

FAQ on Earnings Presentation for FY2023/03

First session: Q1-15, disclosed on May 11, 2023

Second session (Additional FAQs): Q16-18, disclosed on May 29, 2023

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Q1	SPE	In the sales forecast by region for 1H of FY2024/03, the current fiscal year ending in March 2024, the ratio is increasing for China, but how will it be in 2H of the year? What is the makeup of clients in China?
A1		We expect the ratio for China to continue to grow and the 2H situation will remain the same. Foundries in China will significantly contribute to the increase in foundry application in the forecast for 1H, and new clients are also emerging.
Q2	SPE	What is driving the plan to achieve a better OP margin between 1H and 2H of this fiscal year? Also, what direction will the next medium-term management plan take?
A2		<ul style="list-style-type: none"> • Profitability will improve as a result of the full operation of S³⁻⁴ (the new factory building) in 2H of the year. In addition, changes in the product mix and passing on the significant cost increases of raw materials will also contribute to the improvement of 2H OP margin. • We are currently discussing the next medium-term management plan internally, and would like to speak about it in the future.
Q3	SPE	What is the reasoning behind projecting an increase in sales and profits this fiscal year with a more weight on 2H, despite the forecasted 20% decrease in WFE for CY2023? Also, please explain the reasons why the full operation of S ³⁻⁴ has been delayed.
A3		<ul style="list-style-type: none"> • The reasons of increase in sales and profit this fiscal year are as follows: first, we were unable to complete delivery to some clients as planned due to a limited production capacity, and as the result, there is some order backlog shifted into this fiscal year; second, as miniaturization proceeds, the importance of cleaning has been increasing and so is our exposure - i.e. our market share and importance to manufacturers; third, SCREEN is relatively unaffected by the downturn in memory investment. • In 1H of this fiscal year, the full operation of S³⁻⁴ will be slightly delayed due to the lingering impact of materials shortages. The reason for projecting more sales in 2H is that SCREEN will be able to achieve its originally forecasted production capacity (attributable to the facility expansion) from the later part of this fiscal year.
Q4	SPE	What is the current trend in orders?
A4		Although we don't disclose our orders, 4Q has more orders than 3Q.
Q5	SPE	What is the impact of the Japanese government's export restrictions on this fiscal year's earnings?

A5		We understand that the proposed export restrictions will apply to cleaning and coater/developer for cutting-edge applications for us. There are very few business inquiries in China that will be subject to this restriction. We will carefully review the regulations through communication with the Ministry of Economy, Trade and Industry.
Q6	SPE	Are current order trends similar to WFE forecast? Is there risk of a downturn in 2H of this fiscal year?
A6		We expect orders to remain strong in 1Q. Although a WFE downturn would impact SCREEN, we believe that we will be able to receive orders that meet our sales plan for this fiscal year, even with the risk factored in.
Q7	SPE	Is the investment from Chinese manufacturers sustainable for next year and beyond?
A7		At the moment, we expect this trend to continue, but the supply-demand balance will probably settle down next fiscal year.
Q8	SPE	What are your thoughts on the fact that SCREEN's market share shrunk slightly during CY2022?
A8		We recognize that the slight loss in market share was due to the limitation in our production capacity, making us unable to deliver equipment that we should be able to. We would like to analyze the increase in market share of our competitors in detail and share our findings at a later date.
Q9	SPE	What is the direction of 2H of this fiscal year's sales forecast by application?
A9		The ratio during 2H will probably be about the same as in 1H. By region, we expect a slight increase in China.
Q10	SPE	In the sales forecast for China for this fiscal year, will the ratio of leading-edge and mature nodes change between 1H and 2H? Also, please explain about the reason why Chinese manufacturers (foundries, etc.) procure from your company for mature node cleaning equipment which could be handled by local production equipment vendors?
A10		<ul style="list-style-type: none"> · There are basically no leading-edge nodes for either half of the year. · We received orders for critical cleaning even at mature nodes. We believe that this is actual production demand, rather than a sudden increase due to concerns over future tightened export regulations.
Q11	SPE	Based on the sales forecast for 1H of this fiscal year by region, China will bring in over ¥100.0 bn. In the 3Q results explanation, 10% of the total sales of leading-edge nodes were attributed to China, about ¥30.0 bn, which was viewed as being at risk of reduction. It seems strange. Can you please explain?
A11		Clients in China are currently shifting their investment focus to mature nodes, and as a result, we do not expect to see the impact that we envisaged previously.
Q12	SPE	If we say that clients in China placing orders ahead of time is due to concerns over further tightening of regulations, is there a possibility to see a downturn in 2H of the fiscal year?
A12		We are confident in our ability to realize our plans, as they are based on orders we are actually receiving from clients.
Q13	SPE	It was mentioned that miniaturization will increase the need of cleaning equipment, but is it actually increasing?

A13		Yes, sales of cleaning equipment are increasing with miniaturization, and we have a real understanding of this in terms of the number of units sold. We would like to take the opportunity to present a detailed analysis at such occasions as SCREEN's IR Day, an event scheduled during this fiscal year.
Q14	SPE	What is the reason behind the large sales increase to North America in the sales forecast by region for 1H of the current fiscal year?
A14		Factories being built in the southern part of the United States is counted in the region North America. We expect the ratio to settle down in 2H of the fiscal year.
Q15	SPE	It was mentioned that the full operation of S ³⁻⁴ would enable annual sales of ¥420.0 bn, but what is the reasoning behind the plan for sales of ¥410.0 bn for the current fiscal year?
A15		We were planning to start full operations at S ³⁻⁴ at the end of FY2023/03, aiming for more than ¥420.0 bn this fiscal year, but that was delayed due to materials shortages.
Second session (Additional FAQs): Q16-18, disclosed on May 29, 2023		
Q16	GA	What is your outlook and situation for FY2024/03?
A16		<ul style="list-style-type: none"> • Europe remains sluggish, reflecting depressing economy, but demand for POD remains strong in North America. • Recurring business is stable.
Q17	FT	What is your future outlook?
A17		<ul style="list-style-type: none"> • Sales for the current fiscal year remain severe due to sluggish orders resulting from the impact of the Shanghai lockdown in 1H of FY2023/03. Based on current inquiries, we expect the market to recover in the next fiscal year. • The energy business has been transferred into HD's new business area to reduce the deficit in FT. It will be nurtured in HD as an incubation.
Q18	PE	What is the outlook for this fiscal year?
A18		We had a strong performance in the previous fiscal year, but in the current fiscal year, clients have slowed down their investments due to the sluggish memory market. In preparation for the recovery of the market, we will diligently promote the development of new equipment in FY2024/03.

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