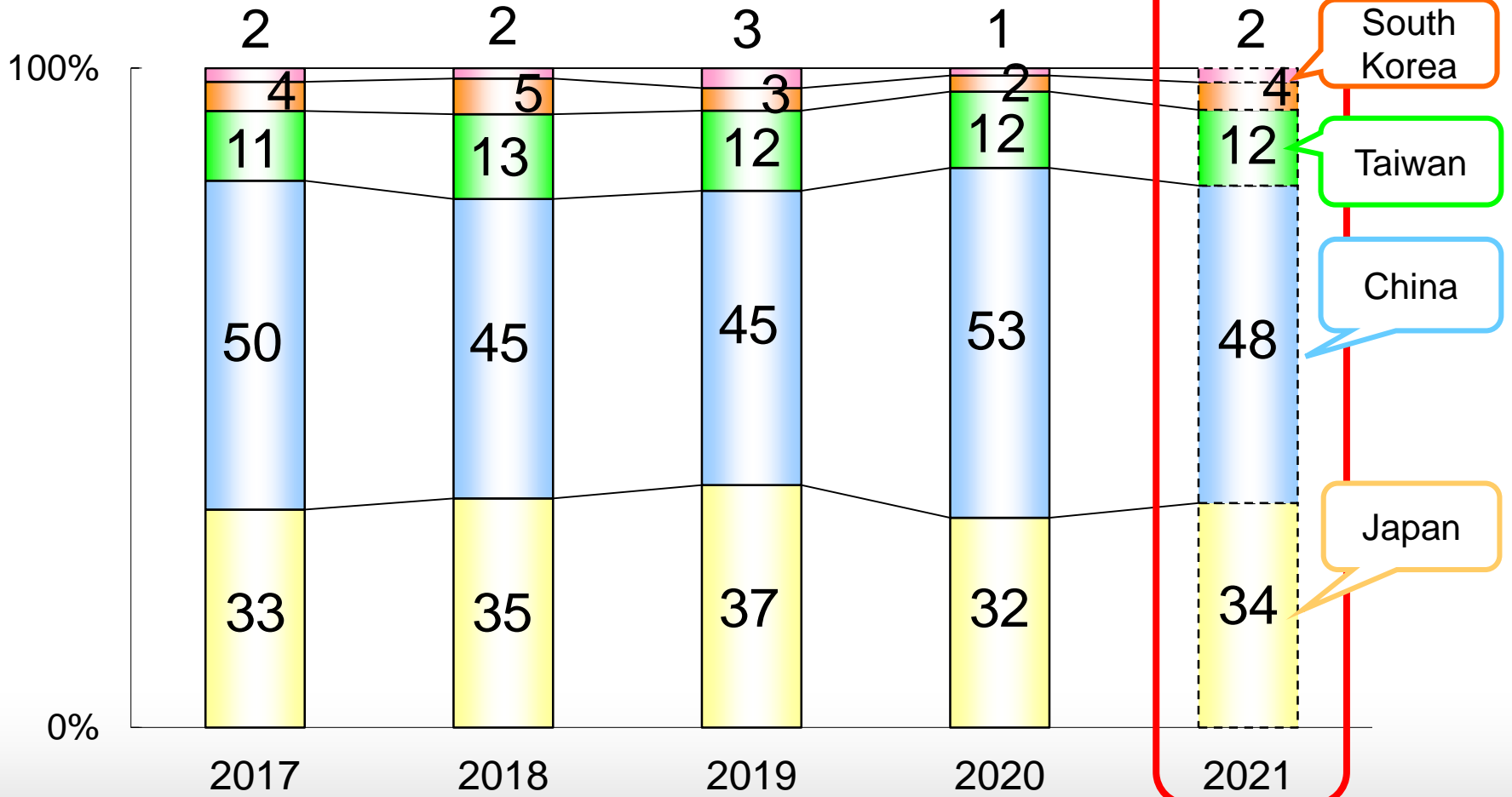
\* SPE: Front and back-end process equipment for semiconductors  
 FPD: Front and back-end process equipment for FPDs



## Sales Ratio by Destination

Overseas sales 66%  
(China: 48%)

[Consolidated]





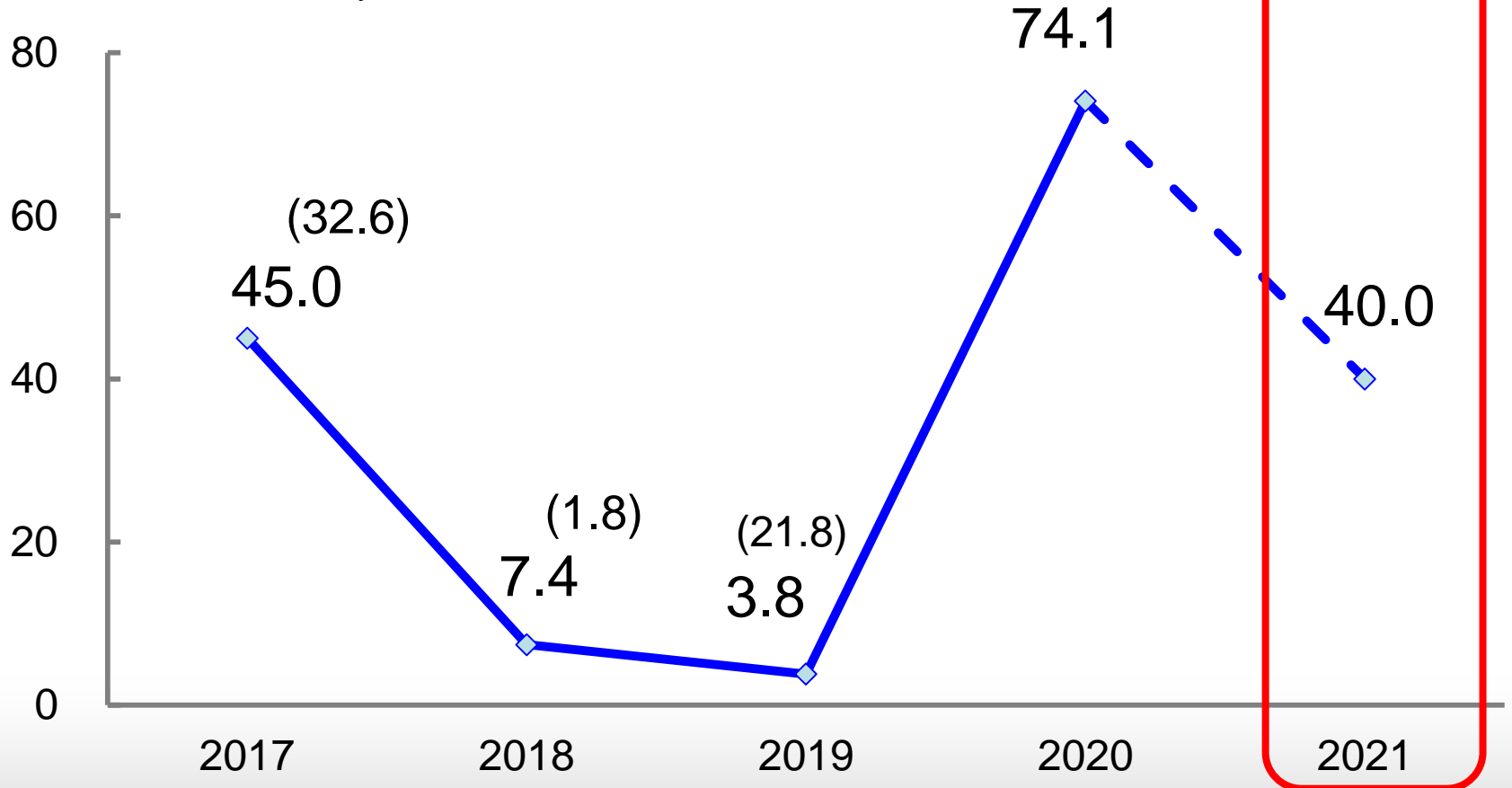
## Free Cash Flow

Previous forecast: 19.0  
→ current forecast: 40.0

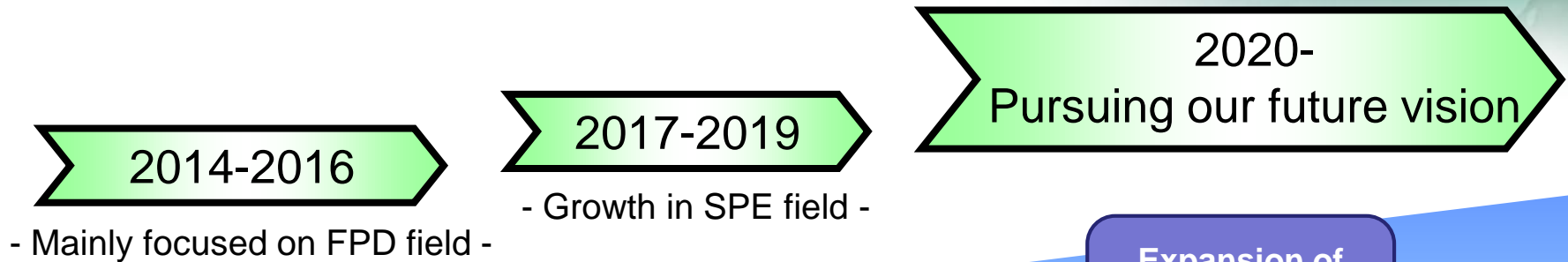
[Consolidated]

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

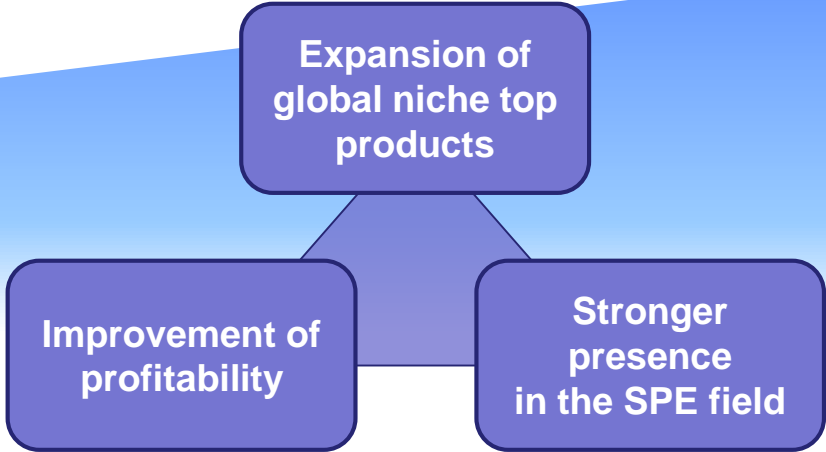
Unit: 100 million yen



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SPE



FPD

Future Vision
<ul style="list-style-type: none"> <li>◆ 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" --</li> <li>◆ 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.</li> </ul>

## Progress of the Mid-Term Management Plan

In FY2021, we expect to achieve the sales and income targets set out in the mid-term management plan.

\*1: Published in May 2021

\*2: Published in November 2020

Unit: 100 million yen

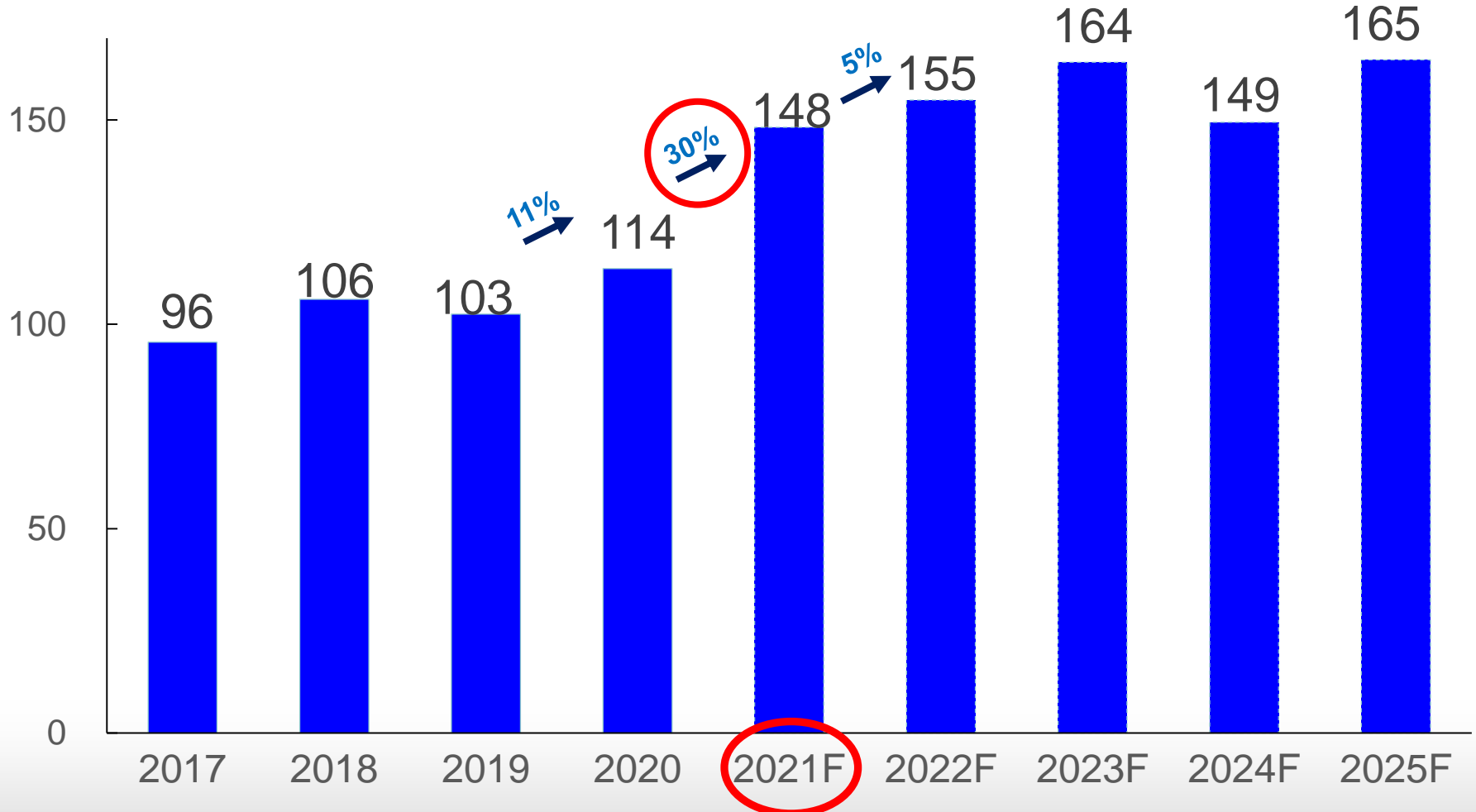
	FY2020 results	FY2021 forecast	FY2021 forecast *1	Mid-Term Management Plan Annual Targets *2		
				2020	2021	2022
Net sales	448	480	480	460	480	510
Operating income	29.6	42.5	40.0	30.0	38.5	51.0
ROS	6.6%	8.9%	8.3%	6.5%	8.0%	10.0%
Ordinary income	28.2	40.5	38.0	-	-	-
Net income	19.7	25.0	21.0	-	-	-
ROE	9.5%	11.0%	9.2%	9.5%	11.5%	13.0%

## Semiconductor Plant/Equipment Investments Forecast

Unit: Billion US\$

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

2019 – 2022 CAGR: 14.8%



## Business Environment Surrounding the Company

- Capital investment is expected to expand with the development of IoT, 5G and AI technologies.

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 and the market is forecast to expand for logic/foundry, memory, Si wafers and power devices.
- ✓ Back-end process equipment for semiconductors:  
The market for advanced packages such as 2.5D is expected to remain firm. There will be heightened expectations for new technology fusion bonding and the FO-PLP-related market will expand.

## Group of Global Niche Top Products in the current mid-term management plan

Process	Applicable Equipment	Main Applicable Products, etc.
Si wafer manufacturing	Single Si wafer cleaning equipment	300 mm wafer (prime, reclaim)
Photomask manufacturing	- Etching equipment - Single wafer cleaning equipment	Mask blank, PSM, EUV mask, Next-generation EUV mask
Wafer process	Single wafer phosphoric etching equipment	Logic / foundry
Module process	High-accuracy flip chip bonder	FO-WLP / PLP, 2.5D, CoW fusion bonding

**Topic 1**

**Topic 2**

## Other notable products

Process	Applicable Equipment	Main Applicable Products, etc.
Wafer process	Chemical dry etching equipment	Power devices CMOS image sensors

**Topic 1**

## Si wafer manufacturing / wafer process example

GNT

Group of Global Niche Top Products in the current mid-term management plan

GNT



Single Si wafer cleaning equipment (SC300 Series)

### <Features>

- Support for high-level cleanliness with single water
- Support for high productivity with move to multi-chamber
- Wide range of successful adoption of in-line connections with CMP equipment

### <Roll-out>

- Number one global market share in single wafer cleaning
- Brisk orders from increased adoption by major manufacturers and developing countries



Chemical dry etching equipment (CDE Series CDE-80,300)

### <Features>

- Isotropic chemical dry etching
- Plasma damage-free etching through remote plasma
- High-precision control of etching rate through wafer temperature control

### <Roll-out>

- Progression of steady orders for investment in power devices
- Expanding applicable processes Active promotion of next-generation materials (SiC, GaN) based etching technology development



## Module process - High-accuracy Flip Chip Bonder example

GNT



Advanced package bonder  
(TFC-6500)

### <Features>

- 2.5D advanced package application
- High accuracy
- High cleanliness

### <Roll-out>

- Growing adoption among device manufacturers, major foundries, OSAT, etc.
- Expansion of demand for automotive applications, silicon photonics field, etc.

GNT



Fusion bonder  
(TFC-6700)

### <Features>

- Fusion bonder that supports CoW
- Ultra-high accuracy
- High cleanliness

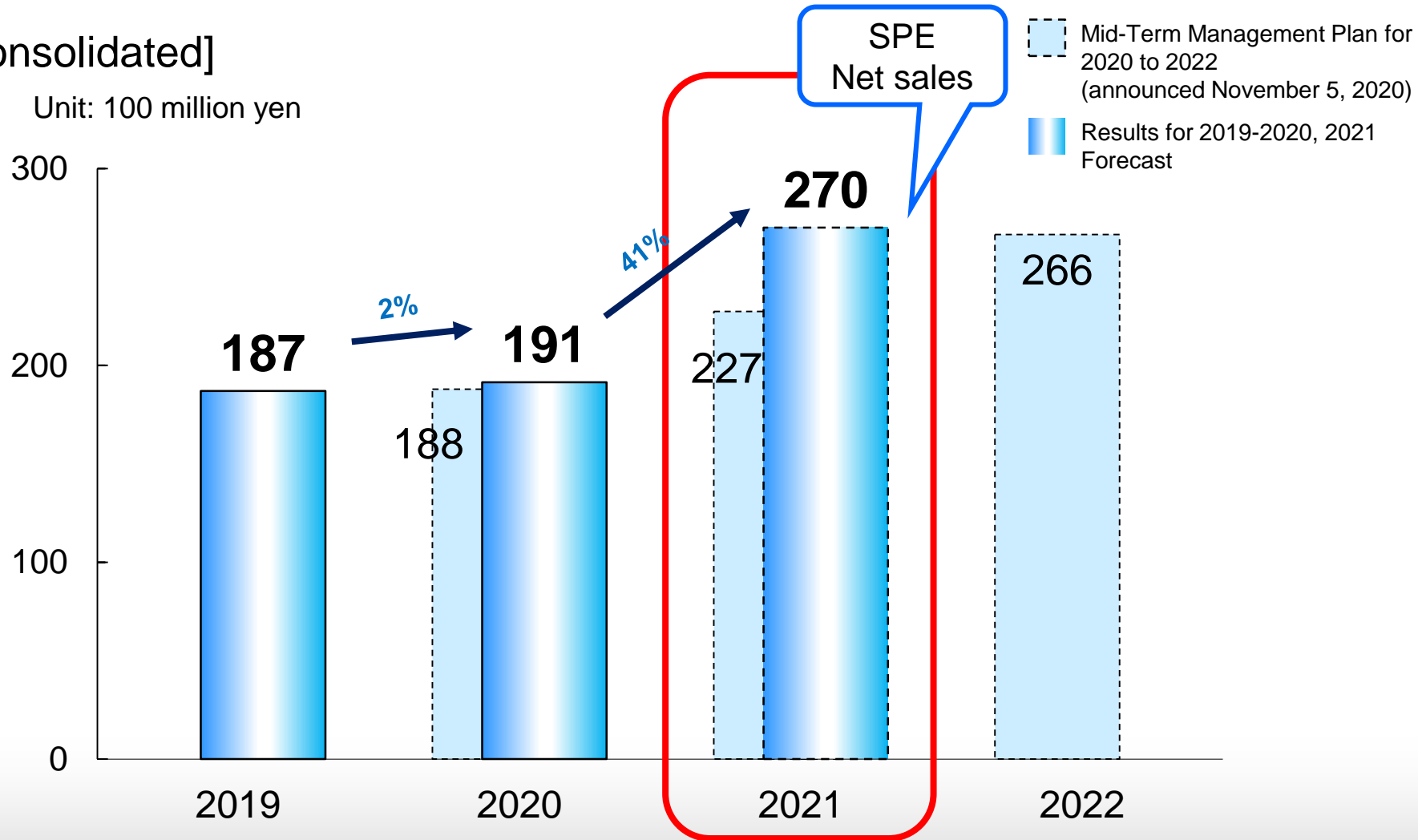
### <Roll-out>

- Currently being rolled out for application across many fields including logic semiconductors
- New market launch, order acquisition
- Driving market developments from prototype evaluation to mass production rollout

**Expansion of SPE with Global Niche Top Products at the core**

[Consolidated]

Unit: 100 million yen

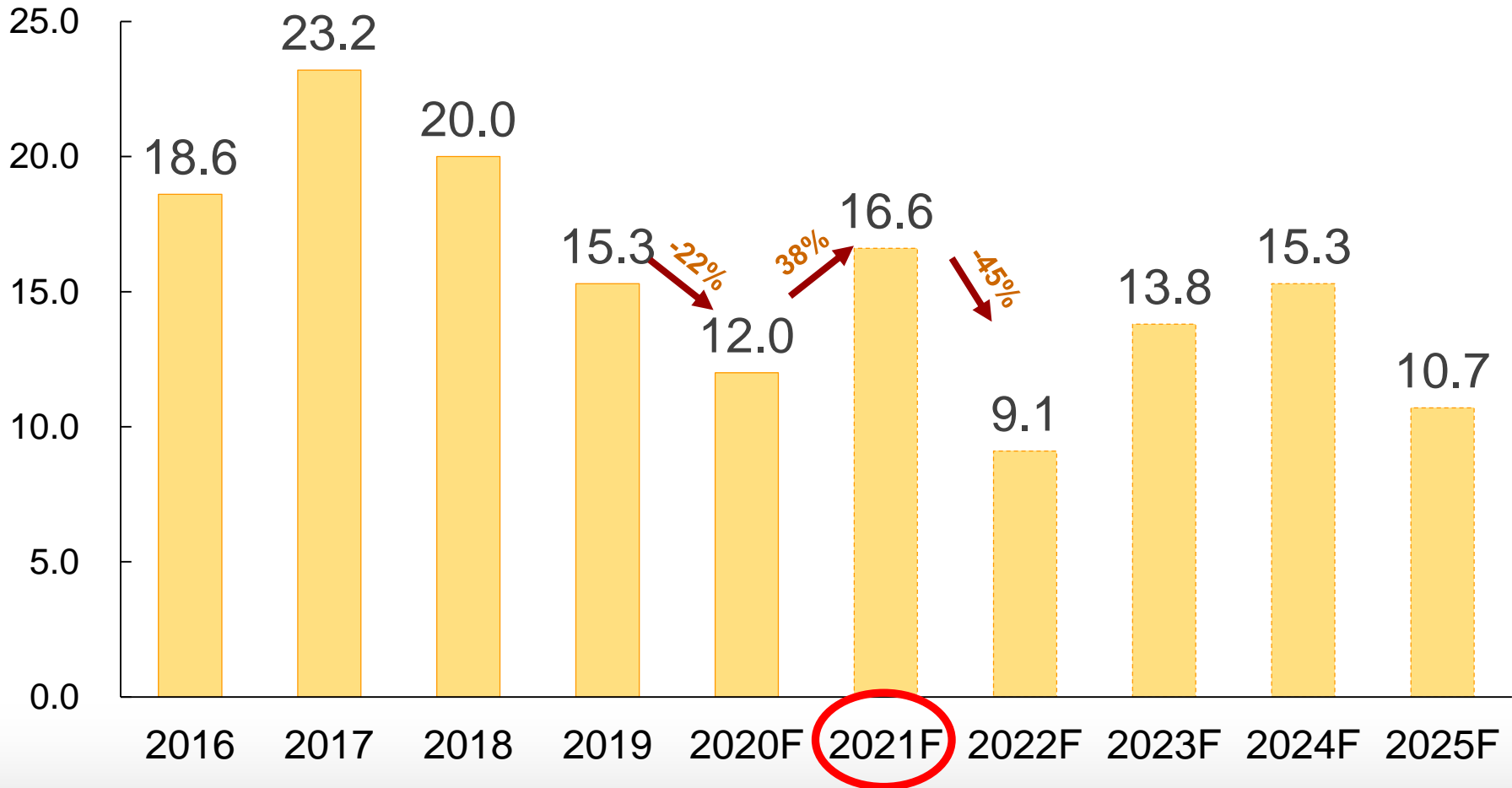


## Equipment Investments Forecast

\* Source: DSCC 2021-7  
The chart was prepared by the company.

2019 – 2022CAGR: -15.9%

Unit: Billion US\$



## 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 for TVs and IT panels, while investment timing for small- and medium-sized OLED panels will remain fluid.
- ✓ Back-end process equipment for FPDs:  
Investment is expected to continue for large and small- to medium-sized panels, and to grow particularly for monitors, automotive use and mini-LED backlight units, etc. The  $\mu$ LED market is also expected to expand.

## Examples of new FPD products



**High vacuum clean oven  
for flexible OLED  
(HV Series)**

### <Features>

- Industry's first PI curing in a vacuum
- Low dust production, control of sublimate reprecipitation and reattachment
- Drastic reduction in use of electricity and N2 gas compared with conventional (IR) method
- Significant shortening of standard curing time

### <Roll-out>

- Introduced by major panel manufacturer R&D
- Coordination with material manufacturers being strengthened
- Expected to accelerate flexible OLED investment



**Mid-size OLB  
(TTO-H3000M)**

### <Features>

- High accuracy
- High throughput
- Caters to a wide range of customer needs by combining various applied panel sizes with high accuracy technologies

### <Roll-out>

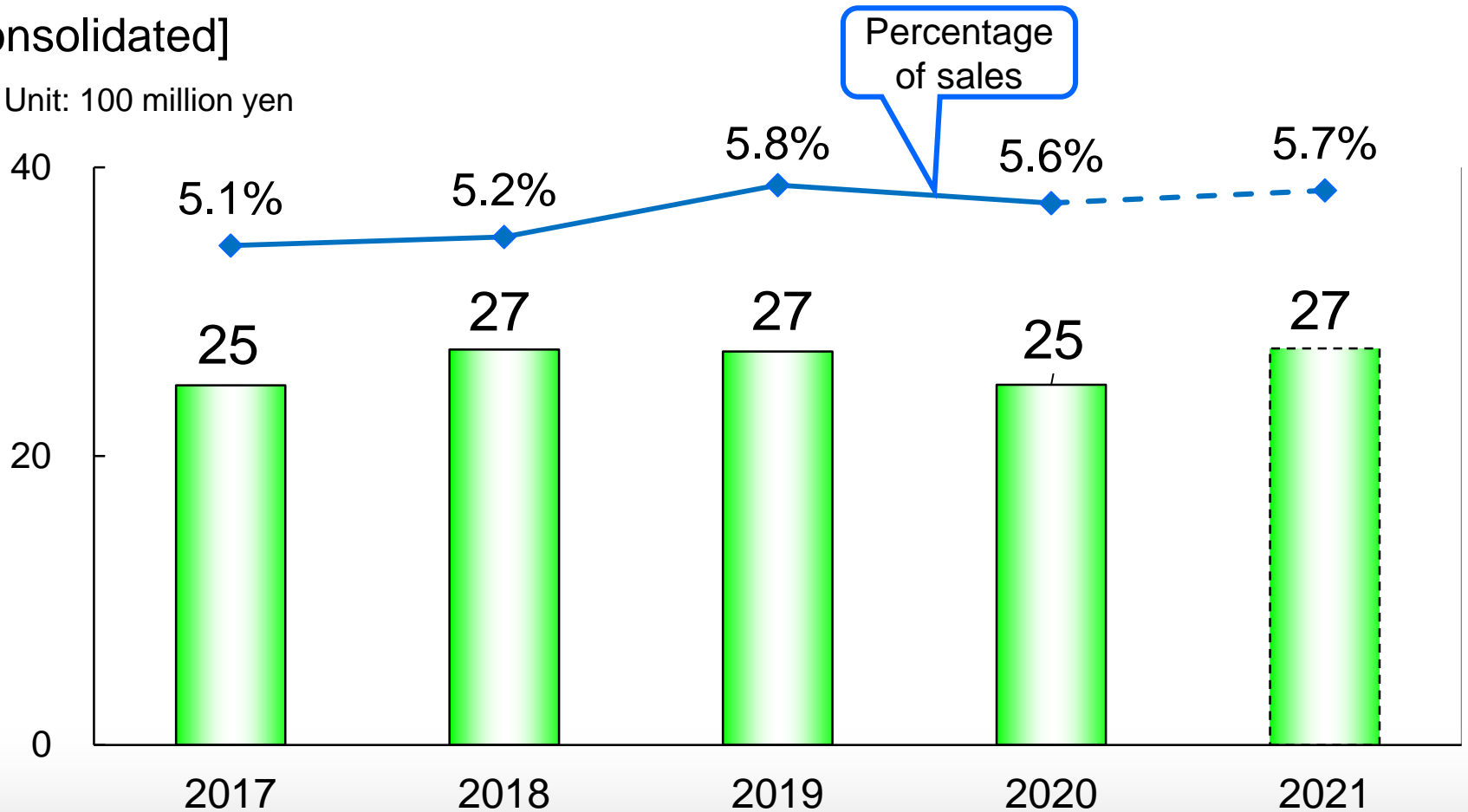
- Currently focusing on evaluations with customers ahead of market launch of new models equipped with proprietary technology
- Willing to expand market share in the monitor and automotive markets

## R&D Expenses

Accelerated development in the SPE field

[Consolidated]

Unit: 100 million yen

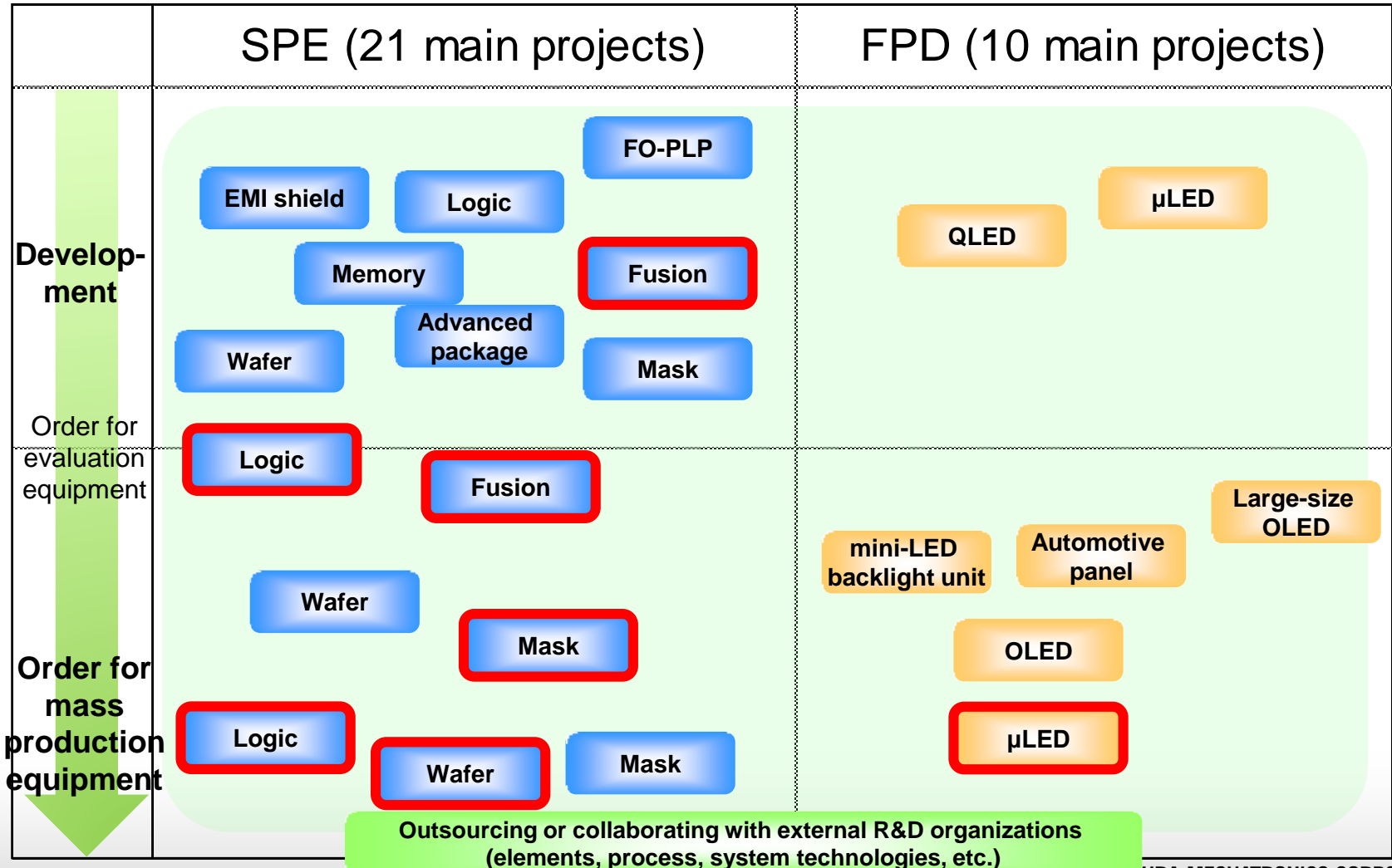


## Collaboration with Other Companies (i)

- 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 31 major themes in total (23 previously). Progress is steady with wafers, masks, logic, fusion and  $\mu$ LED in particular, contributing to business expansion.

## Collaboration with Other Companies (ii)

\* Multiple projects that fall under the same theme for which similar progress has been made are displayed together.



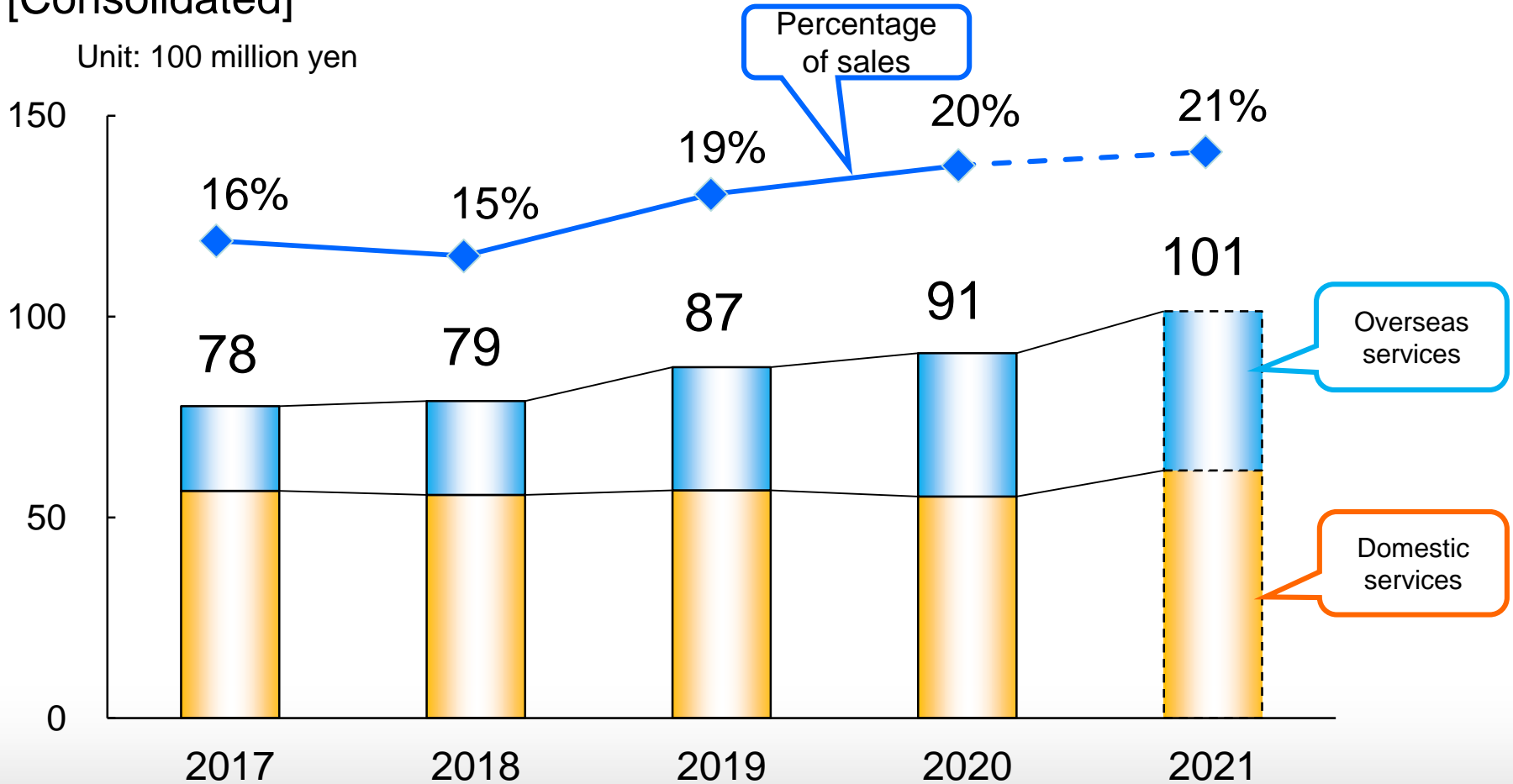


## Service Business Net Sales

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

[Consolidated]

Unit: 100 million yen

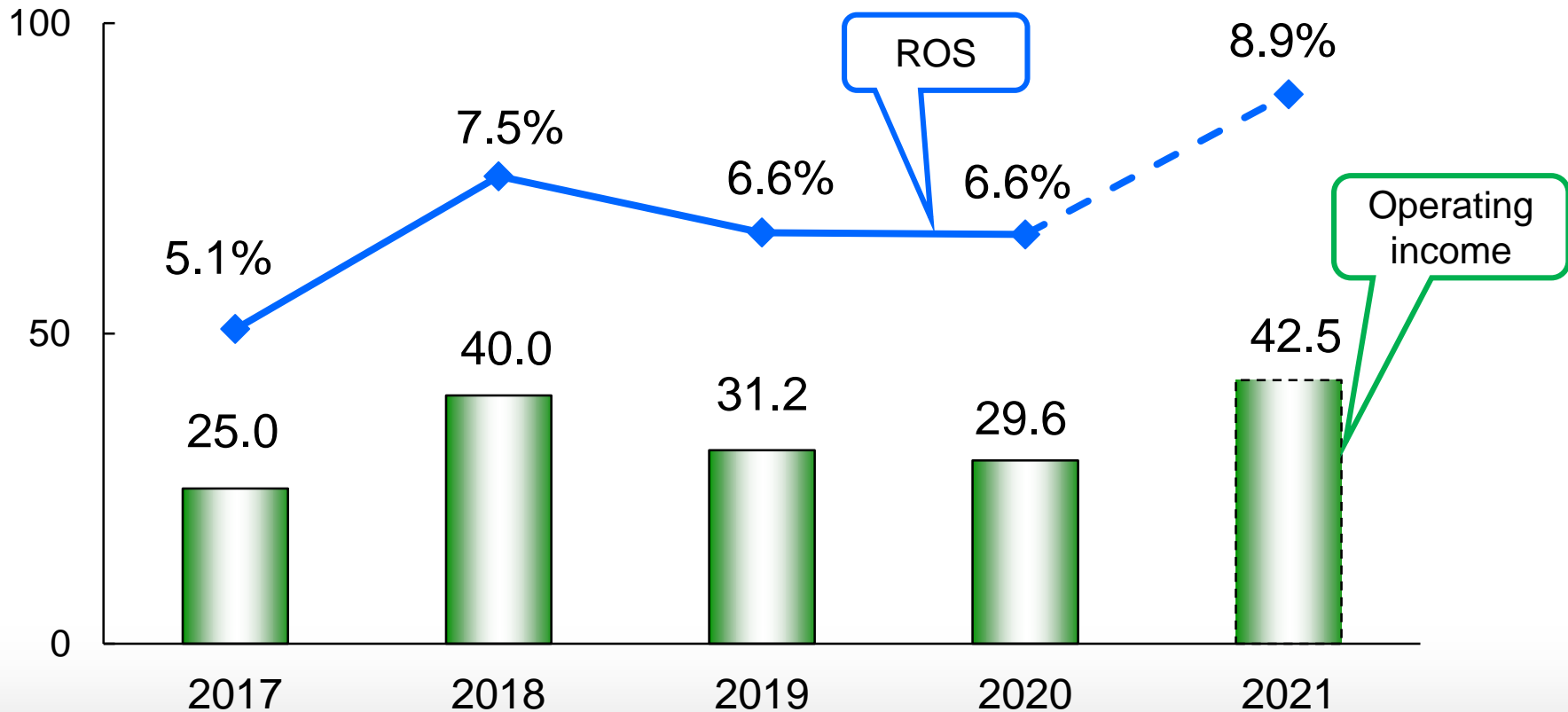


## ROS Improvement

Improved ROS due to the expansion of high value-added products, such as those in the SPE field  
 Target: 10% in FY2022

[Consolidated]

Unit: 100 million yen



## Product Target

Ratio of environmentally conscious products  
Target: At least 85% of net sales

## Business process Target

Energy consumption at business office<sup>\*1</sup>  
Target: 1% reduction year on year

Zero emission ratio<sup>\*2</sup>  
Target: 0.5% or less

\*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