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# 2024.3 First-Quarter Results

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July 28, 2023

**Enplas Corporation**

# Agenda

## Financial Results

- **2024.3 First-Quarter Results**
- **2024.3 Financial Forecast**

## Our Approach to Enhancing Corporate Value

- **Analysis & Targets**
- **Our Approach to Enhancing Corporate Value**
- **Business Strategy**
- **Cash Allocation**

# Financial Results

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# 2024.3 First-Quarter Financial Results

(100 million yen)

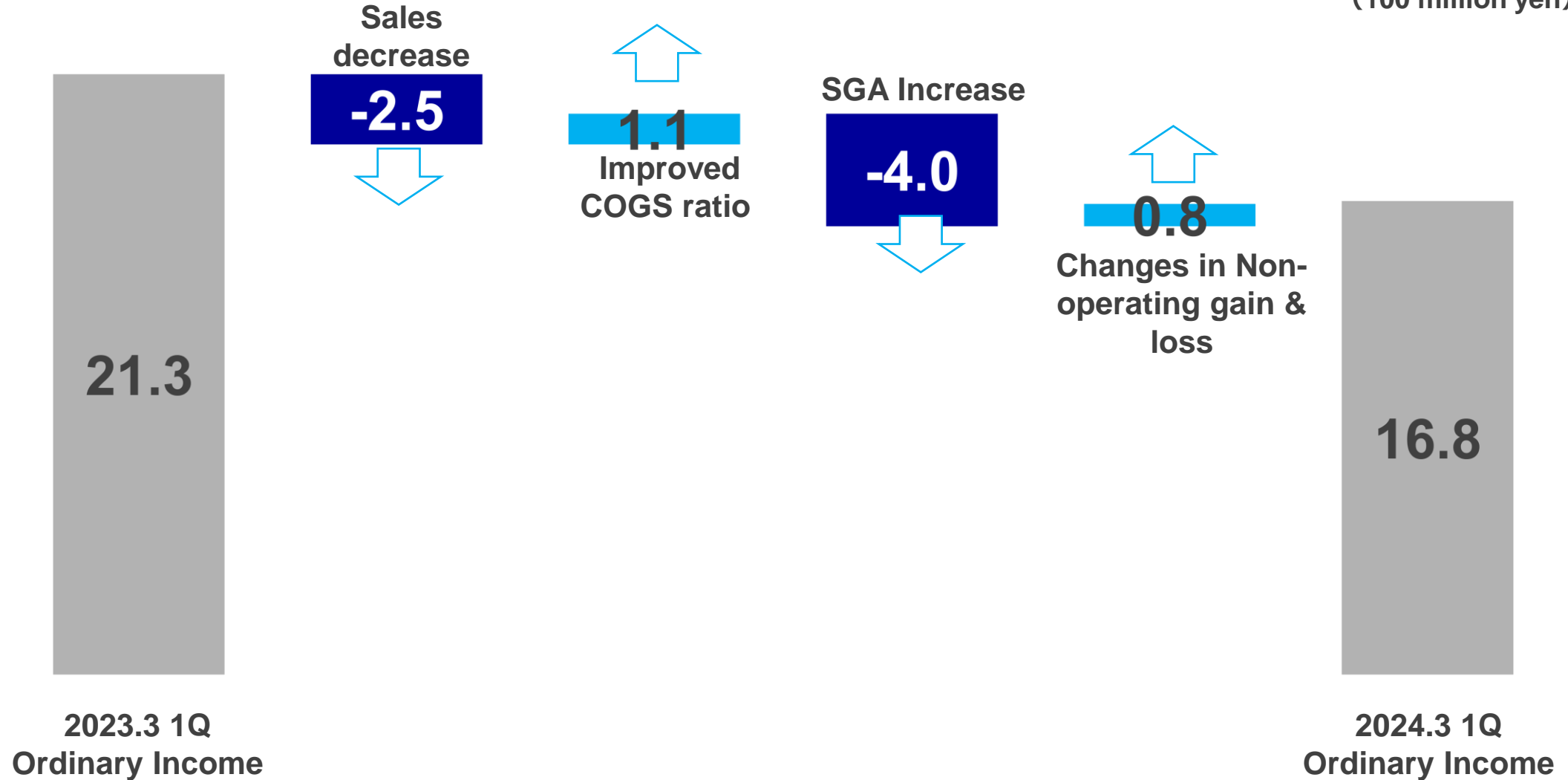
	2023.3	2024.3		(Reference) Plan
	1Q Results	1Q Results	Change	
Sales	101.1	97.1	-4.0%	195.0
COGS Ratio	53.7%	53.2%	-0.5pt	52.5%
Operating Income	19.5	14.1	-27.9%	27.0
Ordinary Income	21.3	16.8	-21.4%	27.0
Profit attributable to owners of parent	15.0	7.3	-51.0%	19.0
Earnings Per Share	170.44yen	83.42yen	-87.02yen	215.36yen
Average Foreign Exchange rate (US\$)	129.03yen	138.11yen	+9.08yen	(Planned rate) 130.00yen

\*FX sensitivity (US\$): Sales Approx. 200 million yen / Operating income Approx. 150 million yen

# 2024.3 First-Quarter Ordinary Income Analysis

<2024.3 First-Quarter vs. 2023.3 First-Quarter>

(100 million yen)



# 2024.3 First-Quarter Results by Segment

(100 million yen)

		2023.3	2024.3	
		1Q Results	1Q Results	Change
<b>Semiconductor</b>	Sales	<b>56.6</b>	<b>46.7</b>	<b>-17.5%</b>
	COGS Ratio	<b>49.9%</b>	<b>50.3%</b>	<b>+0.4pt</b>
	Operating Income	<b>14.5</b>	<b>8.5</b>	<b>-41.4%</b>
<b>Life Science</b>	Sales	<b>7.9</b>	<b>6.0</b>	<b>-23.0%</b>
	COGS Ratio	<b>54.5%</b>	<b>63.9%</b>	<b>+9.4pt</b>
	Operating Income	<b>-1.0</b>	<b>-3.5</b>	<b>-</b>
<b>Digital Communication</b>	Sales	<b>9.4</b>	<b>14.4</b>	<b>+53.5%</b>
	COGS Ratio	<b>38.6%</b>	<b>23.5%</b>	<b>-15.1pt</b>
	Operating Income	<b>3.5</b>	<b>7.8</b>	<b>+119.6%</b>
<b>Energy Saving Solution</b>	Sales	<b>27.2</b>	<b>29.8</b>	<b>+9.8%</b>
	COGS Ratio	<b>66.6%</b>	<b>70.0%</b>	<b>+3.4pt</b>
	Operating Income	<b>2.5</b>	<b>1.3</b>	<b>-47.5%</b>

# Quarterly Results

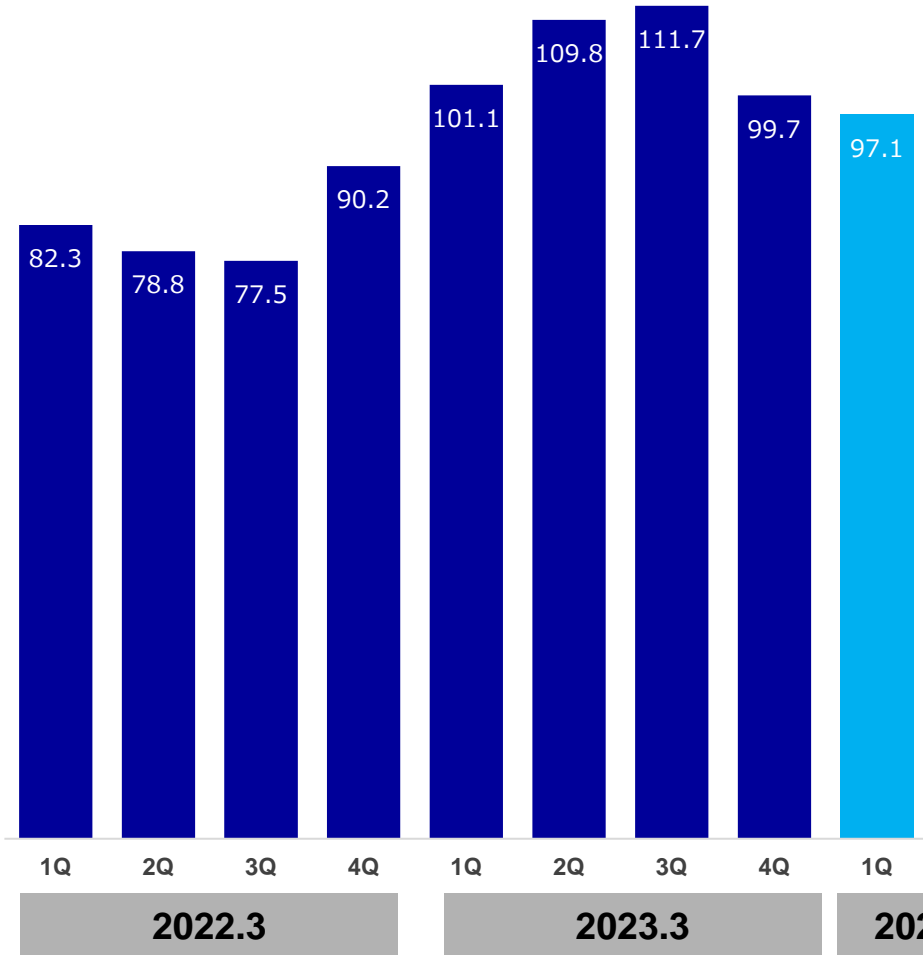
(100 million yen)

	2023.3				2024.3
	1Q	2Q	3Q	4Q	1Q
Sales	<b>101.1</b>	<b>109.8</b>	<b>111.7</b>	<b>99.7</b>	<b>97.1</b>
COGS Ratio	<b>53.7%</b>	<b>51.4%</b>	<b>49.4%</b>	<b>52.1%</b>	<b>53.2%</b>
Operating Income	<b>19.5</b>	<b>23.9</b>	<b>27.0</b>	<b>17.5</b>	<b>14.1</b>
Ordinary Income	<b>21.3</b>	<b>23.6</b>	<b>24.4</b>	<b>18.3</b>	<b>16.8</b>
Profit attributable to owners of parent	<b>15.0</b>	<b>2.5</b>	<b>18.7</b>	<b>9.8</b>	<b>7.3</b>
Earnings Per Share	<b>170.44<sub>yen</sub></b>	<b>29.45<sub>yen</sub></b>	<b>212.33<sub>yen</sub></b>	<b>111.74<sub>yen</sub></b>	<b>83.42<sub>yen</sub></b>

# Quarterly Results

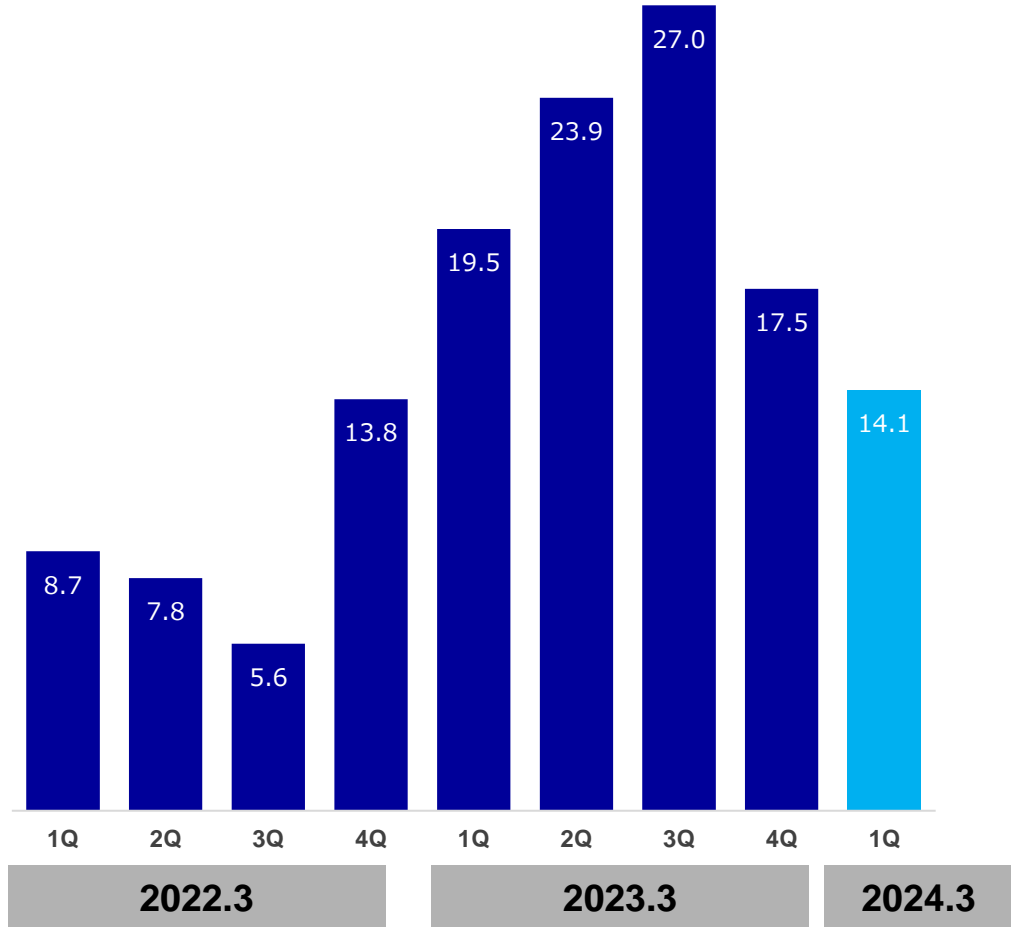
<Sales>

(100 million yen)



<Operating Income>

(100 million yen)





# Quarter Results by Segment

(100 million yen)

		2023.3				2024.3
		1Q	2Q	3Q	4Q	1Q
Semiconductor	Sales	<b>56.6</b>	<b>59.8</b>	<b>64.4</b>	<b>53.3</b>	<b>46.7</b>
	COGS Ratio	49.9%	46.3%	45.5%	45.7%	50.3%
	Operating Income	<b>14.5</b>	<b>16.7</b>	<b>19.4</b>	<b>14.3</b>	<b>8.5</b>
Life Science	Sales	<b>7.9</b>	<b>9.5</b>	<b>7.8</b>	<b>5.6</b>	<b>6.0</b>
	COGS Ratio	54.5%	52.7%	54.0%	67.2%	63.9%
	Operating Income	<b>-1.0</b>	<b>-0.5</b>	<b>-0.9</b>	<b>-3.8</b>	<b>-3.5</b>
Digital Communication	Sales	<b>9.4</b>	<b>9.0</b>	<b>9.6</b>	<b>9.6</b>	<b>14.4</b>
	COGS Ratio	38.6%	34.5%	31.1%	28.4%	23.5%
	Operating Income	<b>3.5</b>	<b>3.8</b>	<b>4.3</b>	<b>4.0</b>	<b>7.8</b>
Energy Saving Solution	Sales	<b>27.2</b>	<b>31.3</b>	<b>29.7</b>	<b>31.0</b>	<b>29.8</b>
	COGS Ratio	66.6%	65.5%	62.7%	67.8%	70.0%
	Operating Income	<b>2.5</b>	<b>3.9</b>	<b>4.1</b>	<b>2.8</b>	<b>1.3</b>

# Financial Results Overview

## 2024.3 First-Quarter Financial Results

### ■ Summary

- YoY sales and profit decreased, due to sales decrease in Semiconductor business, despite continued earnings growth in optical fiber lens in Digital Communication business.  
(Sales -4.0%, Operating Income -27.9%, Profit attributable to owners of parent -51.0%)

### ■ Segment

#### <Semiconductor business>

- Sales decreased due to continuing adjustments in semiconductor demand.
- The recovery of demand adjustments has been slower than initially expected, but the demand is expected to increase in the medium term.

#### <Life Science business>

- YoY sales decrease due to customers' production adjustments, etc.

#### <Digital Communication business>

#### Sales and profit growth

- In optical fiber lens, sales increased due to growth in high-end areas such as AI applications.
- Generative AI market is expanding due to advances in generative AI technology and beginning of social implementation.
- Maintain our high market share and expand its share through Value Engineering proposals and strengthening supply chain.

#### <Energy Saving Solution business>

- Sales increased due to the recovery of automotive production.

# Financial Results Overview

## ➤ SGA

(100 million yen)

2023.3 1Q	2024.3 1Q	Change
27.2	31.3	+4.1

- Labor cost: +1.9
- Traveling and transportation expenses: +0.6
- Research & development expense: +0.4

## ➤ Non-operating profit and loss

(100 million yen)

2023.3 1Q	2024.3 1Q	Change
1.8	2.6	+0.8

- FX gain: 1.8 (FX gain for 2023.3 1Q: 2.5)

## ➤ Extra-ordinary profit and loss

(100 million yen)

2023.3 1Q	2024.3 1Q	Change
0.1	-2.6	-2.7

2024.3 1Q

- Provision of allowance for doubtful accounts: 1.5
- Provision for loss on disaster: 1.0

# 2024.3 First-Quarter Actions Implemented

## New Corporate Philosophy



## Opened a New Plant in Vietnam

Opened an IC socket assembly plant in Thang Long Industrial Park (Vinh phuc) for Enplas (Vietnam) Co., Ltd., a consolidated subsidiary.

## Sustainability initiatives

Enplas' sustainability initiatives, including climate change issues (reporting based on TCFD recommendations), are going to disclosed on our website.

**Top-priority issue: "Contributing to essential business fields that enhance QOL for people and the planet"**

Initiative		KPI	SDGs
<b>Business</b>	<p><b>Transition business portfolio toward essential fields</b> Aim to solve societal issues and create economic value by providing solutions that are essential for people to live safely and comfortably, and that contribute to the development of society with a low environmental impact. Specific trajectories for each business segment are described below.</p> <p><b>Semiconductor</b> Provide smart society solutions that make safe, secure, comfortable and clean living possible.</p> <p><b>Life Science</b> Provide products and solutions that contribute to safe, secure and reliable healthcare.</p> <p><b>Digital Communication</b> Provide solutions for the digital infrastructure industry that help create an enriched society.</p> <p><b>Energy Saving Solution</b> Contribute to energy efficiency improvements by providing solutions in the areas of mobility electrification, lightweighting, and safety.</p>	Percentage of revenue from essential business fields	     
<b>Environment</b>	<p><b>Increase productivity, reduce environmental impact</b> Reduce environmental impacts of Enplas Group operations (i.e., electricity use, plastic waste) through increases in productivity.</p>	Scope 1 and Scope 2 GHG emissions intensity (GHG emissions ÷ net sales) Resin material wastage rate (resin material waste ÷ resin material inputs)	 
<b>Human capital</b>	<p><b>Organizational development</b> Foster team members who can innovate in providing solutions to societal challenges in essential business fields.</p>	Investment in organizational development (amount of investment in training and engagement events)	  

<https://www.enplas.co.jp/english/company/governance/>

# 2024.3 Financial Forecast

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# 2024.3 Financial Forecast

(100 million yen)

	2024.3	2024.3	
	1Q Results	1 <sup>st</sup> Half	Full-year
Net Sales	<b>97.1</b>	<b>195.0</b>	<b>425.0</b>
COGS Ratio	<b>53.2%</b>	<b>52.5%</b>	<b>52.1%</b>
Operating Income	<b>14.1</b>	<b>27.0</b>	<b>70.0</b>
Ordinary Income	<b>16.8</b>	<b>27.0</b>	<b>70.0</b>
Profit attributable to owners of parent	<b>7.3</b>	<b>19.0</b>	<b>50.0</b>
Net Income Per Share	<b>83.42<sub>yen</sub></b>	<b>215.36<sub>yen</sub></b>	<b>566.74<sub>yen</sub></b>
Dividends Per Share	<b>-</b>	<b>30.00<sub>yen</sub></b>	<b>60.00<sub>yen</sub></b>

\*No changes

# 2024.3 Financial Forecast by Segment

(100 million yen)

	2024.3 (April Forecast)		2024.3 (Revised)	
	1 <sup>st</sup> Half	Full-year	1 <sup>st</sup> Half	Full-year
Semiconductor	<b>102.0</b>	<b>226.0</b>	<b>90.0</b>	<b>208.0</b>
Life Science	<b>15.0</b>	<b>33.0</b>	<b>14.0</b>	<b>28.0</b>
Digital Communication	<b>18.0</b>	<b>38.0</b>	<b>30.0</b>	<b>60.0</b>
Energy Saving Solution	<b>60.0</b>	<b>128.0</b>	<b>61.0</b>	<b>129.0</b>

# 2024.3 Capital Expenditures, Depreciation, R&D (Reference)

(100 million yen)

	2023.3	2024.3	2024.3
	Results	1Q Results	Full-year
Capital expenditures	23.7	9.4	40.0
Depreciation	22.4	5.2	28.0
R&D	12.8	3.2	18.0

\*No changes

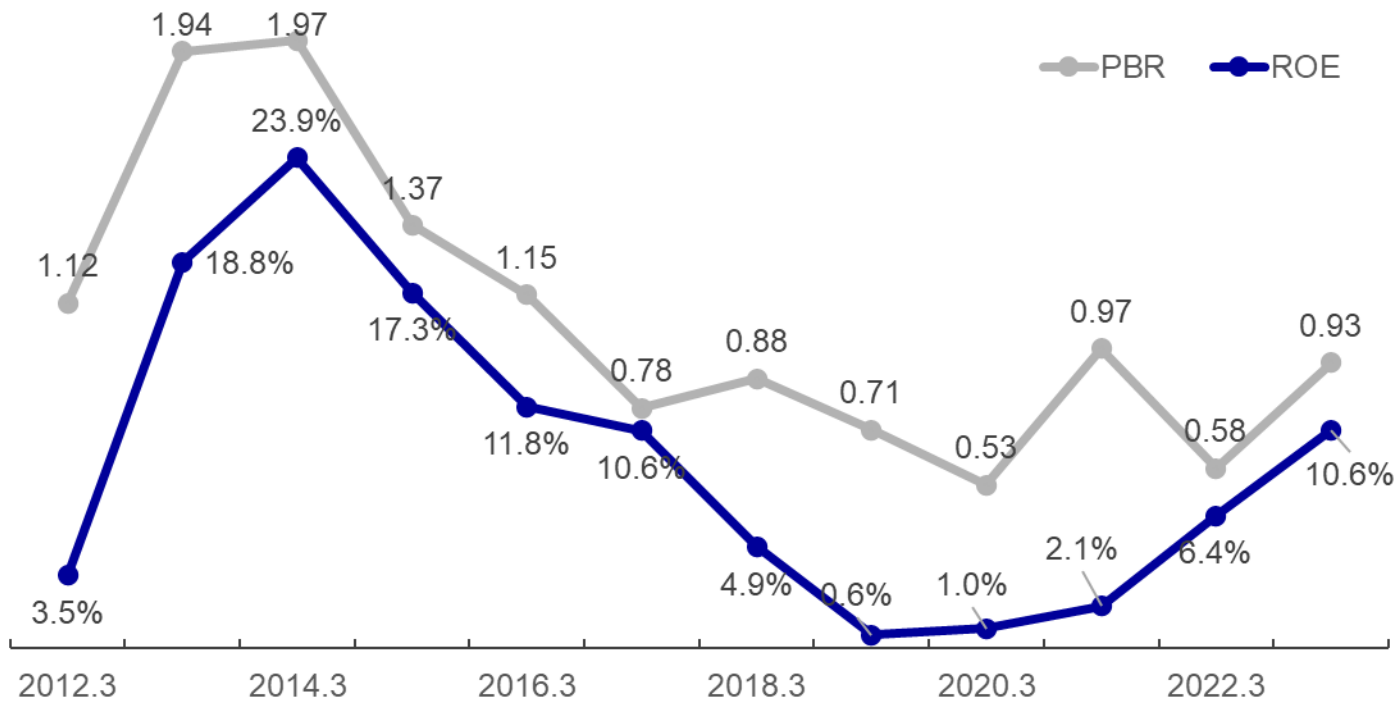


# **Our Approach to Enhancing Corporate Value**

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# Analysis & Targets

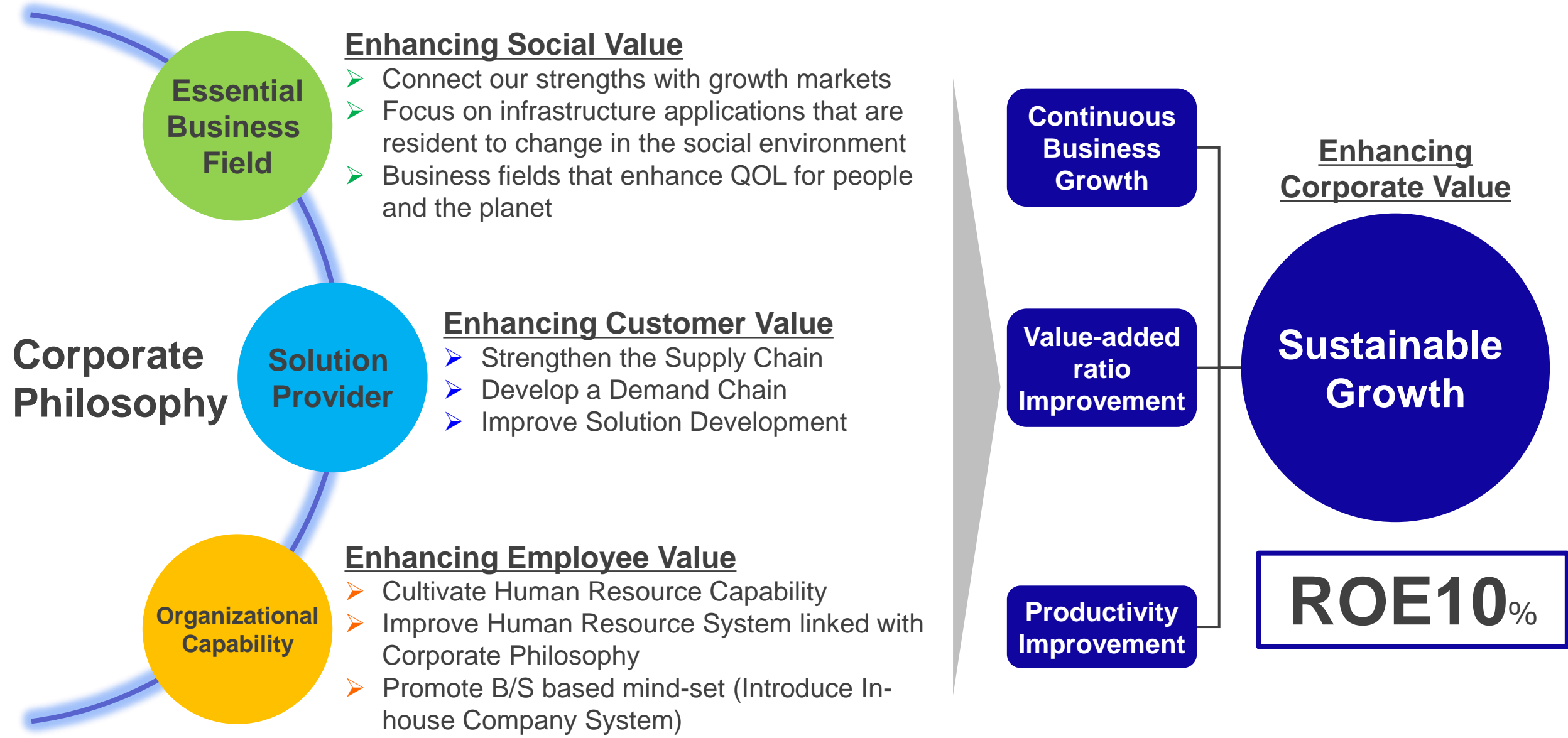
- Based on past performance, our ROE and PBR are highly correlated.
- Assumes cost of equity in the 7%-9% range.



Mid- & Long-term Targets  
**ROE 10% or more**

**Aiming for Sustainable Growth**

# Our Approach to Enhancing Corporate Value



# Business Strategy: Semiconductor Business

## Environment

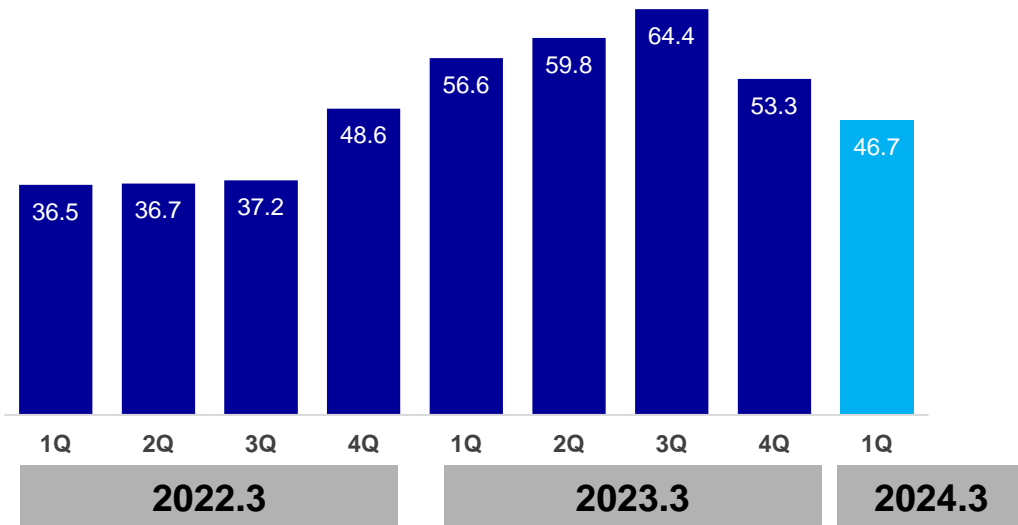
- Demand for automotive is strong, although the market for server and mobile applications continues to decline.
- Demand for server and automotive applications, on which Enplas focuses, is expected to continue to increase, despite concerns of an adjustment in demand for semiconductors.

## Strategy

- To handle changes, develop a demand chain and strengthen the supply chain.
- Strengthen a solution development system

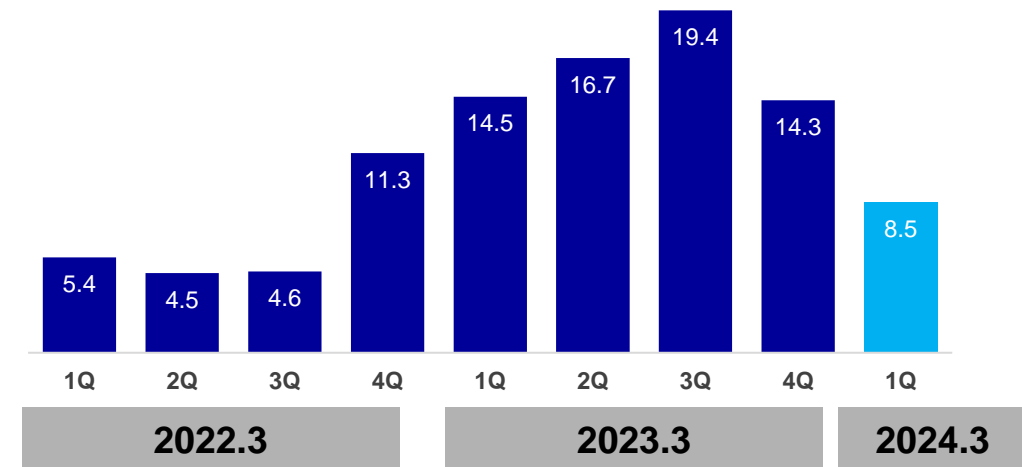
### <Sales>

(100 million yen)



### <Operating Income>

(100 million yen)



# Business Strategy: Life Science Business

## Environment

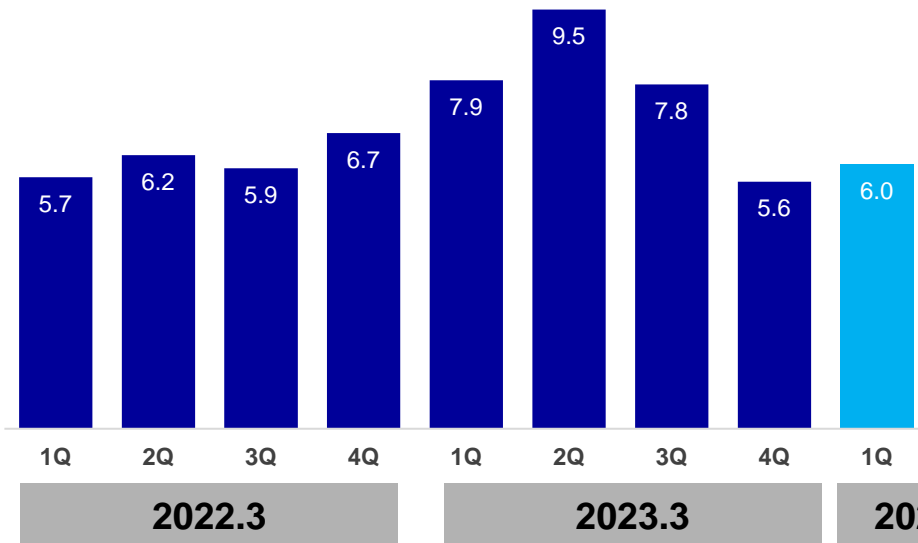
- Expect growth of the genetic testing market in Life Science business.
- Increasing demand for immediate clinical field testing and home-use clinical testing devices.

## Strategy

- Clarify segments/applications and focus on high-function/high-value-added devices.
- Aiming to become profitable in the next fiscal year.

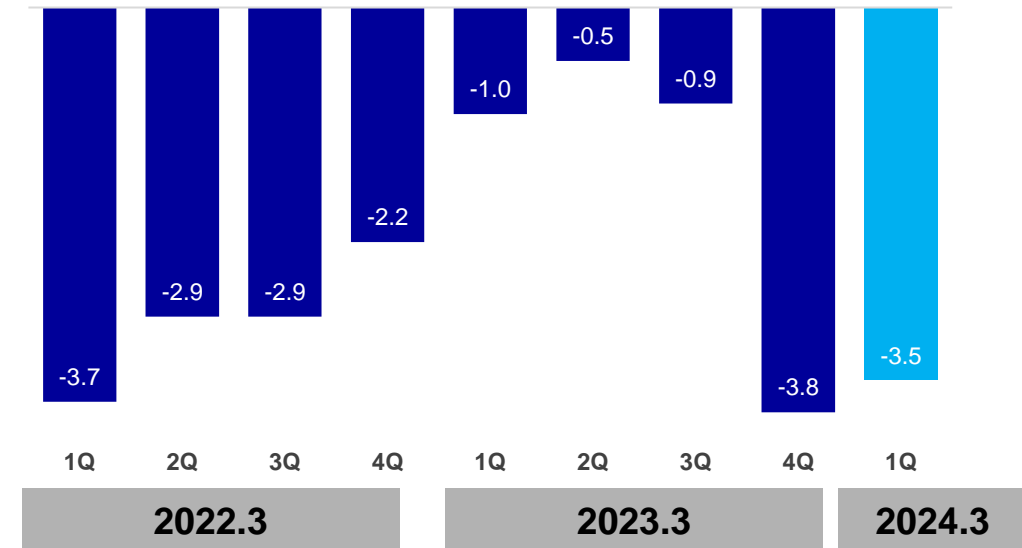
### <Sales>

(100 million yen)



### <Operating Income>

(100 million yen)



# Business Strategy: Digital Communication Business

## Environment

- In Optical fiber lens, business opportunities will expand due to advances in generative AI tech.
- In LED diffusion lens, sales declined due to the impact of lower demand.

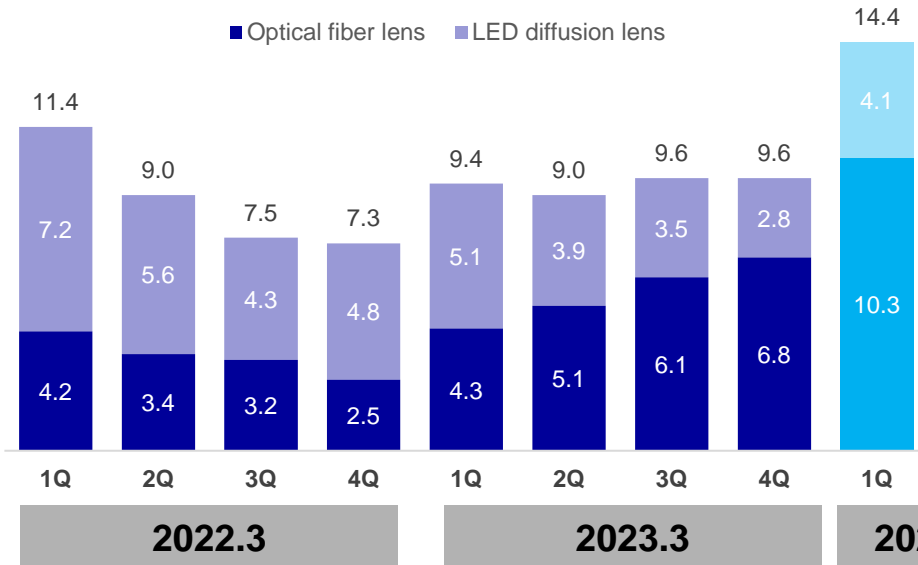
## Strategy

- In Optical fiber lens, maintain our high market share and expand its share through Value Engineering proposals and strengthening supply chain.
- In LED diffusion lens, secure profitability in existing areas and develop new solutions.

### <Sales>

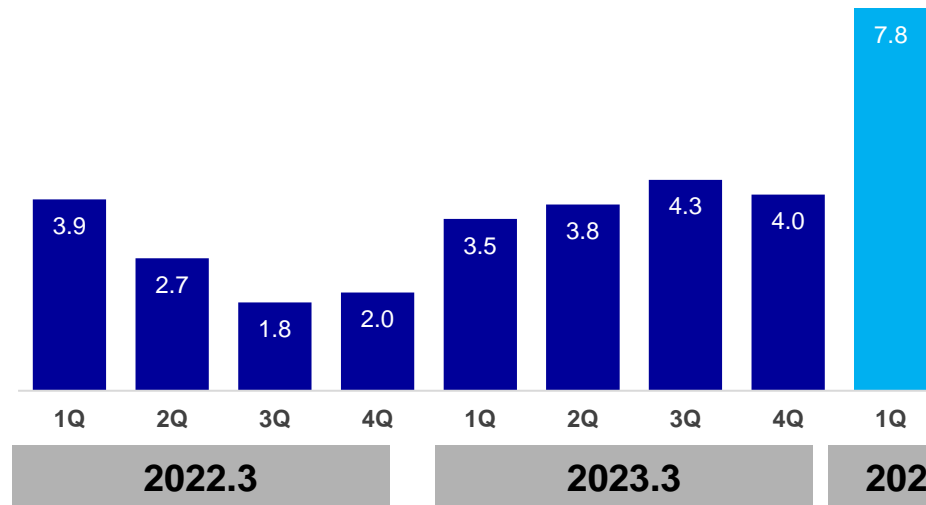
(100 million yen)

■ Optical fiber lens ■ LED diffusion lens



### <Operating Income>

(100 million yen)

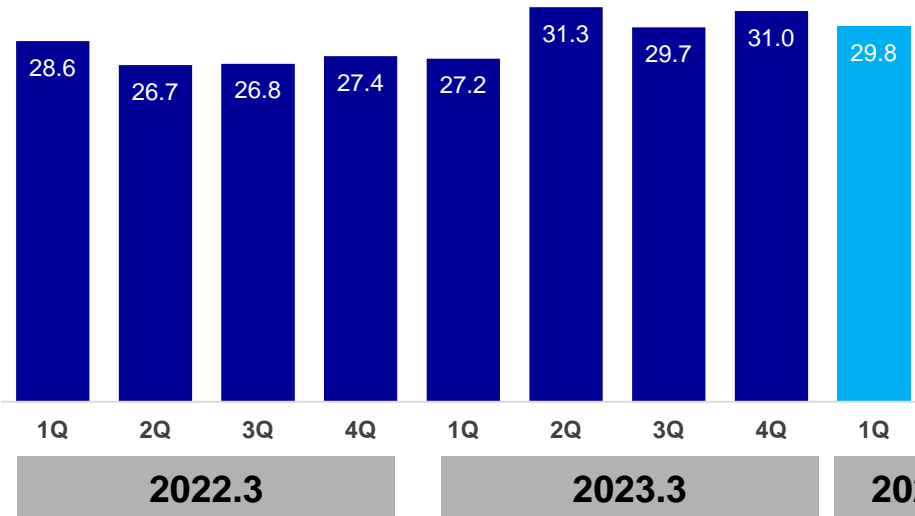


# Business Strategy: Energy Saving Solution Business

Environment	<ul style="list-style-type: none"> <li>■ Demand is growing in the automotive market as economic activity resumes and the trend toward EVs accelerates.</li> <li>■ In automotive, production is recovering due to improvements in global semiconductor shortage and parts procurement difficulties.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>■ Capture demand for EVs mainly in Europe, US and China.</li> <li>■ Grow in the Low-noise, High-efficiency Gear solution Business.</li> </ul>

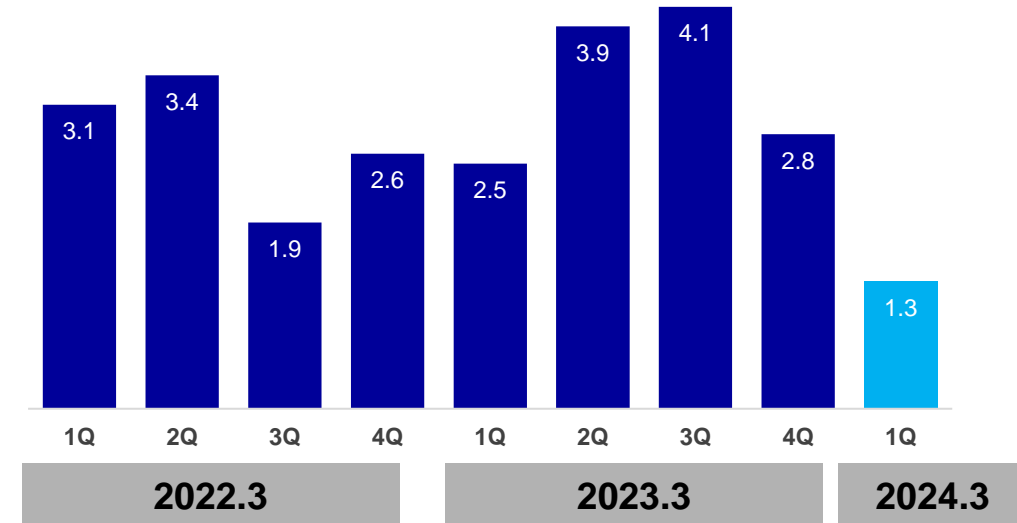
<Sales>

(100 million yen)



<Operating Income>

(100 million yen)



# Cash Allocation

**Prioritize investments in new business, creating innovation and growth areas**

Investment items	Payback Period	Assumed Effects	Expected investment for the next 3 years (100 million yen)
<b>New business / Creating Innovation Environmental Investment</b> <ul style="list-style-type: none"> <li>• Innovation Center (in Saitama Shintoshin)</li> <li>• Reduction of environment impact</li> </ul>	<b>Long</b>	<b>Enhancing Corporate Value for the future</b>	<b>100-150</b>
<b>Investment in Growth area</b> <ul style="list-style-type: none"> <li>• Essential Business Field</li> <li>• IT System</li> </ul>	<b>Mid</b>	<b>Profitability Improvement</b>	<b>70-120</b>
<b>Other Capital expenditures</b> <ul style="list-style-type: none"> <li>• Mold Investment</li> <li>• Replace aging equipment</li> </ul>	<b>Short</b>	<b>Productivity Improvement</b>	<b>60-70</b>



# Enplas Corporation

## Financial Results for the First-Quarter of the Year Ending March 31, 2024

<https://www.enplas.co.jp/english/>

Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments drawn from currently available information. Please note that actual performance may vary significantly from any particular projection due to various factors.

Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to Enplas's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously.

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