



Securities Code: 6615

# **UMC Electronics Co., Ltd.**

## **FY2023 2nd Quarter Financial Results Briefing Materials**

**November 2022**

Note: This document has been translated from the Japanese original document for reference purposes only. The original Japanese document shall prevail in the event of any discrepancy between this translated document and the Japanese original one.

# I. Financial Results Overview

# FY2023: Financial Summary of Second Quarter / Earnings FY Forecast

(Million yen)

|  | FY2022 2nd Quarter<br>(Apr 2021 - Sep 2021) | FY2023 2nd Quarter<br>(Apr 2022 - Sep 2022) | Change<br>(Amount) | Change<br>(%) | FY2023 Forecast<br>(Apr 2022 - Mar 2023) |
|--|---|---|--------------------|---------------|--|
| Net sales                                      | 66,268                                      | 81,209                                      | 14,941             | 22.5          | 150,000                                  |
| Operating profit                               | 535   | 1,246                                       | 710                | 132.6         | 1,800                                    |
| ( Profit rate )                                | 0.8%  | 1.5%  | 0.7%               | —             | 1.2%                                     |
| Ordinary profit                                | 446   | 493   | 47                 | 10.6          | 1,800                                    |
| ( Profit rate )                                | 0.7%  | 0.6%  | (0.1%)             | —             | 1.2%                                     |
| Profit attributable to<br>owners of the parent | 265   | 280   | 15                 | 5.7           | 1,400                                    |
| ( Profit rate )                                | 0.4%  | 0.3%  | (0.1%)             | —             | 0.9%                                     |
| Exchange rate (1USD=)                          | 110 yen                                     | 134 yen                                     | 24 yen             | —             | 113 yen                                  |
| Earnings per share                             | 9.38 yen                                    | 9.92 yen                                    | 0.54 yen           | —             | 49.50 yen                                |
| Cash Dividends per share                       | —   | —   | —                  | —             | —  |
| Dividend payout ratio                          | —   | —   | —                  | —             | —  |
| Investments in tangible<br>assets              | 561   | 840   | 279                | 49.9          | —  |
| Depreciation                                   | 1,457                                       | 1,614                                       | 156                | 10.7          | —  |
|  | FY 2022<br>(As of March 31, 2022)           | FY2023 2nd Quarter<br>(As of Sep 30, 2022)  | Change<br>(Amount) | Change (%)    |  |
| Total assets                                   | 73,368                                      | 91,667                                      | 18,299             | 24.9          | —  |
| Net assets                                     | 17,086                                      | 17,894                                      | 807                | 4.7           |  |
| Capital ratio (%)                              | 23.2  | 19.5  | (3.7)              | —             |  |

## Overview

### <Global>

- Recovery trend from impact of COVID-19 through economic activities
- Soaring energy and resource prices provoked by Russia`s invasion to Ukraine
- Tight supply and demand of components such as semiconductors
- Excessive currency volatility / global inflation
- Limited recovery from lockdown of Shanghai and other cities in China

### <Domestic>

- Expectation of effectiveness of COVID-19 policies in transition to new phase
- Uncertainty of economic activities both in corporate production and consumption, which is of a downturn in international economy caused by geopolitical instability and monetary tightening.

⇒Unforeseeable situation remains internationally and domestically

## Sales

- Economic activity globally recovered in various parts due to downward trend of COVID-19  
→ substantial net sales increased even without considering yen's depreciation impact.
- An increase of 22.5% compared to the same period of the previous year  
(+14,941 million yen )

## FY2023 2nd Quarter: Financial Report Points (2)

### Operating Profit

- Steady expenditure compression by company-wide loss reduction decreased cost.
- Continuous production adjustments with soaring energy / material prices and tight parts supplies increased cost.
- An increase of 132.6% compared to the same period of the previous year (+710 million yen)

### Ordinary Profit

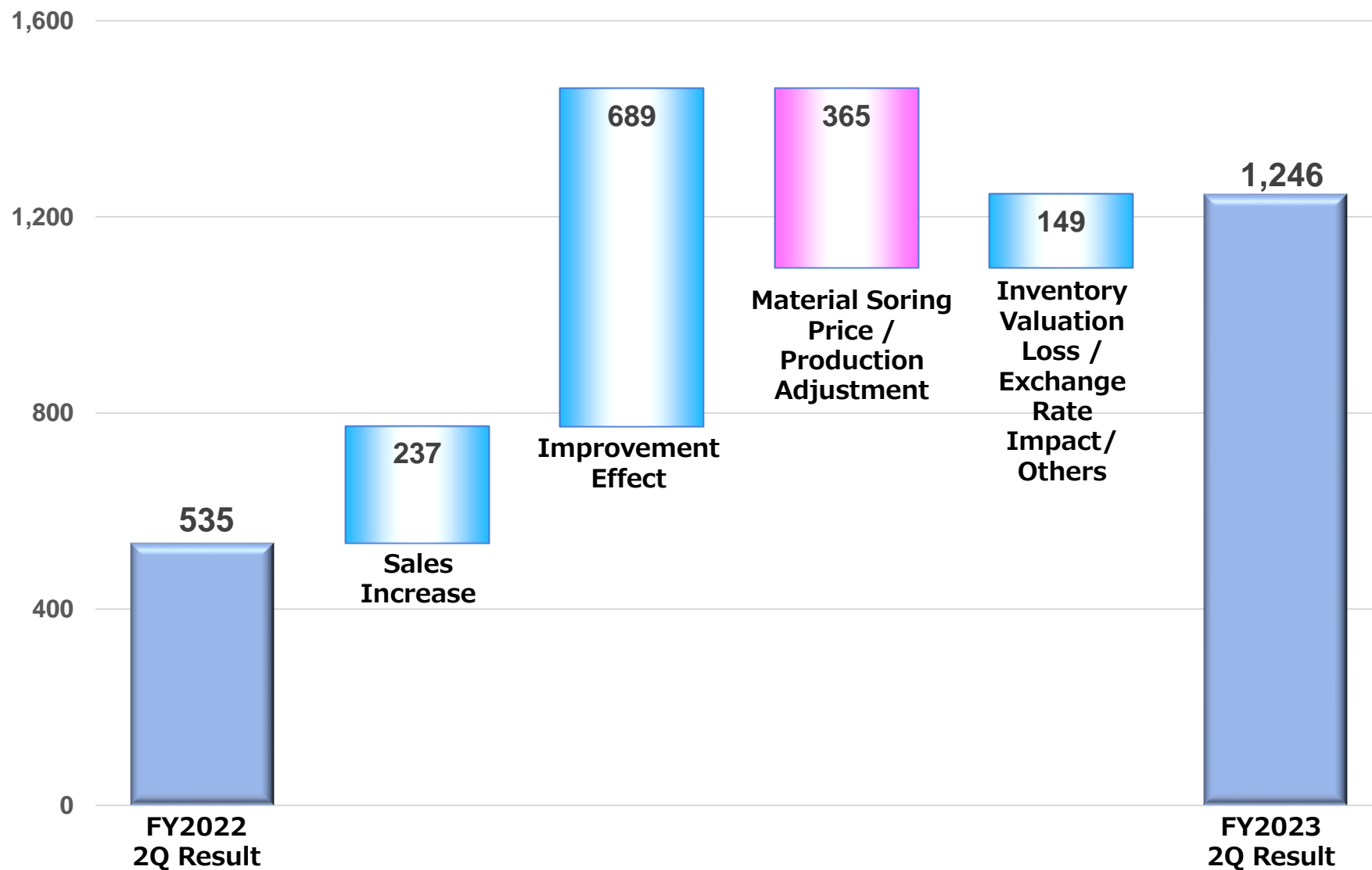
- Depreciation of yuan against dollar on dollar-denominated debt of our subsidiary in China caused foreign exchange loss, which accounted for 838 million yen.
- An increase of 10.6% compared to the same period of the previous year (+47 million yen)

### Profit Attributable to Owners of the Parent

- An increase of 5.7% compared to the same period of the previous year (+15 million yen)

# Operating Profit Contributing Factors

(Million yen)



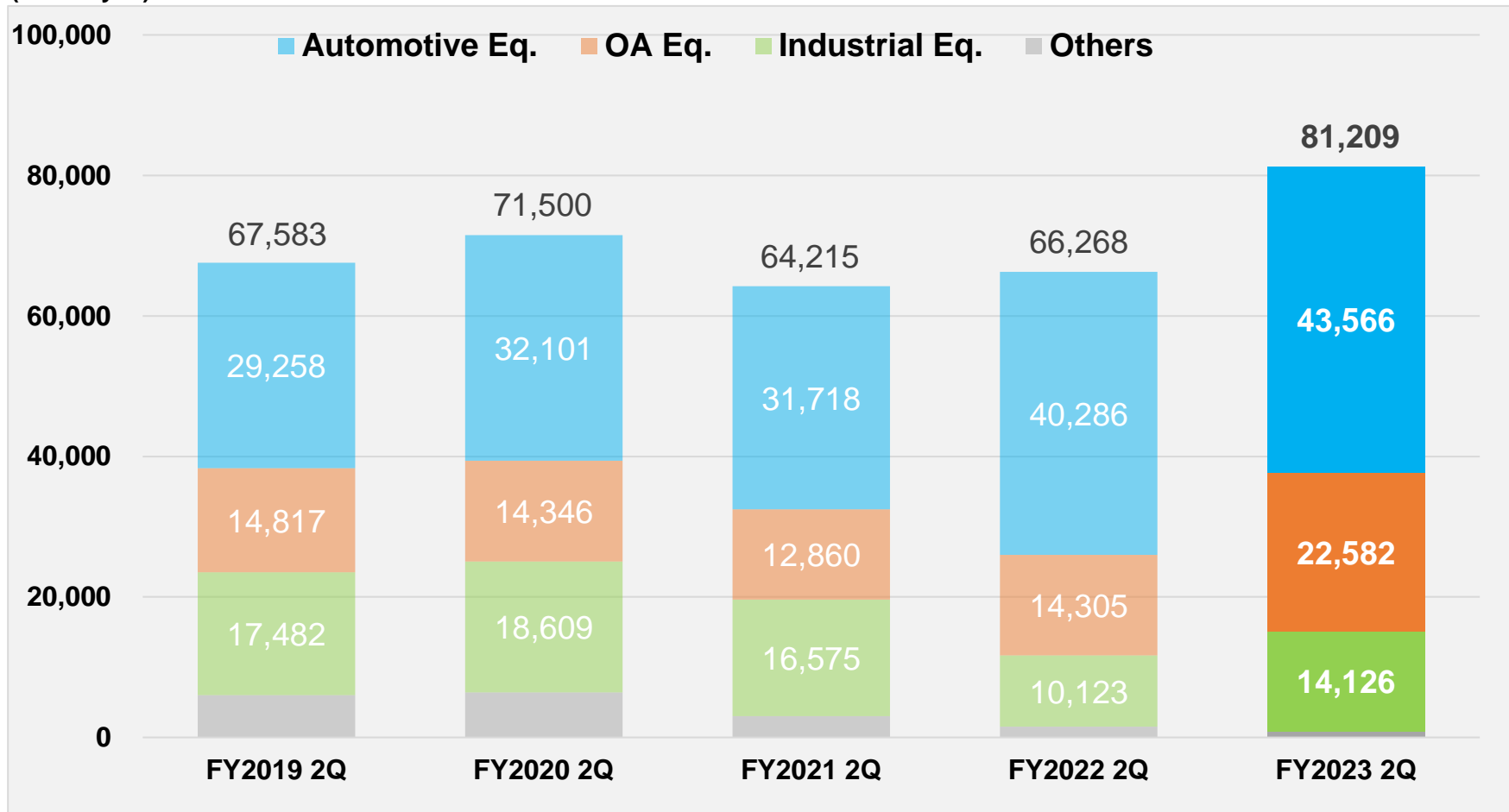
# Sales by Product (vs Same Period of Previous Year)

(Million yen)

|                              | FY2022 2Q<br>(Apr 2021-Sep 2021) | FY2023 2Q<br>(Apr 2022-Sep 2022) | Change<br>(Amount) | Change<br>(%) |
|------------------------------|----------------------------------|----------------------------------|--------------------|---------------|
| <b>Automotive Equipment</b>  | 40,286                           | 43,566                           | 3,279              | 8.1           |
| <b>OA Equipment</b>          | 14,305                           | 22,582                           | 8,277              | 57.9          |
| <b>Industrial Equipment</b>  | 10,123                           | 14,126                           | 4,002              | 39.5          |
| <b>Consumer Equipment</b>    | 632                              | 204                              | (428)              | (67.7)        |
| <b>Others (EMS Business)</b> | 602                              | 386                              | (215)              | (35.9)        |
| <b>Other Businesses</b>      | 318                              | 343                              | 25                 | 8.0           |
| <b>Total</b>                 | 66,268                           | 81,209                           | 14,941             | 22.5          |

# Sales by Product (Past Five Years)

(Million yen)



※"Accounting Revenue Recognition Standard" has been implemented since FY2022 1Q.



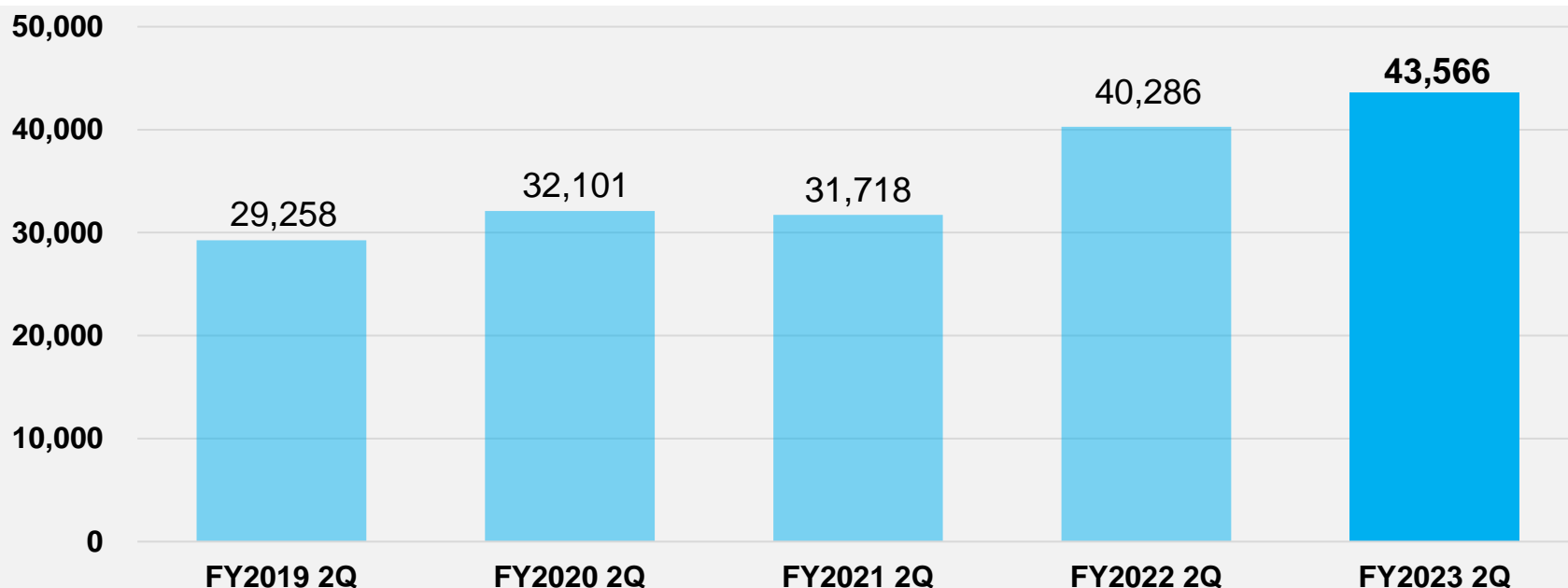
## **II. Net Sales for Three Primary Segments**

# Sales : Automotive Equipment (Past Five Years)

## Point

- Growth in products such as electric compressor components, in-vehicle chargers, and DC-DC converters for HV/PHEV/EV, with electrified market expansion
- Increase in demand by market expansion despite reduced production due to shortage of components such as semiconductors

(Million yen)



※"Accounting Revenue Recognition Standard" has been implemented since FY2022 1Q.

# Overview : Automotive Equipment

- We are the industry's first EMS company (Electric Manufacturing Services) related to important safety parts that require the reliability of automobiles such as "running, turning, and stopping" with plenty of experiences.
- Electronic vehicle equipment is supplied through the primary contractors of Japanese and Western automobile makers.
- High technology is required, and it takes time from planning to mass production. Stable order can be possible by meeting requirement of customer.
- Production of various key components of automotive electrification with business perspective has been particularly growing.

## <DC-DC converter for Power Control Unit>

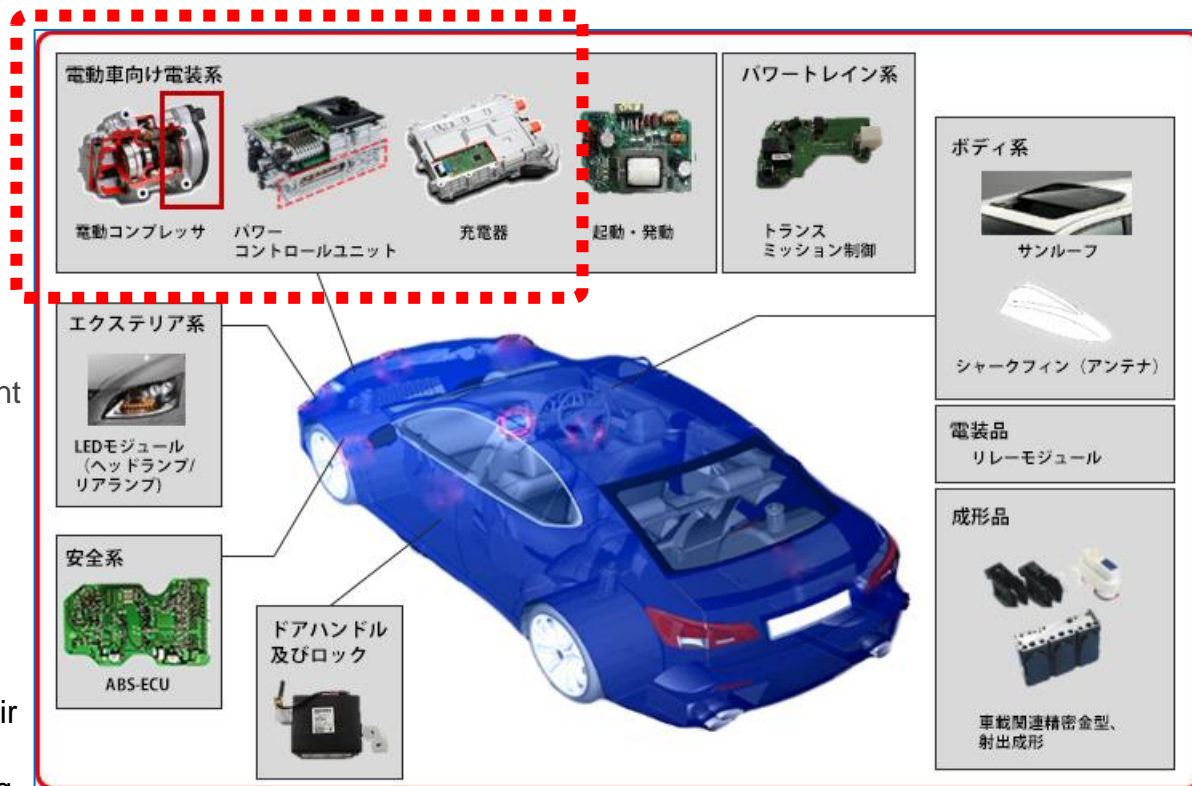
A power control device that supplies direct current (DC) to electronic equipment in a vehicle, and to headlights and other equipment that operate at various voltages

## <In-vehicle charger>

Products that convert household alternating current (AC) to direct current (DC) to charge high-voltage batteries for PHEVs and EVs

## <Inverter for electric compressor>

Compressor with a built-in motor, utilized for air conditioning and cooling battery for HVs, PHEVs, and EVs. Inverter supplies alternating current (AC) to built-in motor.

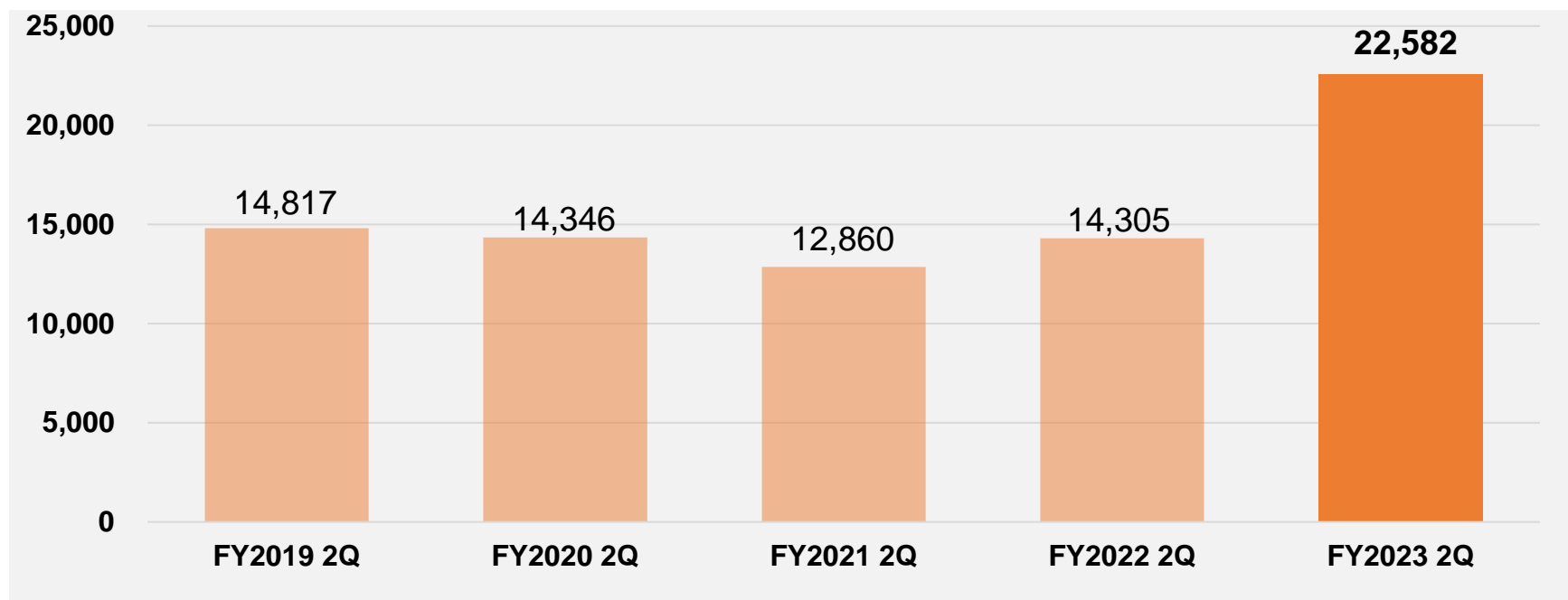


# Sales : OA Equipment (Past Five Years)

## Point

- Steady transaction volume of products for MFP (\*) and laser printers due to continuing demand trend of remote work
- Less impact of COVID-19 from the previous consolidated fiscal year

(Million yen)



※"Accounting Revenue Recognition Standard" has been implemented since FY2022 1Q.

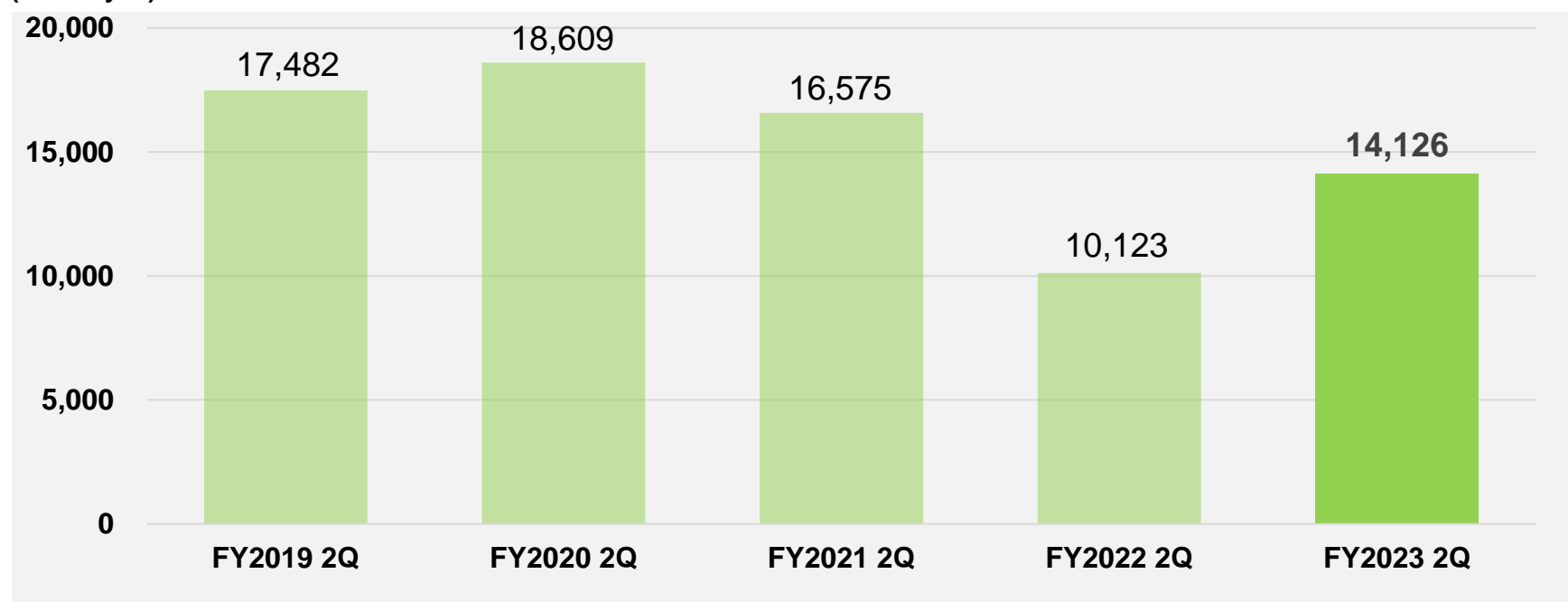
\* MFP: Multi Functional Printers

# Sales : Industrial Equipment (Past Five Years)

## Point

- Demand for control equipment such as inverters is on a recovery trend due to the recovery of global economic activity since FY20, which COVID-19 has impacted.

(Million yen)



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# III. Topics

# First-Half Period Activities and Achievements

Upon formulating our medium-term vision targeting the year 2030, we will strive to have our stakeholders to be in a state of satisfaction through corporate activities of group companies.



In first-half of FY2023, we have been focusing on “contribute to society” and “enhance employees’ safety and satisfaction”.

We regularly do safety and health-related activities to fulfill our responsibility, as in charge of producing our customers' important products as an EMS company.

In discussion settings, all employees, including those of non-production divisions, relate to improvements in daily tasks by gaining insights from the opinions of colleagues.

## First-Half Period Activities / Achievements

| Stakeholders             | Activities / Achievements  |
|--------------------------|--|
| Employees                | Health control / stress checks / safety and health patrols / safety verifications (calling out with finger-pointing gesture / traffic safety prediction education / case studies of other companies' incidences (for company-wide practice) / “Bring your own chopsticks!” / HQ green wall project |
| Customer                 | Awarded first place in “Quality Excellence” three consecutive years from Brother Vietnam / “Company Excellence” from Hai Duong Province *both UMC Vietnam  |
| Shareholders / investors | Started reporting summary of consolidated financial reports in English / electronic exercise of voting rights for general shareholders meeting / Started reporting skill matrix for directors  |



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