

May 9, 2023

## FY2022 Year-End Presentation Q&A

No.1	<p>Q. What percentage of the SiC pipeline is definite? How is it by country? Is sales mainly from chips?</p> <p>Over ¥300 billion is definite for the next five years. We have made an additional ¥100 billion since our midterm announcement.</p> <p>A. Regions are balanced. Japanese sales are to increase significantly from FY25. Transactions in the next three years are mostly chips, but modules will increase thenceforth.</p>
No.2	<p>Q. How do customers evaluate ROHM's competitiveness and advantage in the SiC business?</p> <p>We believe we have comprehensive strength including device performances and supply capability as an IDM. As for our advantage in chips, following the currently released Gen4, we will continue with development of Gen5 and Gen6. We will also proceed with development of 8-inch products.</p>
No.3	<p>Q. What are the FY22 results and FY23 plan for the SiC business?</p> <p>A. FY22 results were a little less than ¥30 billion, FY23 plan is a little over ¥40 billion.</p>
No.4	<p>Q. How is the current market condition? Please explain by market segments.</p> <p>Consumer, industrial and PC products decreased from the second half of FY22, and this weakening will continue until the first half of FY23. However, energy-related products are strong in the industrial market. Japanese FA, white goods and HDD products will recover in the second half of FY23, but will overall be severe throughout the fiscal year.</p>
No.5	<p>Q. How are the effects of price increases?</p> <p>A. Effects have started to appear from 2H FY22. Full effects will be seen in FY23.</p>
No.6	<p>Q. How is development of 8-inch SiC products? What will be an important factor?</p> <p>Crystal quality will improve by enlarging the diameter. However, wafers with enlarged diameters tend to warp more, and measures against this risk will be a big challenge. For the substrate manufacturing process, we have introduced a new technology at SiCrystal and improved warpage compared to when we first started 6-inch products. For the device manufacturing process, we can apply our experience in thin silicon and saffire substrates, which are more likely to warp, to SiC. Only a few companies in the world can stably supply 8-inch wafers, and this will become a strength.</p>
No.7	<p>Q. How is the evolution of SiC devices?</p> <p>A. Following the currently released Gen4, we will continue with development of Gen5 and Gen6. We plan to improve on-resistance by 30% with each generation.</p>
No.8	<p>Q. Was the SiC capacity plan revised upward to match the achievement of a 30% market share?</p> <p>A. That is one reason. We revised the investment plan to match accelerated demand.</p>
No.9	<p>Q. What is the breakdown of SiC sales and capital expenditure? Devices, wafers, etc.</p> <p>A. We cannot share details, but most is for devices.</p>
No.10	<p>Q. How is the profit and loss of the SiC business?</p> <p>A. As stated before, we aim to achieve break-even in FY25.</p>
No.11	<p>Q. What is the sales ratio of 8-inch devices in FY25 and FY27?</p> <p>A. The ratio is not high for FY25. 8-inch products will mainly increase from there. The prospect for FY27 is 30 to 40%. In FY30, the majority will be 8-inch products.</p>
No.12	<p>Q. If the majority will be 8-inch products in FY30, how much will gross profit increase?</p> <p>A. We cannot say for sure as we must consider the competitive environment and market prices as well, but we aim to make improvements that exceed the company's average.</p>
No.13	<p>Q. Adjustments are being made for inventory in the supply chain. How is ROHM's inventory? What are your future plans?</p> <p>A. Inventory of mainly general-purpose products have started to pile since 2H FY22. We are currently making adjustments. There is not enough inventory for power devices and analog ICs, and our manufacturing sites are in full operation. We plan to increase inventory in view of current sales orders. The inventory turnover period is expected to remain at the same level or decrease slightly.</p>
No.14	<p>Q. The total investment amount for silicon is generally equal to annual sales. Is investment efficiency for SiC higher? If the sales goal for FY27 is ¥270 billion, inventory turnover seems to be lower than one. Is this because it's a snapshot?</p> <p>A. That is true and we have confirmed investment efficiency. Annual sales will steadily become closer to the investment amount.</p>
No.15	<p>Q. Can you cover investments with the company's own capital even with continued strong investments?</p> <p>A. Investments can be covered within our operating cash flow. Another one of our strengths is that we can use our cash reserves flexibly.</p>