

FAQ on Earnings Presentation for FY2023 3Q

First session: Q1-16, disclosed on February 1, 2023

Second session (Additional FAQs): Q17-19, disclosed on February 21, 2023

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| Q1 | SPE | <ul style="list-style-type: none"> • Orders in 3Q were favorable and surpassed those of 2Q. What is your outlook for the future? • How will SCREEN perform given the WFE outlook for CY2023 (down 15%–20% compared to CY2022)? |
| A1 | | <ul style="list-style-type: none"> • We refrain from disclosing order information; however, we will say that we believe orders will be higher in 4Q. Although our current production capacity is not quite sufficient to meet orders, once S³⁻⁴ operations get on track, we expect orders to see rise even further. • Despite anticipating a decline in WFE in CY2023, we believe that we can maintain a high level of orders and may outperform against WFE expectations. |
| Q2 | SPE | Although the 3Q operating income to net sales ratio dropped to 18% level, disregarding the full year forecast, in 4Q this ratio is expected to recover to 22% level. Does that mean that even if soaring raw material costs, S ³⁻⁴ operations will contribute to improved profitability? |
| A2 | | The soaring raw material costs will continue through 4Q. And, although S ³⁻⁴ operations will contribute slightly to profitability improvement, the impact of this rise remains significant. However, internal efforts, including to control operating costs, will enable us to achieve our fiscal year plan. |
| Q3 | SPE | <ul style="list-style-type: none"> • At the 2Q earning briefing , you said that you foresaw orders progressing steadily in 2H of this fiscal year, so visibility of sales in 1H of the next fiscal year were high. Is your position the same now? • In terms of the possibility of outperforming against WFE in the next fiscal year, is there any movement by application or by market share? |
| A3 | | <ul style="list-style-type: none"> • Our position is the same as it was three months ago, and sales for 1H of the next fiscal year are almost guaranteed. We expect stable orders and sales in 1H of CY2023 as foundry investments proceed steadily in 1H of the year. • Moving on to market share, we have relatively low exposure in the memory market, which should give us an advantage in terms of mix in light of an investment slowdown in memory. In addition, our various initiatives on miniaturization are going well and yielding good results. |

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| Q4 | SPE | Are raw material cost increases being passed on to equipment prices? Conversely, since device manufacturers are also facing severe material costs, are there any price reduction requests for the next fiscal year? |
| A4 | | We refrain from commenting on negotiations with our customers, but we are continuing to work on improving profitability. We are currently formulating a plan for the next fiscal year, during which we will continue our efforts to reduce costs and pass on increases in prices. |
| Q5 | SPE | How much were 3Q SPE results affected by the soaring raw material costs, and what will be the timing for recovery? |
| A5 | | <ul style="list-style-type: none"> · Rather than putting a monetary figure on it, please understand that the variable cost ratio was impacted by a few percentage points (note: the primary factors behind QoQ profit decline include profitability deterioration of about ¥1.0 bn, and the impact on operating income to net sales ratio was about 1%). · To move towards recovery, we will work to reduce costs, including via management efforts aimed at improving production efficiency through S³⁻⁴ and S³⁻⁵, as well as to pass costs on to customers. In the semiconductor industry, however, it is not easy to pass costs on by raising equipment prices. |
| Q6 | SPE | What are the reasons for the revision to the full-year sales plan for after-sales service, and when will the pace return to normal? |
| A6 | | This revision was simply due to delays in customer's timing of modification . Plans for 3Q were delayed to 4Q, and those for 4Q have been similarly delayed to the next year. Since after sales service modification is more profitable than that of equipment business, this had an impact on the operating income to net sales ratio in 3Q. |
| Q7 | SPE | You mentioned that current orders are strong. What application are these orders for? |
| A7 | | Although we do not to disclose a breakdown, we can say that foundry orders are the mainstay. |
| Q8 | SPE | What about memory customers' investments? |
| A8 | | Memory customers are continuing to make strategic investments, and some are planning without cutbacks in the amounts being invested. We are receiving orders in line with our (not very high) exposure in the memory market. |
| Q9 | SPE | Do you have an update on your outlook for sales and profit growth for the next fiscal year? |
| A9 | | We are currently in the process of formulating a plan for the next fiscal year. Just for an image, we will be able to achieve stronger results (in terms of both sales and profits) in the next fiscal year compared with the current year. |
| Q10 | SPE | What is your target for the next fiscal year (the final year of the medium-term management plan)? Do you mean that while it may not be achievable, at least it may be possible to increase sales and profits compared against this fiscal year by expanding the customer base and production system? |

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| A10 | | We are currently in the process of developing a budget for the next fiscal year, so please excuse me for not being able to comment on that. We plan to have even stronger (increased) results than this fiscal year. |
| Q11 | SPE | Is there a risk that you won't be able to achieve the 22% operating income to net sales ratio in 4Q? |
| A11 | | We are confident. There is always the possibility that some projects could be postponed, but we believe we can achieve that target under the current circumstances. |
| Q12 | SPE | With the release of the SU-3400, you seem to be well-prepared for the competition's high-productivity cleaning machines, but what is the state of the competitive environment in light of new drying technology and dry cleaning equipment? |
| A12 | | We will increase the number of cleaning units (functions) that can be installed in the SU-3400 in the future. We are also engaged in development that includes new initiatives aimed at equipping the SU-3400 with new cleaning and drying capabilities in line with customer requests. |
| Q13 | SPE | What is the extent of the negative impact from the Chinese market on the CY2023 WFE outlook? |
| A13 | | The impact of export restrictions on China on WFE is still uncertain. The outlook explained here is being scrutinized as we believe that there will be almost no impact on Japanese manufacturing equipment manufacturers. The WFE includes Chinese equipment manufacturers, so the current situation is unclear. |
| Q14 | SPE | How would you divide the negative WFE growth in CY2023 between foundry, logic, and memory? |
| A14 | | Foundry will be about the same as the current period, while logic will be slightly sluggish. Memory will decline substantially, while power devices and others will rise slightly. |
| Q15 | SPE | SCREEN's sales growth rate fell short of WFE growth in the past due to limited production capacity, but it seems like it is currently recovering. In this context, orders are strong now, but is it possible that they will decline again (in line with customer investment trends) once production capacity catches up? |
| A15 | | Our approach to orders is to only accept orders with confirmed delivery times. Sales in 3Q were very strong for on the orders received and 4Q is also quite promising. If we can keep building on this, we can almost guarantee that we will be able to generate steady sales for 1H of the next fiscal year. We will be closely scrutinizing orders from 2H of the fiscal year, but we do not expect a major decline of orders. After that, it will depend on investment trends. |
| Q16 | FT | Does the new equipment boast any notable new features (SK-P1501G and SK-P2200G)? |
| A16 | | This equipment is being developed in anticipation of LTPO (combined low-temperature polysilicon and oxide semiconductors) substrate and incorporates new high-definition particle control and electrical control features. |

Second session (Additional FAQs): Q17-19, disclosed on February 21, 2023

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| Q17 | GA | The business goes well currently, but what is your outlook for FY2024/03? |
| A17 | | In Europe, there are some moves to curb investment due to the impact of the paper shortage. On the other hand, in the U.S., the shift to print-on-demand (POD) is progressing from the perspective of environmental responsiveness and is expected to compensate for the decline in the European market. In the next fiscal year, we expect some additional raise of sales compared to this fiscal year. |
| Q18 | FT | What is the current situation and future outlook? |
| A18 | | Given the market environment, sales for this and next fiscal year are severe. We will try to control amount of deficit as much as possible by such as transferring some resources to SPE and HD. A recovery in demand for OLED, G8 and large-sided TVs, is expected in the FY2025/03. |
| Q19 | PE | What is the current situation and future outlook? |
| A19 | | The business performs extremely well in this fiscal year. Orders are slowing down due to the deterioration of the semiconductor market, but we believe we have the capability to keep a stable operating income to net sales ratio of around 15% next fiscal year. In preparation for the recovery of the market, we will diligently promote the development of new equipment in the next fiscal year. |

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