Q&A of Financial Results for the 3rd quarter of the year ending March 31, 2021

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 Feb. 4, 2021. 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: Could you provide us about your confidence in turning a profit in the next fiscal year?
A: While the impact of the future COVID-19 is uncertain, it is particularly difficult to predict the future for the Imaging Products Business, which is B2C business. However, we aim to make the Imaging Products Business, as well as all other business segments, profitable next year. There are issues such as how to sustain the current strong sales of new products, how to differentiate ours from competitors’ new products in the recovery of the market, and the development of a new customer base including younger customer segments outside of traditional Nikon fans.
We will continue to expand our mirrorless lineup that satisfies with pro/hobbyist while expanding sales.
At the same time, we will lower our breakeven point by advancing restructuring. Presently, that restructuring is progressing smoothly.

Q: Is Nikon’s revenue decreasing significantly compared to the industry as a whole?
A: Nikon is focused on developing and expanding its lineup in cameras and lenses to mid to high-end models for pro/hobbyist. In the entire market, the percentage of entry models, where the price competition is fierce, is still high in the volume. Rather than the share and sales volume of the entire market, we are developing our business focusing on the share and number of mid to high-end cameras and lenses that we consider to be our main battleground. We believe this strategy will
enable Nikon to grow revenues on rising average sales prices, even as our overall share declines, as explained in our 3rd quarter financial results. Additionally, by suppressing expenses through restructuring, we aim to transform the business into one that can generate profit even at sales below ¥150.0B.

**Precision Equipment Business**

Q: How do you think about the impact on business from the change to a new CEO at Intel?

A: We are not in a position to comment trends at specific customers, but we continue to work closely with our main customers. As demand for semiconductors increases, we expect demand for our core ArF immersion lithography systems to remain solid moving forward. Under this environment, we are focused on maintaining or growing our business with core customers at the same time we attempt to develop new customers. Additionally, we aim to improve overall profitability in the Precision Equipment Business by expanding businesses peripheral to semiconductor lithography systems, such as inspection and measurement.

**Overall**

Q: The previous forecast included the special factor of -¥5.0B in the 2H. Is this -¥5.0B still included in the latest forecast?

A: This fiscal year we are focused on reforming our balance sheet. Therefore, in the 4th quarter, we may book additional write-downs. The -¥5.0B was posted as a special factor for such risks, and we set the overall operating profit forecast for the full year is -¥65.0B.