

QA Summary for Q2 FY12/21 Results Briefing (for institutional investors and analysts)

Q1: How much was ALD order amongst the increasing orders for new equipment?

A1: For Q2 2021, ALD sales were about 7% of total sales and orders were about 13% of total orders, which is driving sales and orders for new types of equipment.

Q2: Will demand for ALD increase from the third quarter?

A2: ALD are mainly used for camera lenses, mini-LEDs and AR/MR. At this point in time, there are possibilities for the mass production of mini LEDs, and orders for the second half of the year are expected.

Q3: The worldwide supply shortage of semiconductors and other factors have affected the amount of orders. What is the outlook for the recovery of orders?

A3: In our FY2021 plan, orders received were projected to be weighted in the first half of the year. In fact, due to the prolonged spread of the new-type coronavirus infection and the global shortage of semiconductors, the impact of delayed capital investment by customers is increasing the likelihood that orders will be shifted from the first half of the original plan to the second half of this year and fiscal 2022. Orders from North American smartphone manufacturers was smaller in the first half of FY2021 and will continue to be so in the second half than originally anticipated, and full-scale orders are likely to be deferred to FY2022. Recently, there has been an increase in business through vendors of North American smartphones, and orders for these products may be received by the end of the year.

Orders for new types of equipment, such as horizontal sputtering equipment and ALD equipment, are high and will continue to be the driving force.

Q4: In which sectors are semiconductor shortages occurring?

A4: Especially smartphone and camera manufacturers. Customers in these sectors have low capacity utilization rates, and we are paying close attention to how they will improve capacity utilization in the second half of the year.

Q5: How did the actual results compare to the internal plan for orders and sales in the first half?

A5: Sales were slightly lower than the company's plan. Orders were much lower due to customers' delays in capital investment than the plan as the planned orders were weighted more in the first half of the fiscal year.

Q6: What is the use of dry etching equipment?

A6: Our Dry Etching equipment will typically be used for Smartphones, PC touch panels, displays, automotive coverslips, etc.

Q7: Profitability was good in the first half, but what is the profit outlook for the second half?

A7: Contribution to earnings of new equipment is expected to continue. On the other hand, the rise in raw material prices has affected our procurement costs. As an example of our response, we are proceeding with the purchase of parts and materials at the cheapest of our three sites and the purchase of goods at a low cost by reviewing the selection of suppliers.

Q8: What equipment is used for AR/MR?

A8: Evaporation deposition, sputtering, ALD, and etching equipment are used for various functions of AR/MR.