

## **Q&A of Financial Results for the 3rd quarter of the year ending March 31, 2022**

### 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. 3, 2022.

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: Please tell us about the status of sales of new products.

A: The Z 9, which was launched in December, has been well accepted by customers. Sales momentum and orders are strong, but supply has not kept up due to parts shortages. It will take months to work through the backorder of several tens of thousands units of the Z 9. Parts procurement constraints have made it difficult to ramp up monthly production volumes. We are doing our utmost to resolve these constraints quickly.

Q: Are the shortages in semiconductors and parts improving?

A: The situation continues to be fluid, with some parts starting to see improvements while shortages surface elsewhere. Prolonged shortages in some parts may be unavoidable. Parts shortages may certain constraints on production into next fiscal year.

### **Precision Equipment Business**

Q: It appears that panel makers are delaying or shrinking future capex plans. What is your projection for FPD lithography systems?

A: In CY2022, we expect the market scale to exceed 90 systems. We have visibility into business for next fiscal year despite lingering uncertainties caused in part by falling panel prices. In this fiscal year, we have booked sales of mainly 10.5G lithography systems for which installation could not be completed last fiscal year due to COVID-19. Next fiscal year, however, we expect sales to decline compared to this year.

Q: What are your demand projections for semiconductor lithography systems (ArF immersion), given the ramp-up in investment at your core customer?

A: In the Semiconductor Lithography Business, we have received orders for next fiscal year primarily from our main customer and expect revenue and operating profit to grow versus this fiscal year. We expect sales volumes next year to grow to a level close to that seen in the fiscal year ended March 2020.

Q: To the extent you can, please tell us about the expansion of sales to customers other than your core customer and sales projections for the 3D system announced in your recent press release.

A: We have closed deals on ArF immersion and ArF lithography systems for customers other than our core customer, albeit for small volumes, and will continue to strive to expand sales. We aim to fulfill customer needs and contribute to high-value-added semiconductor manufacturing by continuing to supply lithography systems essential to cutting-edge semiconductor device production. That includes the ArF immersion scanner (NSR-S636E) that we published in a press release in October 2021.

[https://www.nikon.com/news/2021/1018\\_nsr-s636e\\_01.htm](https://www.nikon.com/news/2021/1018_nsr-s636e_01.htm)

### **Components Business**

Q: Was the upward revision to the Components Business due to the pulling forward of demand for EUV related components? What is the impact on next year's forecast?

A: This latest revision was due to strength in sales of EUV related components as well as optical parts for semiconductor related products and encoders for industrial equipment. We expect to beat sales plans for EUV related components because production is ramping up smoothly. We expect to continue to see growth in optical parts for semiconductor related products given the active semiconductor market.

## **Overall**

Q: What is your projection for operating profit next fiscal year?

A: We are still formulating our plan for next fiscal year with the aim to finalize the plan around the end of March. This is what we expect. In the Imaging Products Business, we expect strength in our Z series to drive share expansion in models for pro/hobbyist. However, next fiscal year's operating profit may fall below this year's due to such headwinds as the disappearance of benefits from weaker yen and from sales promotion savings resulting from a scarcity of products, and prolonged parts shortages. In the Precision Equipment Business, next fiscal year may trail this year. Although we expect YoY growth in the Semiconductor Lithography Business, driven mainly by our core customer, the FPD Lithography Business should decline YoY, and one-time service revenue posted this fiscal year will go away. Meanwhile, in the Components Business, we expect to continue to see growth in business performance next fiscal year, primarily driven by EUV related components. At a later date, we will formally decide and disclose next fiscal year's business performance forecasts, including other businesses and corporate costs.