

## QA Summary (for institutional investors and analysts) for Q3 FY12/21

Q1: In what fields have there been a recovery in orders?

A1: We have worked to expand our customer base and final applications. The IoT field has been expanding. In the third quarter of 2021, orders for smartphones were sluggish, but customers are starting to show signs of recovery in the fourth quarter of 2021. In particular, the possibility of accepting orders for new types of equipment (sputtering equipment, ALD equipment, etching equipment, etc.) is expanding mainly for wide-angle lenses, high-resolution lenses, casing decoration, etc.

Q2: How do you think your output is volatile on a quarterly basis? And what is the impact of low 3Q output on future profitability?

A2: Production planning according to the delivery schedule with the customer resulted in lower output in the 3rd quarter. We do not believe this will have a major impact on profitability.

Q3: Is there any progress in the construction of the third building of the Shanghai Plant and in the search for R&D facilities in Japan?

A3: We are looking for R&D facilities in Japan. We do not plan to invest by the end of the year, but this is an important initiative for us and is in progress. The third building in Shanghai has almost been completed and is awaiting approval by the Chinese government.

Q4: What is the spread of the semiconductor optical fusion business?

A4: MEMS has important functions such as AR/MR and on-board sensors. In MEMS, for example, we will address the optical needs associated with semiconductors by providing a complex array of etching technologies required to form necessary structures on surface. This field is expected to grow.

Orders received in Q1-Q3 2021 are declining quarterly. The trend was similar last year, but will it continue from next year onwards, and what new fields of orders will increase?

A5: Our business doesn't have a clear seasonality, but in the past the 3Q tended to be low. Orders are expected to increase in the fourth quarter of 2021. We don't know if we're going to see the same trend from next year onward.

Orders for automobiles, AR/VR and medical devices, such as IoT and mini LED, grew, but smartphones, for example, stagnated. This is due to the impact of the shortage of semiconductors on the production of customers starting in the second quarter of 2021 and the delays in the development of new equipment by some customers.

Q6: What is the impact on your company of global supply chain problems and semiconductor shortages?

A6: For example, price increases for metals affect production costs. We deal with this in various ways, such as purchasing parts and materials at the cheapest of our three sites.

Our Shanghai plant operates as usual, and at this point, no power outages have been requested, but power shortages in China are a risk factor.

Q7: What was behind the signs of a recovery in orders, and what is the outlook for winning orders from North American smartphones?

A7: Smartphone orders were sluggish as customers were slow to invest in new features. Despite the Covid-19 pandemic, economic activity has started to move worldwide, and there are signs of a recovery in customer production. In particular, orders for AR/MR and automobile-mounted equipment are increasing.

In addition, while the specific timing of receiving orders has not been determined, the company is continuing multiple joint-projects for smartphones with North American smartphones.

Q8: What is the outlook for orders for etching equipment?

A8:08: A dry etching system for AG glass was launched and the customer is making a trial use. The company is also developing etching equipment for RF filters and AR/VR. Inquiries are received from multiple companies in each field. Sizable future growth can be expected.

Q9: Updated Corporate Governance Code calls for stronger governance, including the establishment of voluntary committees, and TCFD measures. How are you responding?

A9: Along with the revision of the Corporate Governance Code, efforts are being made to strengthen governance and to address sustainability issues such as TCFD. The status of responses will be explained in the Corporate Governance Report.