

Question-and-Answer Session

Financial Results Briefing Outline

Tuesday, August 10, 2021, 4:00 p.m. - 5:00 p.m. / Japan Standard Time

Zoom webinar

For institutional investors and analysts

Question 1 In your announcement of the Q1 financial results back in May, you mentioned that expenses were expected to increase in Q2, but after all, they did not go up so much. What is the reason?

Answer Q2 did not see much effect, which shifted to the second half of the fiscal year.

Question 2 Please share with us the items that will rise from the first half to the second half of the fiscal year.

Answer Personnel costs will increase significantly in the second half of the year compared to the first half of the year. This is due to the hiring of people, and the effect will appear in manufacturing costs in the second half of the year. Other costs expected to go up include transportation, survey and analysis, consumable goods, and repair.

Question 3 Sales are planned to be the same in the first half and the second half of the year. Please tell us about the trends of your major chemicals.

Answer It is "EXE" whose sales may drop in the second half of the year. This product is often used in COF (Chip on Film) for flat panel displays. There is a possibility of adjustment in the second half of the year. As for "SF," we cautiously expect that demand for tablet PCs will settle down a little in the second half of the year. On the contrary, there is brisk demand for semiconductors, and we expect that the related "CZ" will continue to increase.

Question 4 Please tell us about the impact of foreign exchange.

Answer The influence of the Taiwan dollar and the Chinese yuan was mainly large. We have a few transactions in USD, which have little impact.

Question 5 Regarding "adhesion improves," what is the cause of the increase in sales but the decrease in quantity?

Answer The cause was foreign exchange. It had the biggest impact. The figures by country are uneven, but when viewed throughout the first half of the fiscal year, they do not seem to have risen or fallen in the regions.

Question 6 Where are your manufacturing bases? Isn't there an urgent need to boost production capacity?

Answer We have two manufacturing sites in Japan (Nagaoka City, Niigata Prefecture and Amagasaki City, Hyogo Prefecture) and five overseas (Taiwan, Suzhou and Zhuhai in China, Thailand, and Belgium). At present, we still have enough production capacity as an entire group. As for stepping up production capacity, we will keep an eye on future trends and respond accordingly.

Question 7 As for the second half of the fiscal year, should we expect results in Q3 and Q4 to be flat?

Answer We expect so.

Question 8 Please give us a specific roadmap for the CZ series.

Answer There is a product called CZ-8201 in the CZ series, which is a type with finer roughening capability than that of our current main product CZ-8101. In other words, the product can handle wires with a narrower wiring width more easily, and the transmission loss is small. Beyond that, we have CZ-8401 with further finer roughening capability. We also have completely smooth chemical adhesions.

Question 9 What about the etching solution "EXE"?

Answer Our EXE commands a high market share for COF, and we expect the product to remain stable in the future as well. In addition, we aim to increase sales for PCBs using "EXE" going forward.

Question 10 What are your thoughts on AiP (Antenna in Package)?

Answer We believe that the full-scale launch of 5G using AiP will be in 2023 or afterward.

That's all.