

Question-and-Answer Session

Outline of briefing session

16:00–17:00 on Tuesday, February 14, 2023 (Amagasaki Head Office)

13:30–14:30 on Wednesday, February 15, 2023 (Tokyo)

For institutional investors and analysts

Question 1. The operating profit plan for the fiscal year ending December 2023 is a decrease of about 1 billion yen from the previous fiscal year. What are the details?

Answer Gross profit will fall by about 1.2 billion yen due to a decrease in the volume of chemicals, gross profit will go up around 500 million yen with the product mix, and SG&A will increase about 200 million yen. We assume that exchange rates will have little effect

Question 2. What are the reasons for the expected increase of about 1 billion yen in capital expenditures in the fiscal year ending December 2023 compared with the previous fiscal year?

Answer This will be due to capital investment in MEC China (Suzhou) and a delay in the timing of research-related capital investment that was planned in the previous fiscal year.

Question 3. In the first half of the fiscal year ending December 2023, you expect revenue to fall 20% from the same period last year. But will there be strengths or weaknesses in the first and second quarters?

Answer Not many strengths or weaknesses, but revenue will bottom out in Q1

Question 4. What are your reasons for assuming there will be a recovery in the second half of the fiscal year ending December 2023?

Answer We assume that some inventory adjustments will take place in the first half and production will recover in the second half, and that inventory of advanced packaging will also start to move

Question 5. Will you revise the mid-term business plan announced in 2022 despite the fact that a period of inventory adjustment has started?

Answer We have no plans for that at the moment.

Question 6. What were the sales evolution (by year, by month etc.) for the second half of the fiscal year ended December 2022?

Answer Sales were relatively strong through the third quarter. In the fourth quarter, they deteriorated month by month

Question 7. How are price revisions progressing and what are the effects?

Answer Our customers cooperated with the revisions. We plan to reduce the volumes of chemicals in 2023, while gross margin will remain at the same level as in 2022

Question 8. What changes do you expect to see in sales by product from the previous fiscal year in the fiscal year ending December 2023?

Answer We expect sales of all major products will decline. Among them, sales of our mainstay CZ products will decline slightly. Sales will be affected by inventory adjustments on the part of customers in the first half, but are expected to recover in the second half

Question 9. Is there a special reason for the very low operating profit in the first half of the fiscal year ending December 2023?

Answer No.