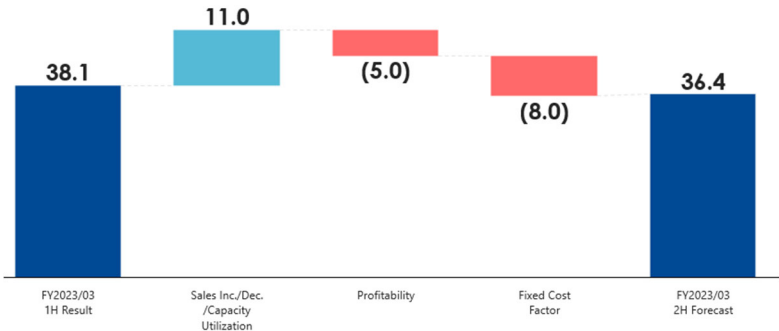


FAQ on Earnings Presentation for FY2023 2Q

First session: Q1-16, disclosed on October 31, 2022

Second session (Additional FAQs): Q17-18, disclosed on November 25, 2022

First session: Q1-16, disclosed on October 31, 2022		
Q1	SPE	Looking at sales ratio by region, please explain why the ratio of sales in China decreased in 2Q and it is expected to increase in 4Q. Also, how will export controls on U.S.–China trade impact SPE, quantitatively?
A1		<ul style="list-style-type: none"> • Regarding the apparent fluctuation of sales ratio, the Company ships products according to the customer’s required delivery date and generally records sales upon delivery and installation, so the delivery timing happened to fall into that pattern this time. • As for the impact of the U.S.-China trade friction, we stand by our full-year forecast as most of the equipment subject to the regulations is not included in our full-year sales plan for the current fiscal year. It is still too early to comment on the next fiscal year, and we are currently examining and discussing the issue in consultation with relevant parties and government agencies. The U.S. has enacted strong export controls, but Japanese products must contain specific U.S.-made technology to fall within the scope of the controls. We will closely monitor future developments and scrutinize plans for the next fiscal year.
Q2	SPE	Are there any changes in the WFE forecast for next year and the prospect of achieving SCREEN’s sales plan for the next fiscal year as explained at the IR Day?
A2		The new U.S.-China export restrictions were announced on October 13, and the situation has become more uncertain. As explained earlier, we are in the process of scrutinizing the impact going forward, and until that assessment is complete, the impact on next year’s WFE and next fiscal year’s sales plan is difficult to predict.
Q3	SPE	Despite the difficulty at this time to give a WFE forecast for next year, can you tell us the general trajectory regarding SCREEN’s sales forecast for the coming fiscal year?
A3		Orders in 2Q were on par with those in 1Q, and orders in 3Q and 4Q are expected to increase due to the new factory operations. We have not shifted from our belief that the sales target of the medium-term management plan for the next fiscal year will be achieved.
Q4	SPE	Looking at the full-year sales forecast graph by application (in the presentation material), foundry’s ratio has increased and the NAND’s ratio has decreased compared to the previous forecast in July. Does this change reflect the export restrictions to China? Or is the investment of NAND customers weakening?

A4		This change is not due to U.S.—China export restrictions. The lower ratio of NAND reflects actual investment slowdown. The sales ratio forecast may be difficult to understand due to the 5% increments shown, but the actual numbers show almost the same trend.												
Q5	SPE	In 2Q, there was a slight upward revision to the after-sales service sales forecast for the full year. Is that likely to cause reduced sales of new equipment, push-outs, or cancellations, etc.?												
A5		As you all know, there is an ongoing push out on memory customer investments. We believe that this is a result of the fact that customer factories are also starting to have some leeway in their utilization rates and are more receptive to our proposals for modifications. Since the profitability of the modification business is better than that of main equipment, we expect the operating income to net sales ratio to improve, but due to the impact of higher raw material costs, we have left our full-year profit plan unchanged.												
Q6	SPE	What is behind the slight decline in the operating income to net sales ratio despite the increase in sales from 1Q to 2Q? What is the outlook for the operating income to net sales ratio in 2H and beyond?												
A6		The operating income to net sales ratio was not significantly different between 1Q and 2Q, and the difference was simply due to the product mix. In 2H, the operating income to net sales ratio is expected to decline slightly due to the impact of higher raw material costs and the use of fixed costs (development costs) in 2H of the year that were not fully utilized in 1H.												
Q7	SPE	How do you see the increase or decrease in operating income, especially fixed costs, compared to 1H and 2H of the year?												
A7		<p>We expect fixed costs to increase by about ¥8.0 billion in 2H. The raw material cost increase impact is expected to cancel out the positive effects of foreign exchange rate fluctuations.</p> <p>■ Supplemental explanation:</p> <ul style="list-style-type: none"> ● Operating income analysis, FY2023/03 1H results, and 2H forecast comparison  <table border="1" data-bbox="443 1630 1225 1960"> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>FY2023/03 1H Result</td> <td>38.1</td> </tr> <tr> <td>Sales Inc./Dec./Capacity Utilization</td> <td>11.0</td> </tr> <tr> <td>Profitability</td> <td>(5.0)</td> </tr> <tr> <td>Fixed Cost Factor</td> <td>(8.0)</td> </tr> <tr> <td>FY2023/03 2H Forecast</td> <td>36.4</td> </tr> </tbody> </table> <p>* Operating Income Factor: approximate numbers per 0.5 bn</p>	Category	Value	FY2023/03 1H Result	38.1	Sales Inc./Dec./Capacity Utilization	11.0	Profitability	(5.0)	Fixed Cost Factor	(8.0)	FY2023/03 2H Forecast	36.4
Category	Value													
FY2023/03 1H Result	38.1													
Sales Inc./Dec./Capacity Utilization	11.0													
Profitability	(5.0)													
Fixed Cost Factor	(8.0)													
FY2023/03 2H Forecast	36.4													

		<p>See below: Operating income analysis taking foreign exchange impact into account.</p> <ul style="list-style-type: none"> ● Operating income analysis, FY2023/03 1H results, and 2H forecast comparison (including foreign exchange impact) <table border="1"> <caption>Operating Income Analysis (Approximate numbers per 0.5 bn)</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>FY2023/03 1H Result</td> <td>38.1</td> </tr> <tr> <td>Sales Inc./Dec./Capacity Utilization</td> <td>5.5</td> </tr> <tr> <td>Profitability</td> <td>(5.5)</td> </tr> <tr> <td>Fixed Cost Factor</td> <td>(6.0)</td> </tr> <tr> <td>Impact of exchange rates</td> <td>4.0</td> </tr> <tr> <td>FY2023/03 2H Forecast</td> <td>36.4</td> </tr> </tbody> </table> <p>* Operating Income Factor: approximate numbers per 0.5 bn</p> <ul style="list-style-type: none"> >> Positive factors in sales/capacity utilization: mainly SPE (GA negatively impacted) >> Negative profitability factors: mainly SPE (raw material cost increase) >> Negative fixed costs: mostly SPE (growth investments) >> Foreign exchange: impact on SPE, GA, PE 	Category	Value	FY2023/03 1H Result	38.1	Sales Inc./Dec./Capacity Utilization	5.5	Profitability	(5.5)	Fixed Cost Factor	(6.0)	Impact of exchange rates	4.0	FY2023/03 2H Forecast	36.4
Category	Value															
FY2023/03 1H Result	38.1															
Sales Inc./Dec./Capacity Utilization	5.5															
Profitability	(5.5)															
Fixed Cost Factor	(6.0)															
Impact of exchange rates	4.0															
FY2023/03 2H Forecast	36.4															
Q8	SPE	What is included in foundry in terms of sales by application? Also, are there any trends regarding power devices (e.g., silicon vs. SiC)?														
A8		<ul style="list-style-type: none"> • The foundry segment includes all customers engaged in foundry businesses. Sales are driven by customers in Taiwan, but depending on the timing, the percentage of foundry customers in China and the U.S. may also increase. • Although sales for SiC power devices customer are gradually increasing, silicon power devices are still the main source of sales, due in part to the trend toward 300mm silicon power devices. 														
Q9	SPE	Please explain the trends in the requirements of foundry customers.														
A9		There have been many requests for systems for manufacturing advanced devices and for collaboration on process development. Delivery timing request is very severe.														
Q10	SPE	What does “adjustment of investment priorities at each technology node” mean in the foundry explanation on slide 13 (in the presentation material)?														
A10		It means that customers are reevaluating their priorities in terms of the requirement for bringing the equipment used for their certain production lines, but it does not necessarily mean that the technology node has its own priorities and is being adjusted.														
Q11	SPE	Is there any rush in demand in the Chinese market in anticipation of tighter regulations?														
A11		There certainly is that motivation. However, not only SCREEN but the industry as a whole is unable to keep up with demand from customers, so we are forced to respond to each customer on an individual basis while coordinating delivery timing with them. There has been no such rush demand for orders in 2Q.														
Q12	SPE	What are you discussing with the Japanese government and the Ministry of Economy, Trade and Industry regarding restrictions on U.S. exports to China?														

A12		We would like to refrain from commenting on any correspondence with the Ministry of Economy, Trade and Industry. Japanese production equipment manufacturers are also aware that a product will only fall under regulations if certain U.S. technology is used.
Q13	SPE	How much of the current order backlog will cover future sales? Also, how much of this year's sales to China are subject to export restrictions?
A13		The order backlog is sufficient to cover all sales in 2H. As we process only orders with confirmed delivery dates, there are no orders that are far in advance. The percentage of sales of equipment subject to export restrictions (in cases where said restrictions apply to Japanese products) is not so large (around the several billion Japanese yen level).
Q14	SPE	Is there any change in the plan for increased expenses (about ¥5.0 billion) for the next fiscal year?
A14		We expect expenses to increase as planned, but whether or not we will be able to approve every capital investment, R&D expense, and employee increase will depend on the situation in the future.
Q15	SPE	There was an explanation that there is a push out in sales for memory, which is being compensated for by other projects. What kind of inquiries are there for this compensation in investment? Also, you said that you expect orders to increase in the 3Q and 4Q.
A15		We have POs (purchase orders) which delivery dates have not been finalized, so they are projects undertaken in anticipation of booking orders. That is why sales pushed out can be compensated. With details of individual business negotiations in 3Q and 4Q have been revealed, we expect orders to be strong continually.
Q16	GA/PE	As for GA there are concerns about the economic recession in Europe, and adjustments in semiconductor investment affecting PE, but what do you foresee happening in the future?
A16		<ul style="list-style-type: none"> · Regarding GA, there are concerns about paper shortages in Europe. There is demand, but printing is unavailable. On the other hand, in the U.S., the shift to POD is progressing due to the DX and GX trends, and this is compensating for sales in Europe. · As for PE, demand for smartphones and PCs has weakened slightly, while demand for data centers has been brisk. However, we are seeing a change in the customer landscape, and pressure for delivery is weakening slightly. Orders received in 3Q appear to be reasonable, but we will improve forecast accuracy through 4Q.
Second session (Additional FAQs): Q17-18, disclosed on November 25, 2022		
Q17	FT	What is the current situation?
A17		We have already revised our full-year forecast downward for the current fiscal year. Although the orders are recovering, sales in the next fiscal year are expected to be more severe than this fiscal year in view of the current order backlog. However, we are considering recovery measures to reduce the degree of deficit.

Q18	FT	What is the outlook for the future?
A18		Although the company is revitalizing business centered on display-related and inkjet equipment business for OLEDs, it continues to invest in development of new businesses with a theme of energy (hydrogen-related). These initiatives are expected to lead to medium- and long-term growth.

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