

November 12, 2021

Notice of the Revision to Consolidated Business Forecasts

Considering the recent healthy business performance, the Company has decided to revise the consolidated business forecasts for the fiscal year ending March 2022 again, which was revised and disclosed on August 13, 2021. Details are as follows.

1. Revision to consolidated business forecasts

(1) Revision to consolidated business forecasts for the fiscal year ending March 2022 (April 1, 2021 to March 31, 2022)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	115,000	20,000	20,000	20,000	534.63
Revised forecasts (B)	125,000	22,500	23,500	23,500	604.70
Change (B-A)	10,000	2,500	3,500	3,500	
Change rate (%)	8.7%	12.5%	17.5%	17.5%	
(Reference) Previous results (FY3/21)	91,312	9,640	8,227	8,280	222.93

(2) Reasons for the revision

In terms of sales, demand for PCs, data center servers and other products increased due to the spread and expansion of web conferencing systems in companies and schools with the advancement of remote networks worldwide. Therefore, demand for memories and other semiconductor devices has been strong. Accordingly, device manufacturers have decided to accelerate their plans for capital investment. The operating rate of the manufacturing facilities they possess has also reached a high level. Therefore, the sale and precision parts cleaning and recycling services of vacuum parts for manufacturing devices and various material products (e.g., quartz, ceramics and silicon parts) used in semiconductor manufacturing processes are favorable in the semiconductor equipment-related business. Moreover, our main thermo-electric modules are also doing well in the semiconductor field in addition to applications for 5G communication system equipment and for medical testing equipment (e.g., PCR testing devices) in the electronic device business. Furthermore, the adoption of new products for industrial equipment, automobiles and other products increased for power semiconductor substrates. Accordingly, we have revised overall sales up by 8.7% over the full-year to 125,000 million yen compared to our previous forecast.

In terms of profit, the sales of semiconductor material products, precision parts cleaning and recycling services and power semiconductor substrates increased. Also, the transition of a semiconductor wafer business subsidiary from a consolidated subsidiary to an equity-method affiliate in the previous third quarter means that the depreciation burden and other expenses of its business are no longer included in our consolidated results. Accordingly, we expect a significant increase in both operating income and ordinary income compared to the previous fiscal year.

As a result, we have revised our full-year operating income up by 12.5% to 22,500 million yen, full-year ordinary income up by 17.5% to 23,500 million yen and full-year net income up by 17.5% to 23,500 million yen compared to our previous forecast. We expect ordinary income to exceed operating income with foreign exchange gains (non-operating income) due to depreciation of the yen against Chinese yuan from the beginning of the year. Moreover, net income greatly exceeded ordinary income with gains on changes in equity interests (extraordinary gain) due to a third-party allocation of shares in a semiconductor wafer equity-method affiliate in the first half of this fiscal year. However, as we do not expect the same gains on changes in equity interests to arise from the third quarter onward, we predict ordinary income and net income will be at the


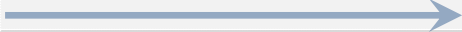
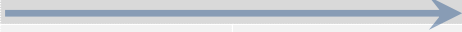
same level for the full-year, considering other extraordinary losses, corporate taxes and other factors.

2. Progress of the new mid-term management plan

If full-year consolidated results for the fiscal year ending March, 2022 are in line with our revised forecast according to this revision of the consolidated business forecasts, we will achieve our business plan for the fiscal year ending March, 2023 one year ahead of schedule.

<References> KPIs in the new mid-term management plan

(The underlined parts are revised from the amount announced on May 28, 2021.)

KPI	Unit	Results for FY3/21 ^(Note)	New mid-term management plan		
			FY3/22	FY3/23	FY3/24
Consolidated net sales	Million yen	91,312	105,000	125,000	150,000
Operating income	Million yen	<u>9,640</u>	15,000	19,000	25,000
Operating margin	%	<u>10.6</u>	14.3	15.2	16.7
Net income	Million yen	<u>8,280</u>	7,800	11,000	15,000
ROE	%	<u>14.3</u>			15.0
ROIC	%	<u>7.2</u>			8.0
Equity ratio	%	<u>37.9</u>			Over 40.0
Capital investments	Million yen	14,297	40,000	39,000	16,000

Annual dividend	Yen	30.00	28.00	Increase in return to shareholders through profit growth
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Note: Since the new mid-term management plan was produced with reference to the quarterly financial results before revision, we have revised the actual KPIs (underlined) for the fiscal year ended March 2021, excluding net sales, capital investments, and dividends, with reference to the revised quarterly financial results.