

## Q&A at Financial Results Briefing for FY2022 (Summary)

(Date : May 25, 2023)

【Hirata Corporation's explanation contents】

- Full-year financial results for FY2022
- Forecast of full-year results for FY2023
- Progress report of the medium-term management plan(FY2022~2024)

【Q&A】

Q1	<b>Operating profit increased significantly from the initial forecast in FY2022. I recognize that the major factor is the divergence of R&amp;D from the forecast. I have the impression that R&amp;D projections are more reasonable for FY2023, has there been a change in the budgeting process?</b>
A	We have carefully scrutinized and narrowed down R&D themes related to plant genetic resources in FY2022 and reflected in the FY2023 budget along with the capital investment plan. Although there is still some uncertainty regarding budget execution for the current fiscal year due to the progress of joint research and development with partner countries with which we have concluded agreements, we anticipate that budget execution will be generally in line with the budget.
Q2	<b>The most recent operating profit margin for the automobile-related business has exceeded the 5% target of the medium-term management plan. What are the main factors behind the improvement in the profit margin? I would also like to hear about the possibility of upward revision of the target.</b>
A	We continue to receive a high level of inquiries, and we believe that the main reason for the improvement in the profit margin is we are receiving

	orders mainly for repeat projects with high profit margins. While there is a possibility that foreign exchange rates will have an upward impact on profits in the future, we are also aiming to increase orders in the battery field, which we have positioned as a growth area, so we will keep the profit margin target as the current level.
Q3	<b>I believe that some companies are in the phase of capital investment decisions associated with the shift to Generation 8 size regarding organic EL. Has the impact on Hirata’s receiving orders been factored into the budget?</b>
A	We would like to refrain from making any comments to customers’ investment plans. If we are able to receive orders, we will make every effort to ensure productions.
Q4	<b>What do you think of the impact of IRA bill in the United States on your EV-related orders?</b>
A	Although Hirata is not directly affected by IRA bill in the United States, we believe that increased EV-related capital investment may expand our opportunities to receive orders.
Q5	<b>I would like to know the reason why you featured EFEM in the progress report of the medium-term management plan.</b>
A	EFEM※ is one of our main products for which we have already received many orders. It is also a product for which we are focusing on strengthening profitability through standardization. Thus, we have decided to feature the progress of this product, as we believe it is of great interest to everyone.  ※EFEM (Equipment Front End Module) This is a device that transfers wafers and panels in a clean environment between the container and the process equipment.
Q6	<b>Will you continue your efforts to reduce the cost ratio through in-house production? Also, what is the amount of profit improvement</b>

	<b>due to in-house production?</b>
A	Promoting in-house production is one of the measures to reduce the cost ratio. Therefore, we will continue to implement it which checking the production status. We don't disclose the specific amount of improvement attributable to in-house production.
Q7	<b>Do you disclose the forecast of receiving orders? If yes, I would like to know information by category such as EV, wafer transfer and organic EL.</b>
A	We don't disclose our order forecast either overall or by segment. However, inquiries continue to be strong in the automobile-related business, particularly for EV, and a certain level of orders can be expected. On the other hand, although there is a slowdown in the semiconductor-related market, we expect orders to recover in the second half of FY2023 and beyond. We would like to continue to work on increasing production capacity such as expansion of production space and acquisition and training of human resources.
Q8	<b>Is it possible to disclose production capacity in figures for semiconductor-related business?</b>
A	We don't disclose concrete figures.
Q9	<b>Would you please explain the background of the statement saying that "Although the overall semiconductor market is in a global inventory adjustment phase, the impact on us is limited." in the materials you provided today? How do you see the current semiconductor market conditions affecting orders for this fiscal year?</b>
A	We believe the impact on our future orders will be limited, taking into account the outstanding order as of the beginning of FY2023 and the outlook for recovery of orders in the half of the year and beyond.

Q10	<b>You mentioned that the customer evaluation of your products is high in the presentation. I would like to hear some specific stories.</b>
A	While our competitors' production was delayed due to the activity restrictions imposed by the Corona disaster, we were able to respond on time through the use of DX. Our CAD VR, which combines 3D CAD and VR, allows us to check product interference and conduct operation tests in a virtual space. In addition to product quality, we believe that these efforts in the production process have been highly evaluated by our customers.
Q11	<b>Are there any cost savings from utilizing CAD VR?</b>
A	The ability to avoid concentrating the load on specific processes, such as by allowing multiple processes to proceed concurrently, has been effective in reducing production lead time. We don't disclose specific cost reductions.
Q12	<b>In your medium-term management plan, sales for automobiles and semiconductors are 40 billion yen each, but do you have any information on more detailed breakdowns? Is 40 billion yen the limit for automobile sales?</b>
A	We don't disclose detailed classification information. We don't expect the composition ratio within the segment to change significantly from FY2022. We continue to invest in production expansion to increase automobile sales, but in the short term, we believe that 40 billion yen is one target.
Q13	<b>Is there any impact of foreign exchange rates on your profits?</b>
A	While we receive orders for large overseas projects denominated in yen when possible, we also make forward exchange contracts on a case-by-case basis to increase the accuracy of profit-and-loss recognition for

	projects that are awarded in foreign currencies. We recognize that the competitiveness of foreign currency orders will increase as the yen weakens in general.
Q14	<b>Would you please explain your plan and environmental awareness of the semiconductor market in China?</b>
A	We expect the semiconductor market in China to expand further in the future. Under the situation, we locally manufacture and sell semiconductor-related products to be introduced into the Chinese market by utilizing two subsidiaries in China.

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