

**Q&A summary for FY2019 3Q business results telephone conference
(held on May 14,2020) and analyst meetings**

[FY2019 3Q consolidated results]

1. How were the progresses of Order received and net sales for 3Q(Jan.-Mar.)? Was there an impact of COVID-19 ?

A : Compared with 1Q and 2Q, the orders for FPD and component increased in 3Q even though some orders were postponed due to the impact of COVID-19. Net sales were affected by COVID-19 for more than ¥4 billion.

2. Why OP margin rose from 7% in 2Q to 10% in 3Q?

A : The major factors for the decrease in fixed costs compared to 2Q are as bellow.

① Fixed costs were expected to increase in the previous earning forecast revision in 2Q. However, fixed costs were controlled by thoroughly prioritizing the development projects and decreased more than the estimated increase in the previous revision.

② Sales, general and administrative expenses and fixed manufacturing expenses decreased by ¥800 million due to a partial reversal of allowance for bonuses linked to business performance that is revised downwards in the latest forecast.③Sales activities were prevented and fixed costs decreased due to the impact of COVID-19.

3. Breakdown of FPD, semiconductor electronics order received and net sales for 3Q?

A : 〈FPD〉 Order Received : ¥14.5 billion less than 60% for LCD, around 30% for OLED, more than 10% for others

Net sales : ¥15.1billion around 70% for LCD, more than 20% for OLED, mid-single digit for others

〈Semiconductor and electronics〉

Order Received : ¥11.7 billion around 20% for memory, mid-10% for logic, mid-30% for electronics, mid-10% for power device, mid-10% for packaging

Net sales : ¥11.7 billion less than 40% for memory, mid-single digit for logic, mid-30% for electronics, less than 20% for power device, mid-single digit for packaging

4. OP margin rank by segment in 3Q(Jan.-Mar.)

A : 1)Components 2)Semiconductor/electronics devices 3)General Industries (overall average)
4)Others 5)FPD·PV 6)Materials.

【Full year forecast】

5. It seems to be deflected in 4Q (Full year forecast - the cumulative results by 3Q).

Why? How about the impact of COVID-19?

A : Net sales are expected to decline by approximately ¥12.5 billion in 4Q because of a decrease in orders and the postponement of installation and acceptance inspection mainly due to the impact of COVID-19. As a result, an operating loss is expected in 4Q.

6. Breakdown of FPD, semiconductor electronics order received and net sales after the revision of full year forecast.

A : 〈FPD〉 (The forecast of order received is ¥32.7 billion. The breakdown here is for ¥36.1 billion excluding the contract cancellation in 1Q)

Order Received : ¥36.1 billion less than 50% for LCD, less than 50% for OLED,
mid-10% for others

Net sales : ¥61.3 billion mid-50% for LCD, more than 40% for OLED,
mid-10% for others

〈Semiconductor and electronics〉

Order Received : ¥42.6 billion mid-30% for memory, around 10% for logic, more
than 30% for electronics, less than 20% for power
device, mid-single digit for packaging

Net sales : ¥42.1 billion more than 30% for memory, more than 10% for
logic, around 30% for electronics, around 20% for
power device, mid-single digit for packaging

【Market environment/Orders in the future】

7. (FPD) Did orders for 3Q and the full year remain on schedule?

A : Compared with the order forecast of ¥31.2 billion announced in the previous forecast revision in February, we increased our order forecast to ¥32.7 billion due to an additional investment in existing LCD lines for smartphones in 3Q.

8. How do you expect to receive orders for FPD production equipment in the next fiscal year and beyond? Are there any changes since February?

A : As will be explained in details when the new medium-term management plan is disclosed in August, orders are expected to increase from this fiscal year due to new investment plans for OLED by a manufacturer scheduled to procure from our company in the next fiscal year, additional investment plans for LCDs for large-sized TVs, and inquiries for Roll-to-Roll equipment for film capacitors.

9. The number of semiconductor electronics did not increase much in 3Q. However, shouldn't the semiconductor expected to grow in the second half? How about the orders for memory, logic?

A : As for the semiconductor sector, we expected a recovery in the memory investment from the beginning of the year, but the growth was slower than expected due to the relocation of equipment was taken place instead of new investments in NAND. Meanwhile, the investment in DRAM is recovering and DRAM growth is leading our semiconductor sector. Logic is expected to be in line with the initial forecast.

10. If the order received will be ¥152 billion in this fiscal year, do we see a decline in net sales in the next fiscal year?

A : In this current fiscal year, we expect the order received will be ¥152 billion due to a combination of special factors such as cancellation of order of -¥3.4 billion and the impact of COVID-19 of -¥16 billion.

As the new medium-term management plan is currently being formulated and is scheduled to be disclosed in August, it is not possible to give a numerical explanation. However, orders for the next fiscal year are expected to increase from the current fiscal year due to the recovery of memory (DRAM and NAND) investment, an increase in investment in cutting-edge logic foundries, and active investment in electronics, particularly in China, toward the realization of 5G smart society.

Sales in the next fiscal year are certainly expected to be lower than this current fiscal year, but the delay in installation due to the impact of COVID-19 may contribute to sales in the next fiscal year.

Although we recognize that the business environment will be severe in the current and next fiscal years, we are confident that orders, mainly for semiconductor and electronics will recover

in the next fiscal year and sales will recover from the bottom in the next fiscal year due to the large growth opportunities presented by the 5G and smart society.

11. It seems sales will decline in the next fiscal year and profits may deteriorate. What is your view on fixed cost control, including development?

A : In the previous forecast revision in 2Q, we explained that fixed costs related to development, etc. would increase comparing to the initial plan. However, the fixed costs were reduced more than the amount expected to increase in February by prioritizing development projects and canceling those with low investment effects in consideration of the size of business results, growth, competitiveness, etc.

Even though we are controlling the fixed development costs, there is no changes in our policy to quickly respond to customer needs by focusing on major business opportunities in the technological innovations for the future 5G and smart society. We also believe it will work to improve the development effect. We will continue to firmly control fixed costs.

12. You said there has been an increase in inquiries related to electronics in China. What kind of inquires? Why are the inquiries increasing?

A: Inquiries on production equipment for μ OLED and power devices and communicating devices used in head mount displays such as VR (virtual reality) and AR (augmented reality) are increasing.

As a result of the trade friction between the United States and China, China is strongly promoting the domestic production of semiconductors and electronic components, and is reportedly focusing on economic recovery after COVID-19.

【The impact of COVID-19】

13. What was the impact of the new coronavirus on sales, production, distribution, installation, and development? How about your effort to minimize the impact?

A: Orders and sales affected due to the restrictions on sales activities, e.g. the restrictions on travel and movement, inability to visit customers and to install equipment, etc. Although it has been supplemented by meetings with customers and installation support via Web, video, and teleconference, it has had a certain impact on orders and sales. There were some restrictions such as no radio wave in the customer's clean room, and not being able to bring in communication equipment due to security issues. However, we are starting to provide remote installation support while gradually gaining the customer's understanding. Following

instructions from local governments, our Chinese plants resumed operations early after the New Year holidays.

We have established major production and development bases in Japan, China, South Korea, and Taiwan, and have also established supply chains for each region.

Production and development are continued without any problems by a quadrilateral structure system that can cover each other.

【New medium-term management plan】

14. What are the goals of the new medium-term management plan?

A: As growth businesses, we will expand the semiconductor and electronics businesses that support technological innovation to realize a smart society.

In order to strengthen product development in response to these technological innovations, we will strengthen our technological sensing functions, prioritize development themes, and concentrate management resources on key items.

We will also promote production reforms in all processes from design to production, and work to improve productivity and profitability by strengthening our manufacturing capabilities.

In addition, we will further integrate management by developing a system platform to share Group management resources and information.

By promoting this kind of management reform, we hope to capitalize on the current trend of technological innovation as business opportunities to achieve further growth.

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