

Question-and-Answer Session

Financial Results Briefing Outline

Tuesday, May 10, 2022, 4:00 p.m. – 5:00 p.m./Japan Standard Time

Zoom Webinar

For institutional investors and analysts

Question 1. What are the factors behind the earnings forecast revisions?

Answer: The Q1 results were better than expected. Net sales were about 150 million yen higher and operating income about 200 million yen higher than planned. Also, SG&A expenses were lower than expected because we refrained from unnecessary and nonurgent business trips in addition to other factors, such as the expenses that were expected in this period but not incurred. We have not revised our initial plan for the second quarter and onward. As a result, the plan may suggest that our financial performance will slow down in the second quarter, but there are no new expectations added in that quarter.

Question 2. As for the Q1 results, what was different from your expectations?

Answer: PKGs, on which semiconductors are mounted, performed well, and related CZs exceeded our plan. Sales of CZs have hit an all-time high. There is strong demand for the high-end and medium classes, which are our strength. On the other hand, demand for displays was sluggish. This probably resulted from the impact of TV-related items, which are affected by the macro economy. In addition, the weaker yen pushed up net sales and profits.

Question 3. What is the reason for the decline in chemical gross profit margin?

Answer: The drop in chemical gross profit margin is due to rising raw material costs, the temporary change of manufacturing sites from China to Japan for some products, and other factors.

Question 4. What caused the increase of CZs?

Answer: The use of CZ-8201 for high-performance PKGs is increasing. CZ post-treatment agents are increasing the most. With PKGs becoming denser, these agents tend to be adopted more, resulting in the increase.

Question 5. How is the progress of “EXE,” which is for printed circuit boards for high-end smartphones?

Answer: The products are now being used in some smartphones. Net sales stand at a few tens of millions of yen. We would like to increase sales figures in the future.