

FY2023 Half-Year Presentation Q&A

No.1	Q.	Why will sales increase from 3Q? Is there a reason specific to ROHM as to why ROHM's increase is stronger than that of competitors?
	A.	ICs and power devices for automobiles will increase. Inventory adjustments of customers impacted sales for 1H, but orders will increase once adjustments are over.
No.2	Q.	What is your inventory plan towards the year end?
	A.	Inventory of general-purpose products have seemed a little excessive since the beginning of the fiscal year, and we are reducing inventory by lowering the capacity utilization rate. On the other hand, we are continuing to increase inventory for some of our key products such as power devices and analog ICs. The inventory turnover period is forecasted to decrease due to sales growth.
No.3	Q.	You mentioned that general-purpose products may be a little excessive. Did you lower the price of any of your products?
	A.	We raised our prices last year and have maintained the price since.
No.4	Q.	How is the SiC sales progress and customer nationality ratio for 1H?
	A.	We have achieved nearly half of our ¥40 billion plan for the fiscal year. Sales outside Japan accounts for 90% of total sales, and the largest is China, followed by Europe, then the Americas.
No.5	Q.	How is the progress for 8-inch SiC substrates?
	A.	We have started mass production for substrates at SiCrystal (Germany). As for devices, we will proceed with development of the Chikugo Plant over the next year. Progress is being made steadily without delay since our last report six months ago.
No.6	Q.	What is the bottleneck for 8-inch SiC substrates? What is the schedule for external sales?
	A.	There are no technological bottlenecks, but we are still lacking in capacity, so we are increasing capacity at the moment. Internal use will be prioritized for 8-inch substrates. We aim to start external sales from FY2027~2028.
No.7	Q.	How will the SiC sales breakdown from FY2028 onward change? (Ratio by customer nationality, device generation, substrate size, etc.)
	A.	The ratio by customer nationality will balance out due to increase of Japan's ratio. The device generation will shift from the current Gen4 to Gen5. The substrate size of more than half of our products will shift to 8 inches and by FY2030, nearly 70% will be 8 inches.
No.8	Q.	You mentioned that production of SiC substrates is planned to take place at Miyazaki Plant No.2 (Kunitomi). Will substrate manufacturing be divided by using Miyazaki for domestic customers and SiCrystal (Germany) for overseas customers?
	A.	We have no plans to do so as of now. Consideration will be given in the future, taking into account the allocation of production capacity and BCP factors.

No.9	<p>Q. China is leading in the EV market. What are your current issues and initiatives? Have you received any requests for price reductions?</p> <p>A. As indicated in the pipeline, although China's ratio is large in FY2025, the ratios for Europe, the Americas and Japan will grow thereafter. As for Chinese competitors, substrate manufacturers are beginning to make their presence felt, but device manufacturers are still small. Although we constantly receive requests for price reductions, we do not have the impression that there has been significant change in the recent situation. Supply capacity will be short of demand until FY2025, so we will increase capacity as much as possible to meet customer demand.</p>
No.10	<p>Q. Is there a possibility that you will use Chinese SiC substrates like your competitors?</p> <p>A. We are evaluating Chinese SiC substrates and may use them in the future. Comprehensive consideration will be given from a QCD perspective.</p>
No.11	<p>Q. What are your initiatives for the GaN business?</p> <p>A. GaN devices are suitable for high-frequency applications and are used differently from SiC devices. We are working on the GaN business to expand our portfolio of power devices. For example, we believe it is possible to increase our potential in the market by combining ICs and GaN and proposing them as solutions. GaN products are used in AC adapters and power supplies of servers and base stations, but they may also be used for automotive OBCs in the future.</p>