

Financial Results of FY2021 3Q: Q&A Summary

Q1: What was the trend in orders for the T&M business in 3Q?

A1: We received orders as planned for our mainstay smartphones and for those related to chipset development and data centers. However, we could not receive orders from some smartphone manufacturers, which required short delivery times. In addition, demand for C-band base station construction and maintenance in North America was not as expected.

Q2: How long do you expect the semiconductor and component shortage to last?

A2: We have received information that procurement difficulties will continue into the next fiscal year, and we expect that supplies of some key components may continue to be tight into the next fiscal year.

Q3: As for the C-band demand, is this a case where demand for device development is on schedule, while only base station construction demand has been delayed?

A3: Device development demand has been strong from smartphone vendors in the USA, South Korea, and Japan. Carrier acceptance test demand has also been steady. As for base station construction and maintenance, we understand that demand is affected by a service launch delay by over a month due to radio interference issues.

Q4: What is the outlook for orders in the next fiscal year?

A4: We believe that development demand for 5G chipsets and smartphones, including those for C-band in North America, and communication modules for IoT will continue to be strong. In addition, from FY2022, we expect to see progress in the deployment of 5G services in Europe, which has been delayed until now. We will also focus on demand for terminal development for Europe.

Q5: How is the progress of supply-chain due diligence, which is an ESG target in GLP2023?

A5: Our plan is to conduct due diligence on 10 companies over the three years of GLP2023 (FY2021-FY2023). We had completed audits of two companies as of the end of December 2021. In addition, we plan to audit one Japanese and three overseas companies from January to March 2022.