QA Summary for Q3 FY12/23

Q: In the smartphone field, there were expectations for orders from customers to diversify their production bases in the second half of the fiscal year. However, there were no orders received due to diversification in the orders received in the third quarter. When will be the timing of orders in relation to the diversification of customers' production bases to flow in?

A: New demand in relation to changes in the supply chain are still there, but are being pushed backward due to the impact of the current smartphone market conditions. We expect the demand to turn into actual orders possibly early next year.

Q: The presentation material mentions there are signs of a recovery in the smartphone field. Are there any signs of a recovery in orders in Q4? Given this point, what is your fourth-quarter order expectation?

A: Demand was weak throughout the year, including in the Chinese market, but we are witnessing some signs of possible recovery as we're seeing slight upward move in recent orders. We are not optimistic as a whole in the 4th quarter, but from next year onwards, we expect to see more concrete orders in the high-end functionality areas such as hard-coating and needs in relation to supply chain shift.

Q: Please tell us your thoughts on whether the order backlog will increase or decrease toward the 4th quarter.

A: The order backlog at the end of September was just under 28 billion yen. We are not optimistic about the market prospects for the 4th quarter, but since the concrete demand for things like hard-coating and in relation to supply chain shift are still there, orders will likely improve from the 1st quarter of 2024 even if not from this 4^{th} quarter, and the backlog of orders will increase accordingly starting early next year.

Q: What is the status of the business of Nano Litho Technology ?

A: The joint venture with AI Mechatek Co., Ltd., which was established in July, is proceeding as planned. We will move to accommodate demonstrators for customers from the beginning of next year. The company is aiming to win orders over the next year.

Q: ALD equipment orders received less this year than last year. At what timing of future can we expect the orders for ALD to come back?

A: Last year, we received many orders for ALD equipment for smartphone camera module application. This year, we are in a lull and are aiming to win orders for the next applications. We feel that there is a strong need for wide-angle lenses for surveillance cameras, and for that application, the characteristics of ALD devices will be a perfect match. ALD equipment can also be utilized where micro-machining, such as sensing functions including MEMS, is required, as well as in the field of semiconductor optical fusion. Those demand are expected to start materializing from next year.

Q: What areas of semiconductor-optical fusion are expected to expand next year?

A: Image sensors, Mini LEDs, Micro LEDs, etc., are the products among others where certain order volumes are expected next year. Going forward in the photoelectric fusion field, a considerable increase in volume can be expected for data-center use, etc. as well.