

Q&A of Financial Results for the 3rd Quarter of the Year Ending March 31, 2023

Disclaimer

This document (A Selection of Questions and Answers) is not a verbatim transcript of the questions and answers that took place at the presentation as of February 9, 2023. Rather, the company has exercised its discretion in providing a summary for those who did not participate.

Also, forward-looking statements, such as performance forecasts and the like, provided in these materials are based on certain assumptions and may differ significantly from actual business results as a result of a variety of factors.

Imaging Products Business

Q: Is your Q4 operating profit forecast too conservative? Also, please share your outlook for next fiscal year and beyond.

A: In a typical year, Q4 tends to be tough for operating profit as revenue revert downward following the holiday season. Additionally, profits this Q4 are expected to contract from levels seen up through Q3, on weaker foreign exchange tailwinds, the booking of R&D expenses and the like. We expect strength in the Imaging Products Business next fiscal year, too, and believe we can beat the approximately 10% operating margin target set under the Medium-Term Management Plan.

Precision Equipment Business

Q: You said you expected harsher headwinds in the FPD Lithography Business next fiscal year. Please share your outlook for next fiscal year and beyond.

A: Reflecting greater-than-expected market contraction, next fiscal year's sales volumes could fall to 10+ units. We expect to hit bottom next fiscal year, as the market recovers in FY2024. Also, there are customers requesting delivery of lithography systems in FY2024.

Q: Please share your outlook for next fiscal year in the Semiconductor Lithography Business.

A: Some installations of lithography systems have been pushed into next fiscal year from this fiscal year. Meanwhile, some customers may wish to delay installations planned for next fiscal year into the following fiscal year, given recent weakness in semiconductor market. Taking these factors into consideration, it is highly likely we

may beat this fiscal year's sales projection of 13 units for ArF and ArF immersion lithography systems combined. Historically, more than 80% of our ArF lithography system sales had been concentrated on one core North American customer. However, this fiscal year, more than half of sale volumes are projected to go to other customers. The diversification of our customer base into Japan and other parts of Asia should contribute to greater revenue stability in the Precision Equipment Business next fiscal year and beyond.

Q: Media reported on new regulations to be introduced to exports of semiconductor lithography systems destined for China. How would this impact business performance moving forward?

A: We are aware of media reports about discussions among government officials from the United States, Netherlands, and Japan. However, it is our understanding no official announcement has been made. If there were some official announcement issued by the Japanese government with clear guidelines and the like, of course, we would act in compliance with those rules.

Components Business

Q: Please share your outlook for future demand for EUV related components.

A: There is no impact as of today on the EUV related components we supply. Furthermore, we have received no customer requests to change plans for next fiscal year and beyond.

Others

Q: SLM Solutions Group AG (hereafter "SLM") became a consolidated subsidiary beginning in January. What is its contribution to revenue and operating profit? Also, what is the amortization cost for intangible assets (discernible assets)?

A: The acquisition price for the shares and convertible bonds representing a 92.38% stake has been fixed at ¥81.3B (€575M). We expect the total investment to be about ¥88.0B assuming acquisition in case we obtain all outstanding shares. SLM became a consolidated subsidiary in January, and its business performance is included under the Others sub-segment of the Industrial Metrology and Others segment in the year ending March 31, 2023. The purchase price allocation (PPA) is scheduled to complete at the end of this fiscal year. Therefore, the size of intangible assets and amount of annual amortization costs has not yet been finalized. Looking at this fiscal year's business performance forecasts, in the Industrial Metrology and Others segment, we have revised upward revenue by ¥5.0B and revised downward operating profit by ¥1.0B. These revisions include reflection of revenue and operating profit estimates related to SLM from January through March.

Q: Outside of SLM, please share progress in developing new businesses in the Digital Manufacturing Business.

A: In the Industrial Metrology Business, sales expansion is progressing as planned in non-contact inspection systems, which are an area of focus and comprise laser radar, X-ray and CT inspection systems, and video measuring systems. Meanwhile, in the Material Processing Business, we plan to scale up moving forward, including the SLM acquisition. We look forward to holding an Investors Day as an opportunity to explain to investors the current status and growth strategy of the Digital Manufacturing Business, which encompasses the Industrial Metrology Business and the Material Processing Business, which includes SLM.