
2024.3 Second Quarter Results

October 27, 2023
Enplas Corporation

Agenda

Financial Results

- **2024.3 Second-Quarter Results**
- **2024.3 Financial Forecast**

Our Approach to Enhancing Corporate Value

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

- **Analysis & Targets**
- **Our Approach to Enhancing Corporate Value**
- **Business Opportunities Presented by Generative AI**
- **Business Strategy**
- **Cash Allocation (Reference)**

Financial Results

2024.3 Second-Quarter Financial Results

(100 million yen)

	2023.3	2024.3		(Reference) Plan
	1 st Half Results	1 st Half Results	Change	
Sales	210.9	192.0	-9.0%	195.0
COGS Ratio	52.5%	53.6%	+1.1pt	52.5%
Operating Income	43.5	26.1	-39.9%	27.0
Ordinary Income	45.0	30.9	-31.3%	27.0
Profit attributable to owners of parent	17.6	17.9	+2.1%	19.0
Earnings Per Share	199.84_{yen}	203.81_{yen}	+3.97_{yen}	215.36_{yen}
Average Foreign Exchange rate (US\$)	133.46_{yen}	141.31_{yen}	+7.85_{yen}	(Planned rate) 130.00_{yen}

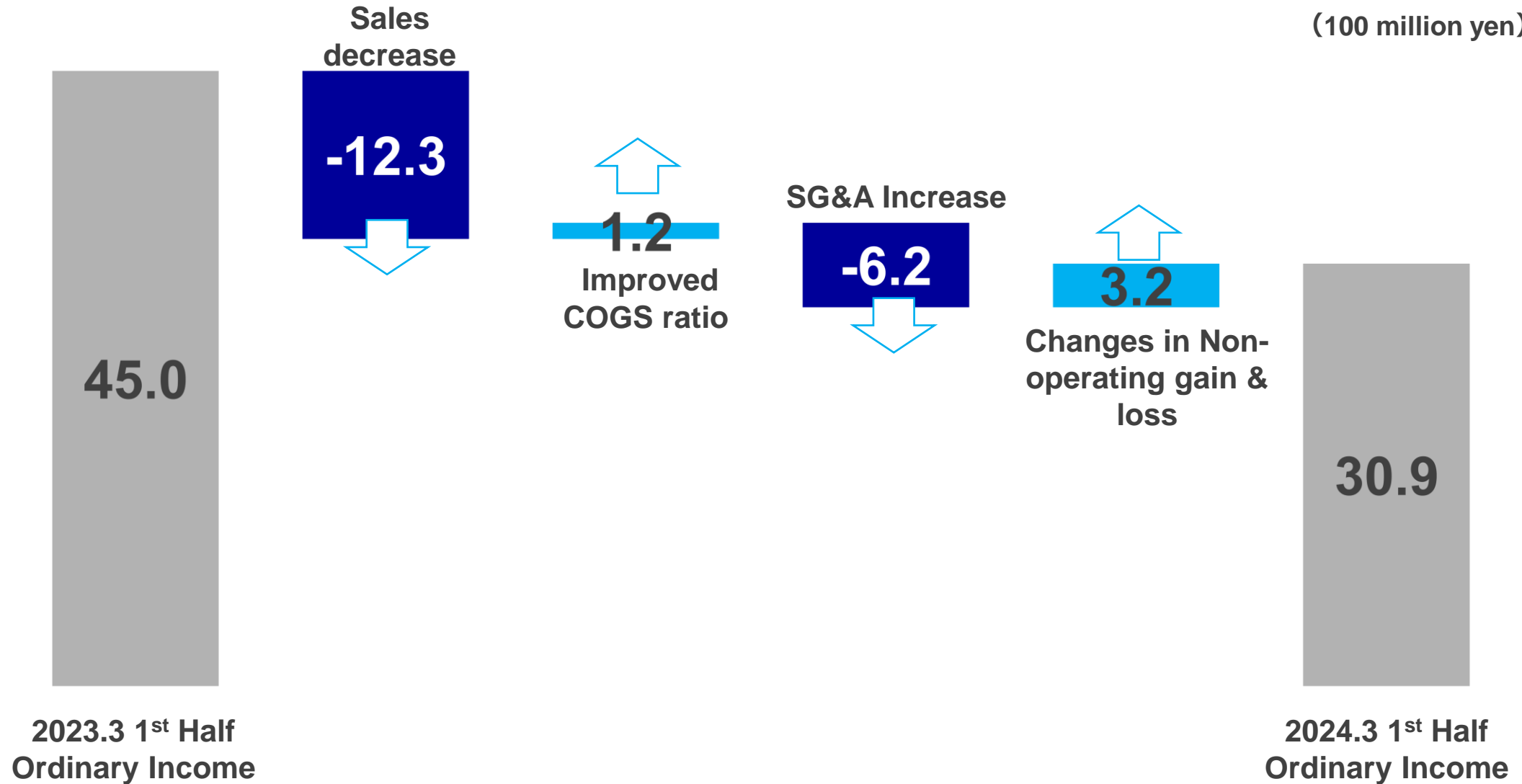
*FX sensitivity (US\$): Sales Approx. 200 million yen / Operating income Approx. 150 million yen

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2024.3 Second-Quarter Ordinary Income Analysis

<2024.3 1st Half vs. 2023.3 1st Half >

(100 million yen)



2024.3 Second-Quarter Results by Segment (100 million yen)

		2023.3	2024.3	
		1 st Half Results	1 st Half Results	Change
Semiconductor	Sales	116.4	86.8	-25.4%
	COGS Ratio	48.1%	52.4%	+4.3pt
	Operating Income	31.2	12.5	-60.0%
Life Science	Sales	17.4	12.6	-27.7%
	COGS Ratio	53.5%	62.9%	+9.4pt
	Operating Income	-1.6	-6.8	-
Digital Communication	Sales	18.4	29.7	+60.9%
	COGS Ratio	36.6%	22.6%	-14.0pt
	Operating Income	7.4	16.4	+121.8%
Energy Saving Solution	Sales	58.6	62.7	+7.1%
	COGS Ratio	66.0%	68.0%	+2.0pt
	Operating Income	6.5	4.0	-37.9%

Quarterly Results

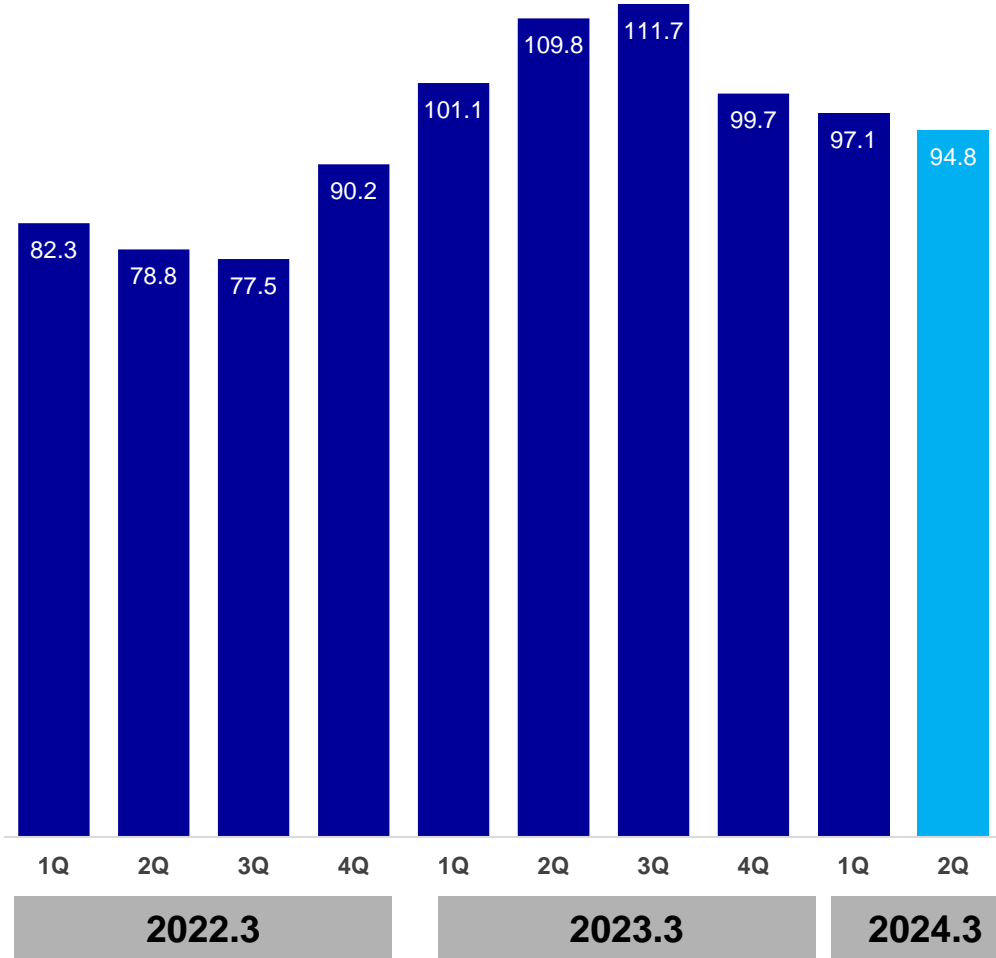
(100 million yen)

	2023.3			2024.3	
	2Q	3Q	4Q	1Q	2Q
Sales	109.8	111.7	99.7	97.1	94.8
COGS Ratio	51.4%	49.4%	52.1%	53.2%	53.9%
Operating Income	23.9	27.0	17.5	14.1	12.0
Ordinary Income	23.6	24.4	18.3	16.8	14.1
Profit attributable to owners of parent	2.5	18.7	9.8	7.3	10.6
Earnings Per Share	29.45yen	212.33yen	111.74yen	83.42yen	120.39yen

Quarterly Results

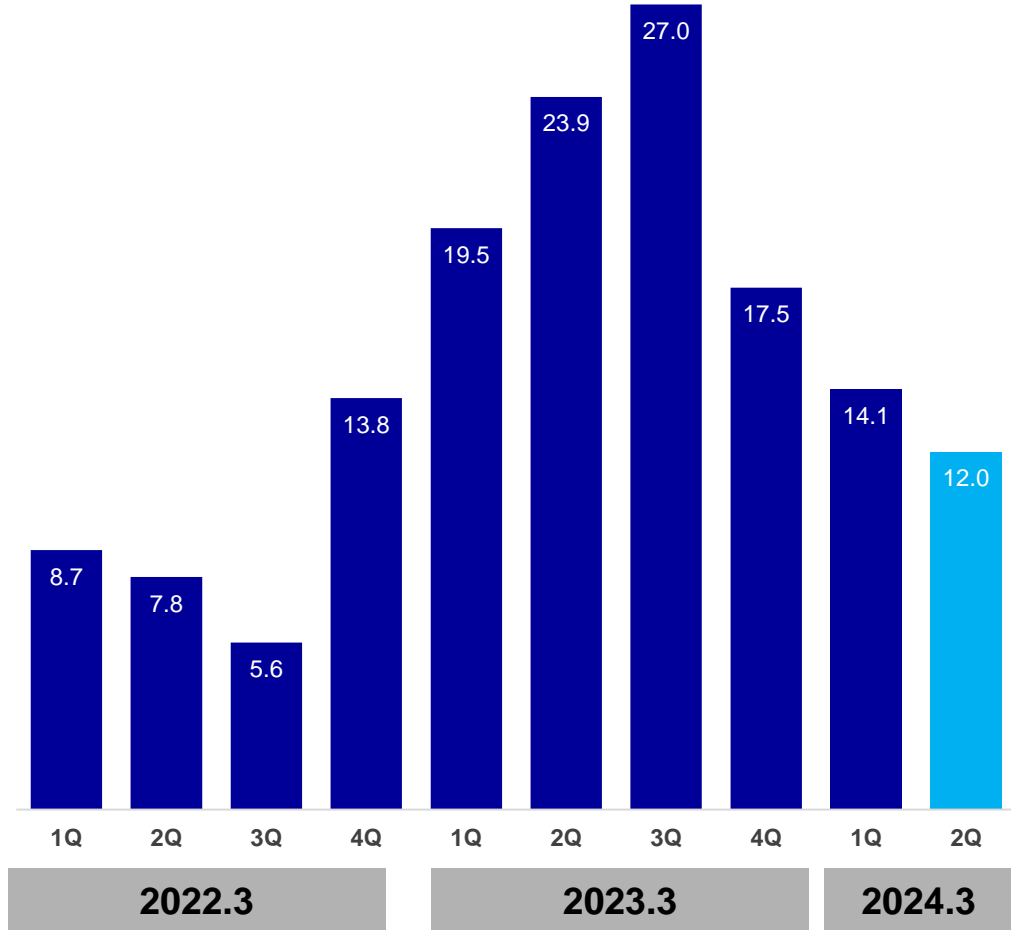
<Sales>

(100 million yen)



<Operating Income>

(100 million yen)



Quarterly Results by Segment

(100 million yen)

		2023.3			2024.3	
		2Q	3Q	4Q	1Q	2Q
Semiconductor	Sales	59.8	64.4	53.3	46.7	40.1
	COGS Ratio	46.3%	45.5%	45.7%	50.3%	54.8%
	Operating Income	16.7	19.4	14.3	8.5	3.9
Life Science	Sales	9.5	7.8	5.6	6.0	6.5
	COGS Ratio	52.7%	54.0%	67.2%	63.9%	62.0%
	Operating Income	-0.5	-0.9	-3.8	-3.5	-3.2
Digital Communication	Sales	9.0	9.6	9.6	14.4	15.2
	COGS Ratio	34.5%	31.1%	28.4%	23.5%	21.8%
	Operating Income	3.8	4.3	4.0	7.8	8.6
Energy Saving Solution	Sales	31.3	29.7	31.0	29.8	32.8
	COGS Ratio	65.5%	62.7%	67.8%	70.0%	66.1%
	Operating Income	3.9	4.1	2.8	1.3	2.7

Financial Results Overview

2024.3 Second-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 -9.0%, Operating Income -39.9%, Profit attributable to owners of parent +2.1%)

■ 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 recovery of automotive production and expansion of low-noise and high-efficiency gear solution business for automotive electrification.
- Profit decreased due to an increase in the allocation of expenses in the corporate division as a result of change in the segment sales mix (27.8% → 32.7%).

Financial Results Overview

➤ SG&A

(100 million yen)

2023.3 1 st Half	2024.3 1 st Half	Change
56.6	62.9	+6.3

- Labor cost: +3.1
- Traveling and transportation expenses: +0.9
- Research & development expense: +0.5

➤ Non-operating profit and loss

(100 million yen)

2023.3 1 st Half	2024.3 1 st Half	Change
1.5	4.7	+3.2

- FX gain: 3.4 (FX gain for 2023.3 1st Half: 4.4)

➤ Extra-ordinary profit and loss

(100 million yen)

2023.3 1 st Half	2024.3 1 st Half	Change
-15.3	-3.3	+12.0

2024.3 1st Half

- Provision of allowance for doubtful accounts: 1.6
- Provision for loss on disaster: 1.0
- Business restructuring expenses: 1.0

2024.3 Financial Forecast

Assumptions for 2024.3 Financial Forecast

Consolidated financial forecast

- No change in the mid-term growth scenario, but conservative forecast for 2nd half due to slow recovery in semiconductor demand and uncertainties, especially in the 4Q.
- Planned rate (US\$): 130.00yen → 140.00yen
- Continue to invest in future growth. Reflect 2Q SG&A expenses. (2024.3: 13,300 million yen → 12,800 million yen)

Semiconductor business

- Semiconductor demand adjustment is expected to continue in 3Q and beyond and the timing of recovery is expected to be slower than previously expected.
- In the mid-term, demand is expected to increase mainly in server, automotive, and mobile applications, which Enplas is focusing on.

Life Science business

- Production adjustment by customers is expected to continue during the fiscal year.

Digital Communication business

- In optical fiber lens, forecast is higher than July forecast due to growth in high-end areas such as AI applications.

Energy Saving Solution business

- The forecast is higher than July forecast due to recovery in automotive production and expansion of low-noise, high-efficiency gear solution business for automotive electrification.

2024.3 Financial Forecast

(100 million yen)

	2024.3	2024.3	
	1 st Half Results	April Forecast	October Forecast
Net Sales	192.0	425.0	395.0
COGS Ratio	53.6%	52.1%	53.8%
Operating Income	26.1	70.0	54.0
Ordinary Income	30.9	70.0	60.0
Profit attributable to owners of parent	17.9	50.0	42.0
Earnings Per Share	203.81_{yen}	566.74_{yen}	475.91_{yen}
Dividends Per Share	30.00_{yen}	60.00_{yen}	60.00_{yen}

2024.3 Financial Forecast by Segment

(100 million yen)

	2024.3	2024.3	
	1 st Half Results	July Forecast	October Forecast
Semiconductor	86.8	208.0	175.0
Life Science	12.6	28.0	28.0
Digital Communication	29.7	60.0	62.0
Energy Saving Solution	62.7	129.0	130.0

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

(100 million yen)

	2023.3	2024.3	2024.3
	Results	1 st Half Results	Full-year
Capital expenditures	23.7	19.8	40.0
Depreciation	22.4	10.9	24.0
R&D	12.8	6.7	14.0

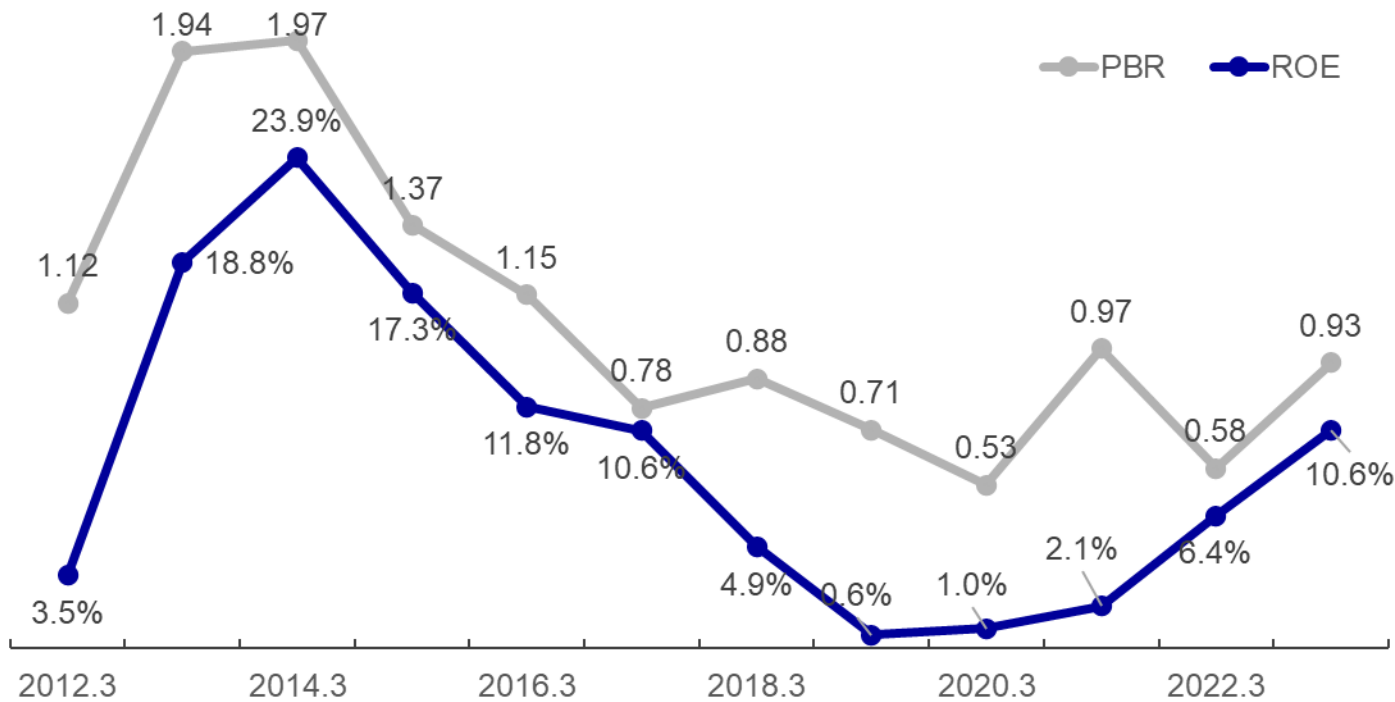
*Capital expenditures not changed.

Our Approach to Enhancing Corporate Value

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Analysis & Targets

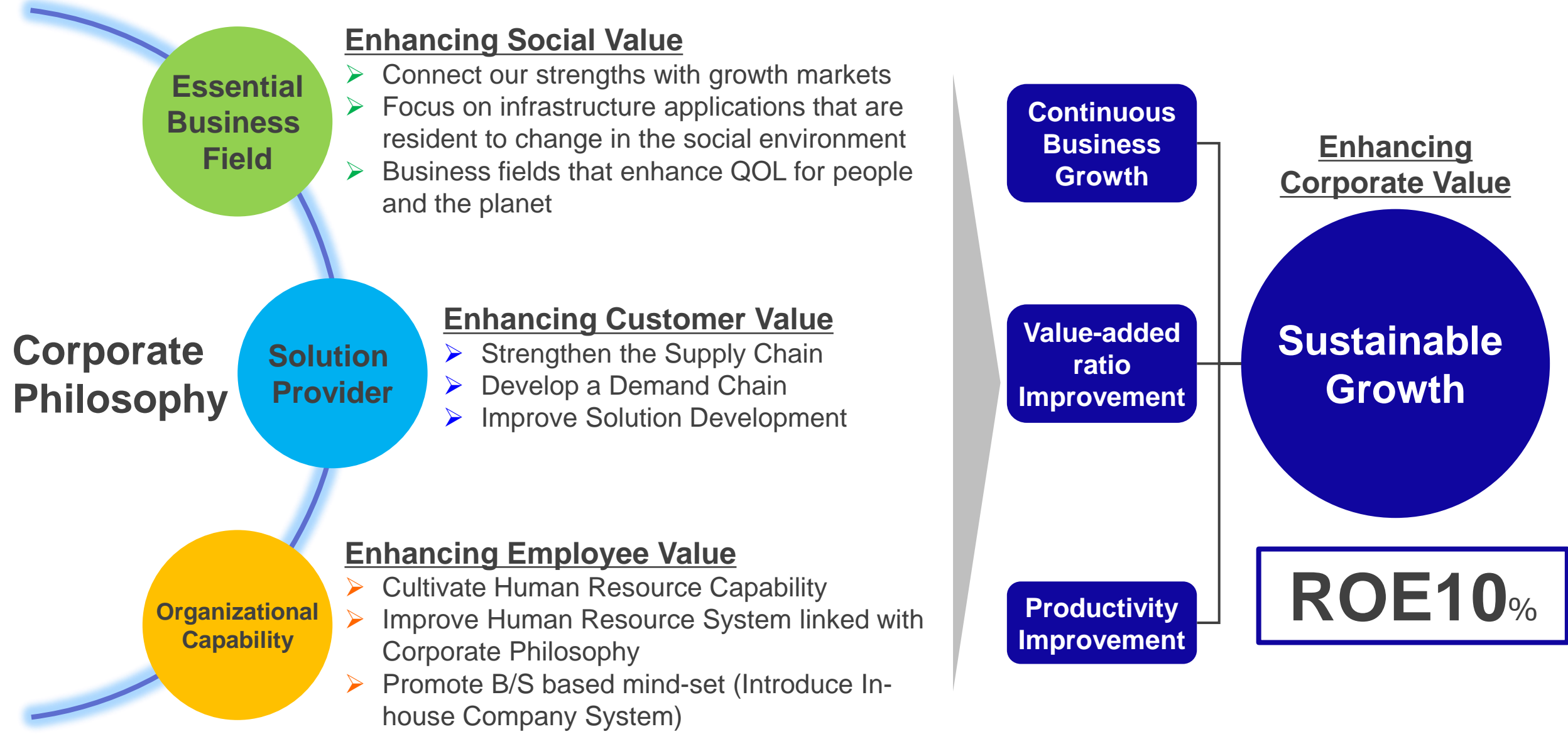
- Based on past performance, our ROE and PBR are highly correlated.
- Assumes cost of equity in the 7%-9% range.



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

Aiming for Sustainable Growth

Our Approach to Enhancing Corporate Value



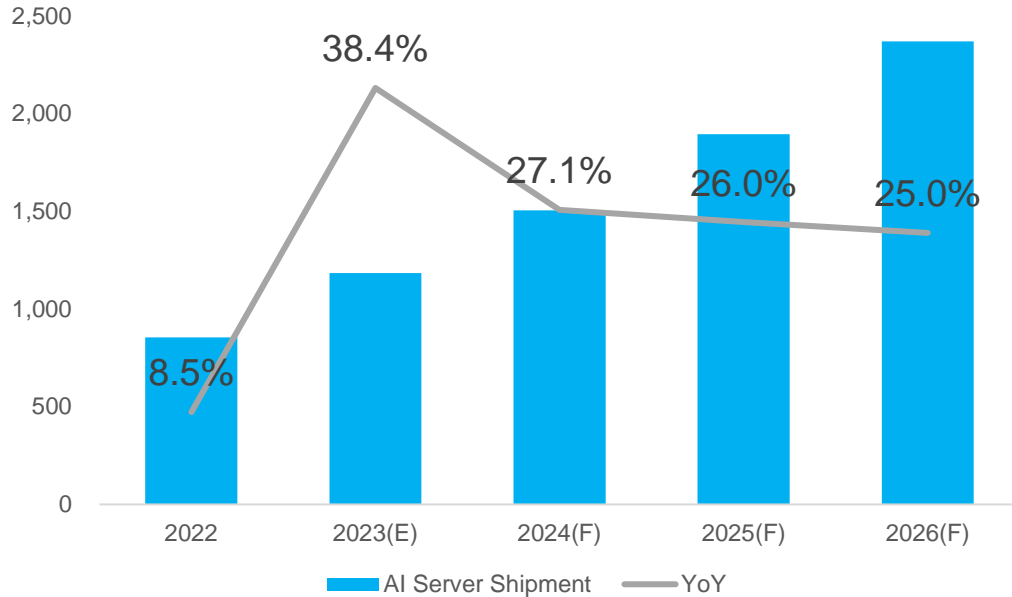
Business Opportunities Presented by Generative AI

Business Opportunities Presented by Generative AI

Market Forecast

AI Server Shipment Forecast (2022 to 2026)

(Thousand unit)



AI Server Shipment

CAGR : **29.0%** (Forecast)
(2022 → 2026)

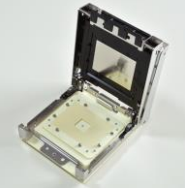
*TrendForce 「Global AI Server Shipment from 2022 to 2026」
<https://www.trendforce.com/presscenter/news/20230530-11692.html>

Semiconductor

Mid-term

➤ Increase demand for Burn-in (“BI”) test

- Recovery in demand for semiconductors.
- Increase in reliability test due to growing demand for servers for AI.



Large BI Socket for Server/PC

Mid- & Long-term

➤ Business expansion in the System Level Test (“SLT”) area

- Aim to expand market share by increasing the lineup of high-frequency compatible test sockets.

Digital Communication

Short- & Mid-term

➤ Increase demand for optical fiber lens

Increase in the optical transceiver shipment



Increase in the optical fiber lenses mounted on optical transceivers

➤ Developed 1.6Tbps lens

Mid-term

- Requires thinner, smaller, high-precision lenses.



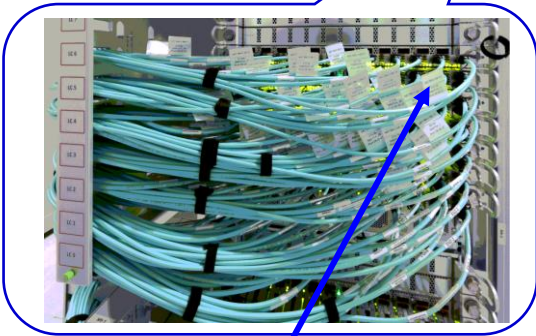
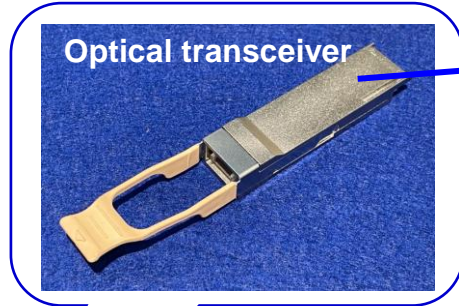
1.6Tbps lens

Digital Communication: Optical communication

■ Supercomputer use case



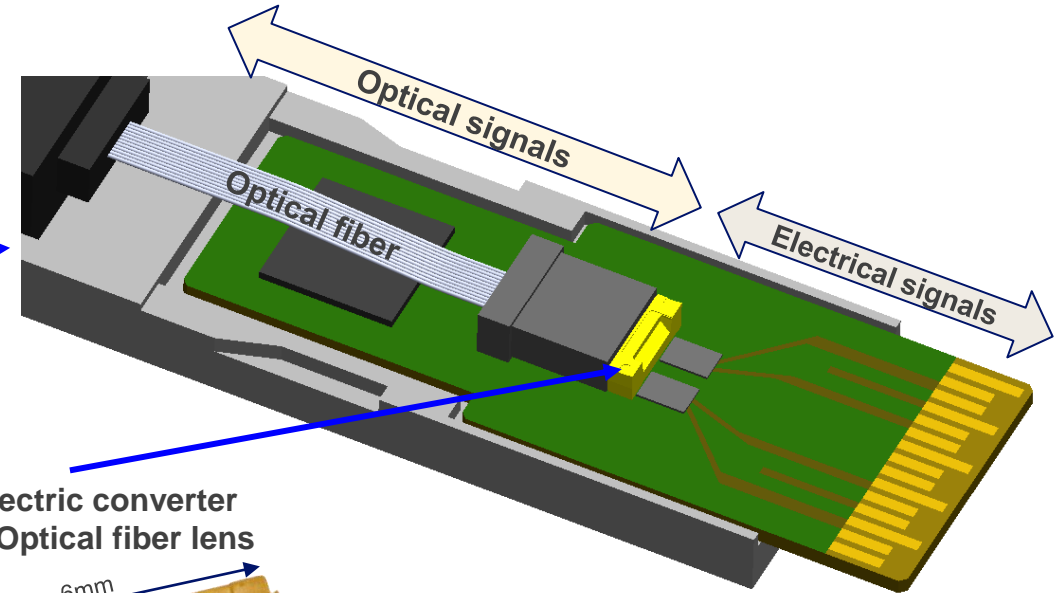
Optical transceiver:
Module for converting “light” & “electricity”



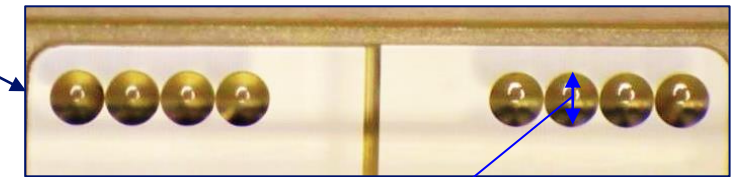
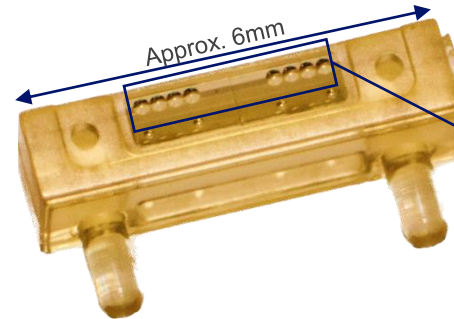
Optical transceiver insertion part



■ Inside of the optical transceiver



Photoelectric converter
Enplas Optical fiber lens



■ Function of the lens in photoelectric converter
To connect optical fiber and laser/photodiode with high efficiency.

*Pictures are courtesy and provided by Forschungszentrum Jülich
<http://www.fz-juelich.de/portal/forschung/information/supercomputer/juopa>

Business Strategy: Semiconductor Business

Environment

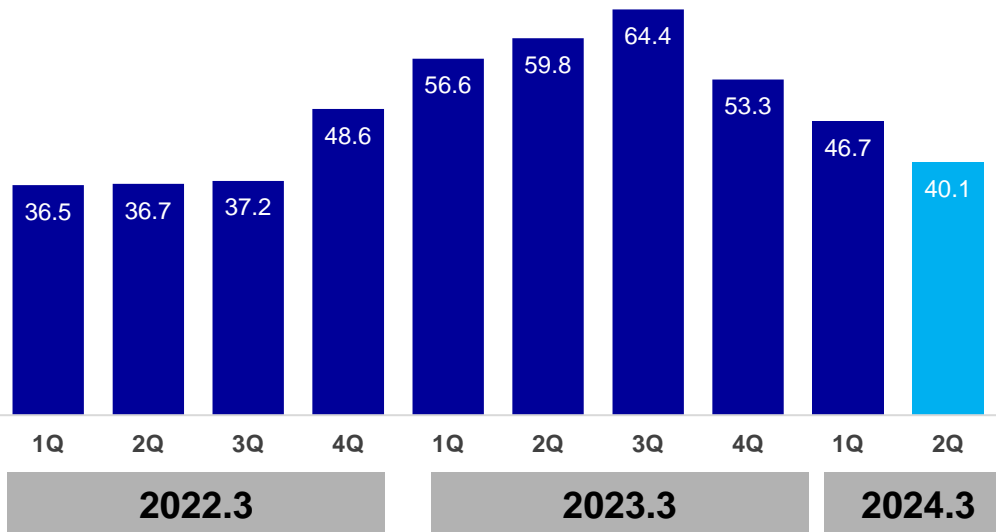
- The market continues to decline, especially for server and mobile applications.
- Although the adjustment in semiconductor demand has lasted longer than initially expected, demand for servers and automotive applications, on which Enplas is focusing, is expected to increase in the mid-term.

Strategy

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

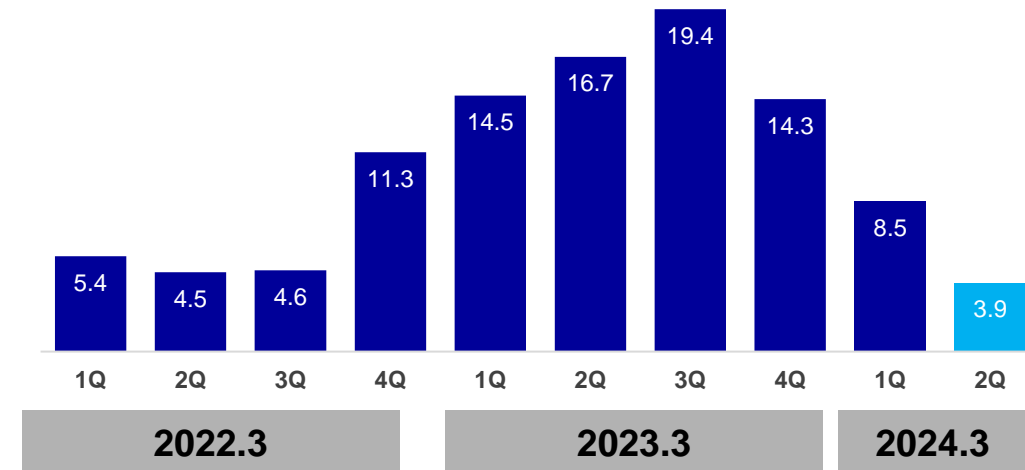
<Sales>

(100 million yen)



<Operating Income>

(100 million yen)



Business Strategy: Life Science Business

Environment

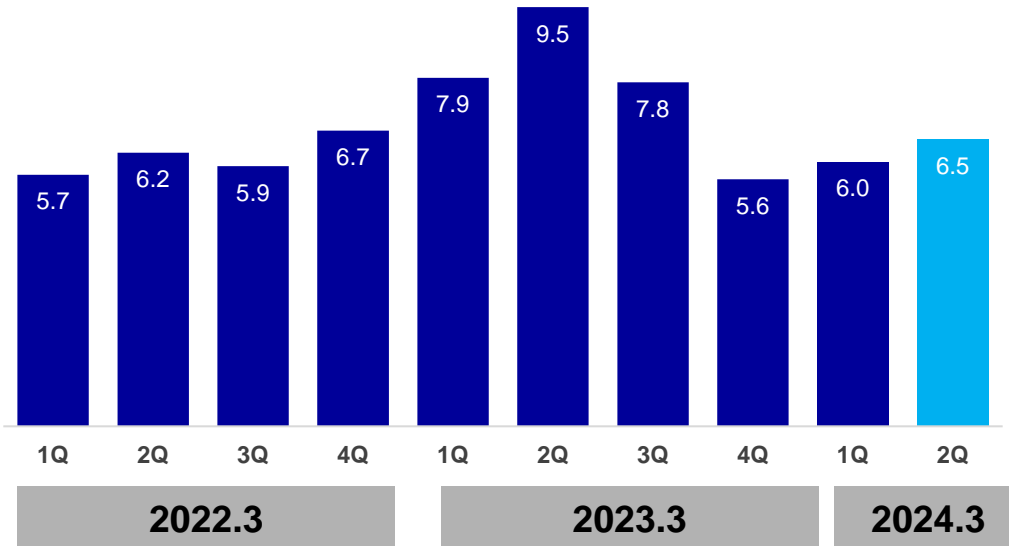
- Expect growth of the genetic testing market in Life Science business.
- In genetic testing, customers continue to adjust their inventories.

Strategy

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

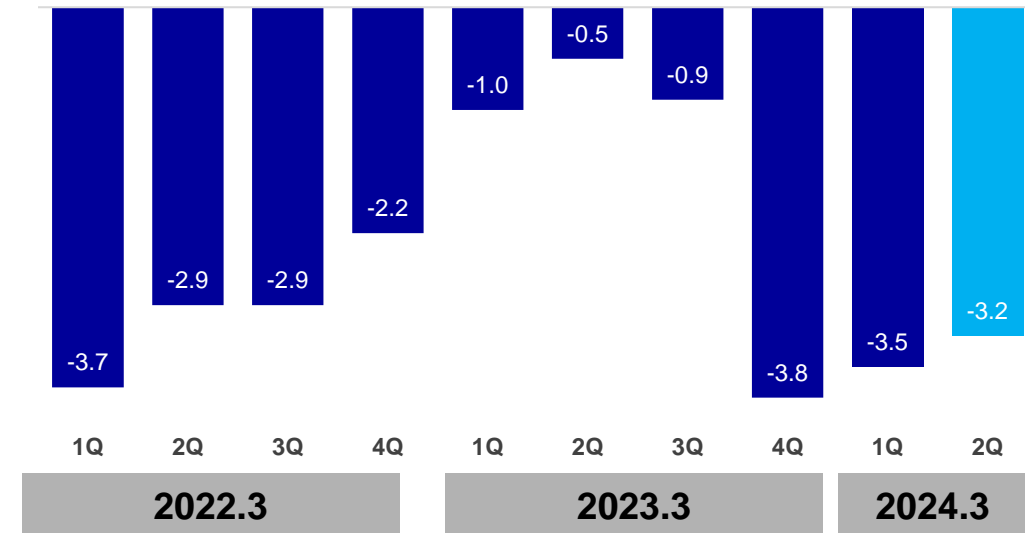
<Sales>

(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 lower demand.

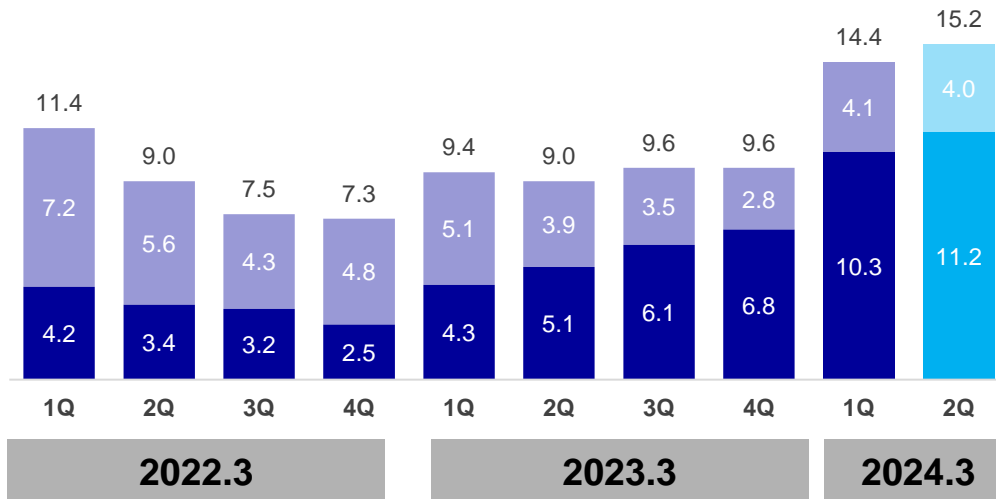
Strategy

- 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>

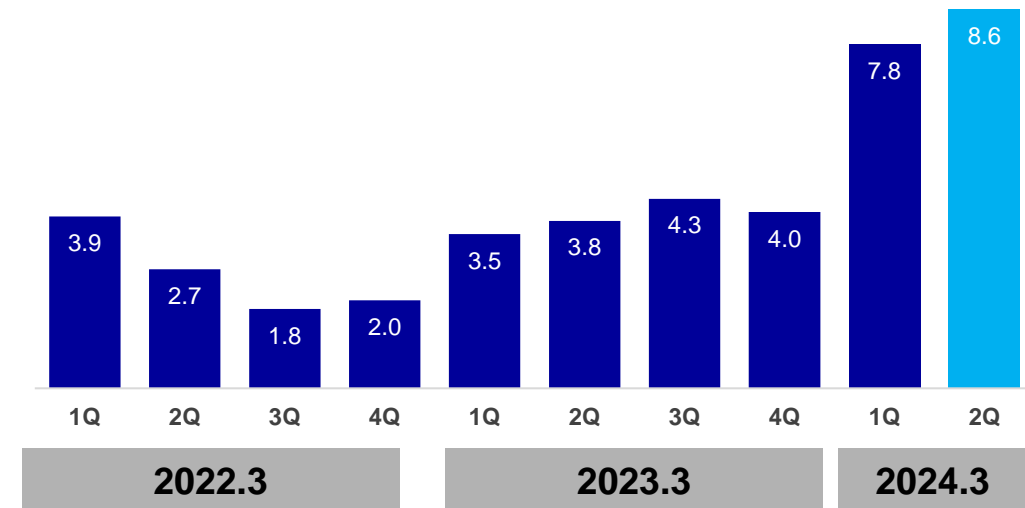
■ Optical fiber lens ■ LED diffusion lens

(100 million yen)



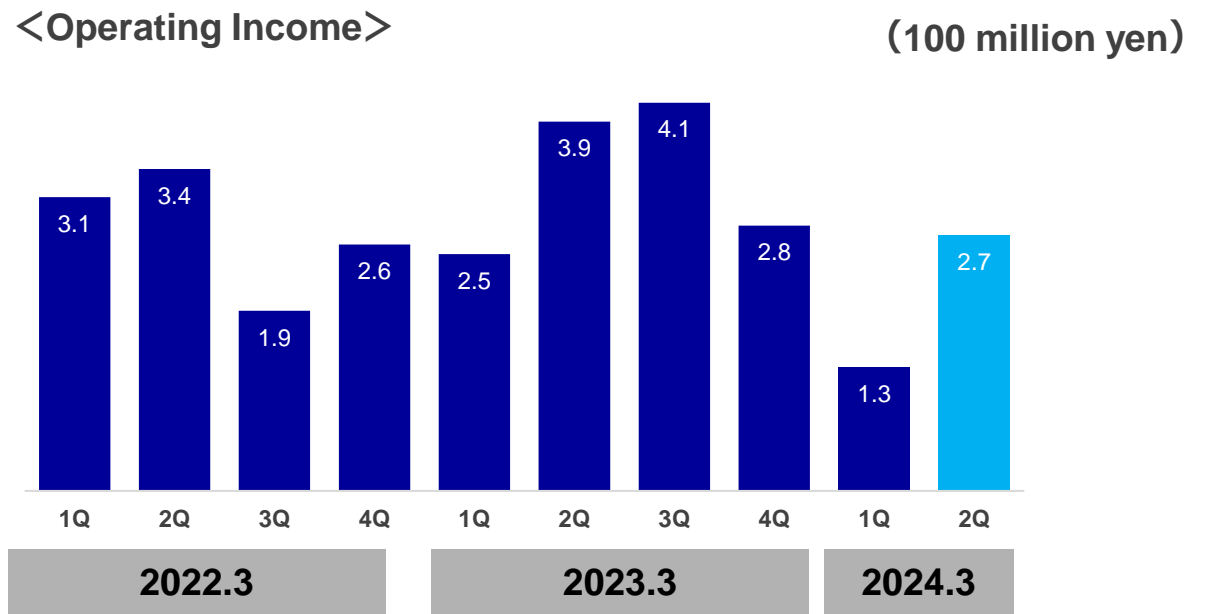
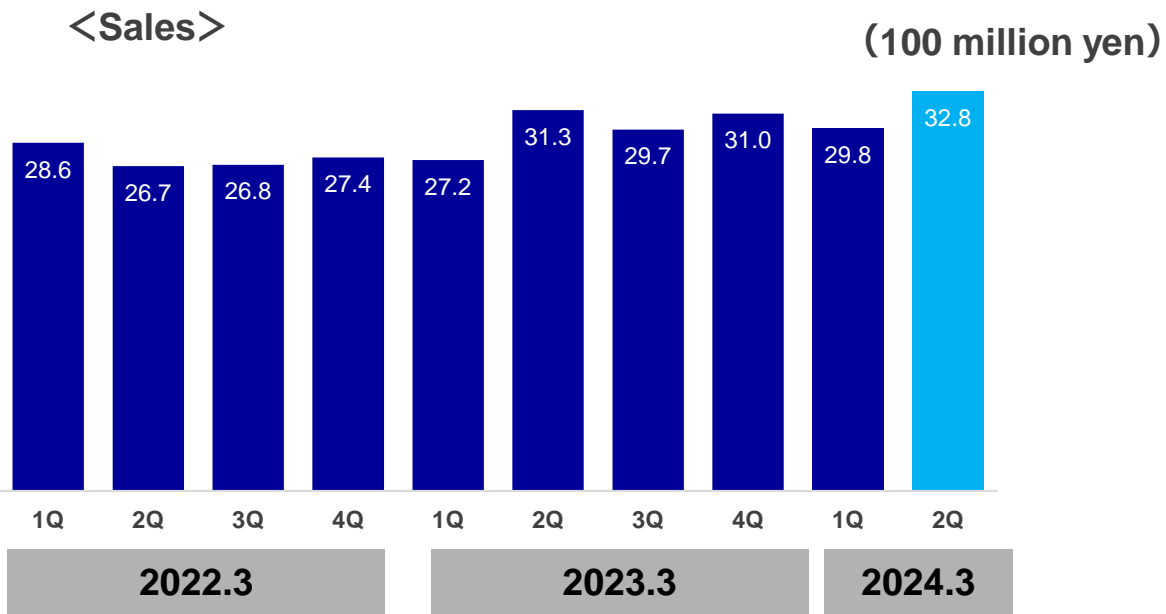
<Operating Income>

(100 million yen)



Business Strategy: Energy Saving Solution Business

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



Cash Allocation (Reference)

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

Enplas Corporation

Financial Results for the Second-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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