

FAQ on Earnings Presentation for FY2021 3Q

1st. Q1-13, disclosed on January 29, 2021

2nd. Q14-18, disclosed on March 19, 2021

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Q1	SPE	Regarding the outlook for WFE in CY2021, although the Company's forecast is for a rise of +5-10%, similar to the previous outlook, the market is currently a little more bullish. Some industry competitors are expecting around +20%, and does SCREEN see the outlook as a bit weaker as the Company is factoring in some kind of risk projection?
A1		The more modest forecast does not mean that we feel a particular sense of risk. There is no change in our view that WFE will be strong in CY2021. As market performance in CY2020 becomes clearer, we will conduct a more detailed analysis.
Q2	SPE	I'd like to ask about profitability. The operational efficiency for the factory S ³ -3 in 3Q was 100%. What contributed to that? Will that continue into the next fiscal year?
A2		We are working to quickly adjust designs based on a shared understanding with customers with an eye to utilizing the factory S ³ -3. We think the high operational efficiency will continue due to the current order situation.
Q3	SPE	Will the rising percentage of demand accounted for by legacy nodes caused by an increase in demand for automotive semiconductors cause profitability to deteriorate?
A3		Legacy node-related demand is being met by subsidiaries and profitability is not bad.
Q4	SPE	Regarding 3Q orders, those from foundries, a major reason for the increase, were incredibly strong. What is the outlook for 4Q orders?
A4		4Q orders are also looking strong, and we forecast they will be on par with the 3Q level (mainly due to foundries).
Q5	SPE	If sales increase, will there be room for profitability to improve even if the operational efficiency of S ³ -3 is 100%?

A5		We expect the operational efficiency in 4Q to remain at 100%, so to improve profitability further we will need to take measures (which are currently under development).
Q6	SPE	What is the direction for product strategies (cleaning system) going forward?
A6		We have long had supercritical drying technology, and are jointly conducting evaluations with customers using various drying technologies. One of these is the solidification drying introduced in the presentation for medium-term management plan follow-up IR meeting & SPE group IR meeting in September 2020. Miniaturized structures differ between customers and applications, and SCREEN will continue offering optimal solutions through the pipelines with each customer.
Q7	SPE	Demand for WFE in CY2020 is expected to grow +10% compared with the previous fiscal year, but SPE profit is expected to stop at a +1% YoY increase and underperform compared to WFE's growth rate. What about the next fiscal year?
A7		The 3Q and 4Q orders have been strong, and a significant sales volume is likely to be pledged for the next fiscal year's 1H (April-September 2021). As for FY2022/03 2H, it could outperform the WFE CY2021 results. (We are currently conducting an analysis for next fiscal year's plan.)
Q8	SPE	I have some questions about S ³ -3. Jigs will be introduced from March, when can they be expected to contribute to production? Although the operational efficiency is already 100%, is it possible to meet demand for foundries without a surplus or deficit? Would using the old factory or taking other measures do not have an impact on profitability?
A8		<ul style="list-style-type: none"> •The effects of introducing jigs will appear from the next fiscal year. •The current operational efficiency temporarily surpasses 100%, with operations extending into overtime and days off. Given the current high level of orders, we anticipate this trend to continue and will invest capital accordingly. •This does not mean we are using the production line of the old factory.
Q9	SPE	Is the reason for introducing jigs to expand production capacity or increase production efficiency?
A9		We focused on both increasing capacity and shortening lead time with the expectation of maintaining the operational efficiency at 100% and improving the variable cost ratio.
Q10	SPE	Should we expect that sales during June Quarter in 2021 will not drop off due to

		the full production capacity premised on the high level of FY2021 3Q and 4Q orders?
A10		That will depend on adjustments of delivery times with customers (based on installation completion), but we currently expect that sales during June Quarter in 2021 will not see a large drop.
Q11	SPE	Do you foresee a recovery in orders for DRAM memories?
A11		We expect DRAM manufacturers recover in 2H of CY2021 (on an orders basis), except for major South Korean memory manufacturers, which SCREEN has less exposure to.
Q12	SPE	In the previous fiscal year's 4Q, you forecast a valuation loss of ¥4 bn when recording sales of evaluation equipment. Does your 4Q projection for FY2021/03 include a similar evaluation loss?
A12		We began preparing the budget for FY2021/03 at the beginning of the fiscal year and, as in the previous fiscal year, will not put it all together and release it in this 4Q.
Q13	SPE	I would like a recap of market performance in CY2020. Although foundries grew significantly, they have not achieved the profit increase rate seen by WFE. What is your analysis of the weaker growth rate?
A13		Although we intend to conduct an analysis using available CY2020 market data, SCREEN has less exposure to South Korean customer, so we do not benefit from recognized growth, which means it was also due in part to South Korea continuing to shift toward domestic production manufactures.
2nd. Q14-18, disclosed on March 19, 2021		
Q14	GA	What was the basis for the upward revision of the full-year forecast? What are the current business trends?
A14		<ul style="list-style-type: none"> ·We had been seriously concerned about the situation since the start of the COVID-19 pandemic, but our RB (recurring business) remained steady and contributed to profit. Because we began to see signs of returning to the black for the full year, we increased our operating profit forecast. ·In 3Q, orders exceeded ¥10 bn for the first time in a long time, and We were able to confirm the strength of customers' intentions to invest in POD.
Q15	FT	Orders in 3Q came together for the first time in a while (¥7.4 bn), but what is the trend going forward?
A15		We predict that, as in 3Q, 4Q will reach the first half of single-digit billions of yen,

		especially for small- and medium-sized OLEDs.
Q16	FT	What was the basis for the upward revision of the full-year forecast?
A16		With signs of improving profitability and because we began to see signs of returning to the black for the full year, we increased our operating profit forecast.
Q17	FT	I have a question about the forecast for next fiscal year's business results and market trends. Other companies in the same industry are predicting that this year's display market will decrease by tens of percentage points. What is SCREEN's position on this?
A17		We think next fiscal year's sales will be similar to this fiscal year's sales given current figures for orders and order backlogs. As for profit, we expect it to further improve due to a mix that is centered on small- and medium-sized OLEDs (decreased G10 ratio).
Q18	PE	Although orders recovered in 3Q, what is the trend going forward?
A18		In addition to stronger transactions related to 5G mobile investments from the end of CY2020, automotive-related transactions are increasing, and we expect this trend to continue going forward.

Notes:

HD = SCREEN Holdings Co., Ltd.

SPE = Semiconductor production equipment business

GA = Graphic arts equipment business

FT = Display production equipment and coater business

PE = PCB-related equipment business