

## Question-and-Answer Session

Financial Results Briefing Outline

Wednesday, August 10, 2022, 4:00 p.m. – 5:00 p.m./Japan Standard Time

Zoom Webinar

For institutional investors and financial analysts

**Question1. Please explain the reason for the decrease in operating margin for the second quarter compared with the first quarter.**

Answer: The most apparent reason is personnel expenses. We anticipate that personnel expenses will further increase in the second half compared with the first half of the fiscal year.

**Question2. The full-year business forecast has been revised upward. Part of the increase may be attributable to the impact of foreign exchange, but your forecast shows an increase in sales in the second half compared with the first half. What is the reason for raising the forecast amid the mixed environment for the semiconductor market?**

Answer: We expect that sales will increase due to a certain degree of growth in data center servers. And as for smartphones, we forecast that production will increase in the future due to seasonal factors. We also assume the impact of foreign exchange.

**Question3. What are the factors for the robust growth of “Other” under CZ?**

Answer: “Other” refers to preprocessing and postprocessing, which indicates a growing trend. This is due to further sophistication of our customers’ production technology.

**Question4. The payout ratio is currently 25%. Please tell us if you plan to increase dividends in the future.**

Answer: On a medium- to long-term basis, we would like to bring it closer to 30%.

**Question5. What is your perspective on the growth of the CZ category?**

Answer: We believe that CZ will remain as our key product category in the future. However, in terms of preprocessing and postprocessing of the CZ series, which I mentioned earlier, I meant to say that especially postprocessing is likely to diversify and that we need think about how we should develop our core technologies horizontally.

**Question6. The change in business performance of major semiconductor manufacturers is growing gradually. I understand that your business has been robust, centering on servers, but I feel that there is a gap growing between the movement of customers and your company's movement. What is that gap arising from?**

Answer: We understand that sales of servers for consumers are weak. We are also aware of the adjustments going on in semiconductors in that field. But we understand that CZ is growing in fields except for the consumer market, such as large-scaled and multi-layered PKG for servers.

**Question7. I understand that you will search for a new domain in the postprocessing of semiconductors. Please explain your view on what kind of domains you are currently likely to find an opportunity.**

Answer: I believe that a new domain of opportunity will be, for example, in packaging, where the implementation of 2.5D or 3.0D will become more complex and CZ will become more important.