

Q&A for FY2024/6 Q1 Financial Results Presentation
(held on November 7, 2023) and Analyst Meetings

Investment Trends and Orders Received

1. **Why was Battery-related investment concentrated in Q1, and what is the trend from Q2 and in the next fiscal year onward?**

A: Battery-related investments are in full scale to replace aluminum foil for cathode current collectors with double-sided aluminum evaporation films in order to reduce size and increase capacity of EV batteries. Investments by various companies were concentrated in Q1 in order to promote mass production and commercialization as quickly as possible. The initial annual plan for orders received was around ¥17 billion, but there is a strong possibility that this figure will be exceeded. Business is expected to expand further in the next fiscal year and onward due to the second round of investments by companies seeking to further expand their production.

For the future, we are also engaged in advanced development efforts, such as differentiation through productivity improvements by wider film widths, and investigation of the use of evaporation winding technology for other layers other than cathode current collectors.

2. **Why was Power device-related investment concentrated in Q1, and what is the trend from Q2 and in the next fiscal year onward?**

A: Orders received for Power device-related investment increased in both Japan and China as SiC investment was concentrated in Q1.

In Japan, the shift to SiC accelerated and orders for 6-inch SiC were concentrated.

In China, SiC investment has been active since the previous fiscal year, and orders were concentrated in Q1. Q2 orders are expected to continue, but orders in H2 are expected to be lower than in H1.

Orders for power devices in both Japan and China will decline in H2 due to the concentration of orders in Q1, but there is no change in the initial annual plan.

Active investment is expected to continue in both Japan and China in the next fiscal year and onward, including SiC investment to increase wafer size to 8 inches.

3. **What is the breakdown of Q1 orders, at about ¥15 billion for power devices, which were at a record-high level on a quarterly basis, by method, region, and equipment?**

A: Mid-80% of the investment was SiC related, with Japan and China accounting for 50/50.

Ion implantation equipment for about 50%, Sputtering equipment for 40%, and Deposition equipment for the remaining 10%. We have received orders for Ion implanter for SiC in Japan and plan to expand sales in Japan in the future.

4. **What are the investment trends of semiconductor by sector?**

A: NAND: Investment continues to be restrained. We expect a recovery in the next fiscal year and onward.

DRAM: Investment continues to be restrained, but DRAM investment is being supported by HBM-

related investments such as Redistribution layer processes. DRAM investment is expected to recover from H2.

Logic: Investments in advanced logic are also currently being restrained, but are expected to recover from H2.

In particular, we have been adopted by the North American logic manufacturer and expect to receive orders in the future.

Continuous orders are expected from North American legacy manufacturer, which we entered the market last fiscal year, and the business basis in the logic field is expanding.

5. What is the impact of the U.S. restrictions on Chinese semiconductor exports, etc.? Will it affect power devices business, etc.?

A: The impact of China's semiconductor-related business is minimal, as it has not been factored into the plan to any great extent, with only a few spot business expected.

Power devices, various electronic devices, and Batteries business are expanding and are not subject to the regulation, therefore there is no impact on the business and investment in Power devices.

Sales and Profit (Margin)

6. Why is the gross profit margin lower YoY? What is the reason for the lower operating margin?

A: The gross profit margin declined due to the absence of the contribution of highly profitable electronic device-related projects in the previous fiscal year, and the sale of low-margin evaluation equipment in the semiconductor-related business was accelerated to Q1.

Sales of evaluation machines for new processes will lead to future business expansion.

Operating profit margin also declined due to higher personnel expenses and higher selling expenses associated with increased orders.

7. How will the profit margin improve from Q2 onward?

A: With order backlogs exceeding ¥160 billion, sales growth will drive improvement in profit margins from Q2 onward.

Although the mix is also improving, electronics will not contribute as much as a result, partly due to the absence of high-margin projects in the previous year.

We believe that the planned production will contribute to improved profit margins from H2 of the next fiscal year onward.

8. What is the status of long delivery times for parts?

A: Long delivery times for parts are improving.

For some of the remaining parts with long delivery times, planned production, advanced arrangements, and other measures have resulted in shorter delivery times.

In the rapidly growing Power device industry, there are some special parts that have exceeded the production capacity of suppliers, and we are working with the suppliers to increase their capacity.

9. What is the lead time for each segment and product?

A: Delivery lead time for sputtering equipment for logic and memory applications is 3 to 10 months, partly due to the effect of planned production.

Sputtering and evaporation equipment for electronics, which is relatively standardized, takes about 3 to 8 months.

Some electronics-related special-type equipment takes 15 months or longer because parts are purchased after the order is received.

Ion implanter for power devices takes 10~17 months due to the need for suppliers to increase production capacity for some special parts in response to the rapid increase in orders.

10. What are the breakdown percentages of Semiconductors and Electronics, FPDs orders and sales of FY 24/6-Q1?

A: As shown in the Appendix

11. What is the ranking of profitability by segments of FY24/6-Q1?

A: As shown in the Appendix

<Appendix>

● Breakdown for Order Received

Order Received	FY2024/6 Q1
Semiconductor/ Electronics(¥1billion)	28.5
•Memory	less than 10%
•Logic	mid-10%
•Electronics Device	less than 20%
•Power Device	more than 50%
•Packaging	mid single digit%
FPD(¥1billion)	24.5
•LCD	mid-10%
•OLED	mid-20%
•Battery	less than 60%
•Others	several %

● Breakdown for Net Sales

Net Sales	FY2024/6 Q1
Semiconductor/ Electronics(¥1billion)	19.4
•Memory	mid-20%
•Logic	more than 10%
•Electronics Device	less than 30%
•Power Device	more than 30%
•Packaging	less than 10%
FPD(¥1billion)	11.4
•LCD	more than 40%
•OLED	mid-40%
•Battery	more than 10%
•Others	several %

● Operating Profit Margin Rank of FY2024/6 Q1

Rank	Segment
1	Components
2	General Industries
3	Semiconductors and Electronics
4	Materials
5	Others
6	FPDs

Overall average is between
3) Semiconductors and Electronics
and
4) Materials