

Financial Results of FY2020: Q&A Summary

Q1: What factors pushed up orders in the T&M business to 19.6 billion yen in 4Q?

A1: Development demand for 5G and data center-related demand were the main factors.

Q2: Revenue in the T&M business did not reach the announced target (of 78 billion yen) in FY2020. Why?

A2: Sales in the Japanese market had fallen short of the forecast as of January. We believe this was due to customers becoming more cautious in their investments because of the worsening of the situation regarding COVID-19.

Q3: What are the drivers for achieving the sales plan for the T&M business in FY2021?

A3: With the expansion of 5G service areas and progress in 5G utilization, demand for 5G-related development is expected to continue growing. Demand for the expansion of network infrastructure in data centers and other facilities is also expected to grow.

Q4: What is your development investment plan in GLP2023? Also, what is your view on the operating margin target of 23% in FY2023?

A4: The investment plan for R&D expenses in GLP2023 is to make them 12-14% of sales, which is in line with GLP2020's policy. The operating margin target for the T&M business in GLP2020 was 20%. We believe we can achieve the new target of 23% in GLP2023 by improving the cost ratio and increasing operating efficiency.

**Q5: It seems that the ratio of female managers was 10.4%* globally in FY2019. Do you plan to achieve GLP's target (of 15%) for the ratio of female managers globally?
*10.8% in FY2020**

A5: We generate about 70% of our sales overseas, and nearly half of our employees are overseas, so we are thinking about a global target for the ratio of female managers. Increasing the ratio in Japan is also an important management issue, and we are working on making improvements.