

Question-and-Answer Session

Financial Results Briefing Outline

Wednesday, May 12, 2021, 4:00 p.m. - 5:00 p.m. / Japan Standard Time

Zoom webinar

For institutional investors and analysts

Question 1 What is the background to the large increase in operating income of 95.5% from the same period last year?

Answer In Q1, SG & A expenses were suppressed because recruitment of human resources did not proceed as planned. Production volume grew due to sales expansion. In the current fiscal year, we plan to increase the number of personnel in the manufacturing, R & D, and other departments.

Question 2 What is the reason for the growth in sales of major products?

Answer As for "CZ," package substrates (PKG) performed well against the backdrop of strong demand for PCs and tablet PCs. It is said that demand for semiconductors is increasing to the extent that supply is tight and that PKG is also in short supply. Both semiconductor makers and PKG makers are actively making investments. The sales increase for "SF" is due to the demand for tablet PCs. As for "EXE," display sales are better than initially expected. For "V-Bond," PCBs for automobiles and smartphones did well.

Question 3 Regarding the forecast for the current fiscal year, why do you expect sales to come down in the second half of the year compared to the first half of the year?

Answer Sales in Q1 were much higher than expected. In the future, due to uncertainties in aspects such as demand for tablet PCs and trends in the car markets, we have decided to leave the initial plan unchanged in the second half of the fiscal year.

Question 4 Are there any concerns, such as rising raw material costs?

Answer Some raw material costs are rising but not enough to affect gross profit.

Question 5 The amount of chemical shipments is trending toward an increase. What is the status of production capacity?

Answer Certainly, the shipment quantity is on the rise. We will consider investment, taking various things into account. So far, our production capacity is sufficient to cover the rising shipments.

Question 6 The SG & A ratio in Q1 was low, but will it be suppressed down the road?

Answer We will suppress where we can, but under the current circumstances, we believe human resources expansion is essential. We will secure good talents. On the other hand, we will curb expenses, such as travel expenses, wherever we can. Our company has been sticking to the basic principle of not using unnecessary expenses. We are not thinking about suppressing the SG & A in particular. We will use it where it is needed.

Question 7 I hear that the area of a 2.5D package substrate rises as the substrate increases in size and multi-layering, but what about 3D package substrates?

Answer The area of a 3D package substrate increases as well. The 2.5D will be for servers, and the 3D will be for PCs.

Question 8 Please share with us your efforts to reduce CO₂.

Answer CO₂ reduction will be a future challenge for us. We have not yet done anything concrete, such as focusing on CO₂ and reducing emissions. Although it is vague, we believe that we are definitely contributing to our customers in their efforts, including reduction of CO₂ and waste materials, through our activities to improve yield and productivity in our substrate manufacturing process. We are not in the state in which we can provide a concrete, quantitative explanation.

That's all.