

Financial Results of FY2022 2Q: Q&A Summary

Q1:

In the first half of the year, the operating margin declined YoY due to a higher cost of sales ratio caused by a sharp rise in the cost of materials and increased sales promotion expenses. How do you plan to recover in the second half? Please show us the roadmap to achieve the announced operating profit.

A1:

In response to cost increases due to parts procurement difficulties and inflation, we will work to lower the cost of sales ratio by passing on prices and diversifying parts procurement, as well as improving the SG&A-to-sales ratio by reviewing our cost plan.

Q2: Why have sales in the EMEA region been strong in T&M business?

A2:

Demand for T&M related to 5G development and data centers is emerging at development sites established by global companies in EMEA.

Q3: What is the status of C-band demand in the United States?

A3:

Although construction of C-band base stations has begun in the United States, C-band 5G base stations are being added to existing LTE base stations, and this has yet to create new demand for T&M. We expect that demand for T&M will emerge when base station construction is extended to new areas not covered by existing LTE base stations.

Q4: Please update us on the status of the procurement of parts and materials.

A4:

The situation has not changed much since the last 1Q. We hear that the supply of components such as those used in PCs and smartphones is improving, but components used in measurement equipment remain in a severe condition.

Q5: What is the impact of the weak yen?

A5:

In the T&M business, 1 yen depreciation of the yen against the US dollar has the effect of boosting operating profit by approximately 100 million yen per year.