

Q&A of Financial Results for the 2nd 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 November 10, 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: Any change in the situation regarding parts procurement constraints?

A: In the Imaging Products Business, we have secured enough components to fulfill production of 700,000 units as originally planned. Sometimes procurement constraints emerge for some parts unexpectedly, however the overall situation continues to trend toward improvement.

Precision Equipment Business

Q: What are the reasons for revising downward this fiscal year's projected sales volumes for ArF immersion lithography systems? Also, changes in semiconductor market have weighed on your core customer's business performance. Do you expect to be impacted next fiscal year and beyond in the Semiconductor Lithography Business?

A: The downward revision to this fiscal year's projected sales volumes of ArF immersion lithography systems was mainly due to a request from our core customer. We were asked to postpone system installations because the customer was not prepared to receive them, due to delays caused by personnel shortages and power supply issues while preparing to launch its new plant. As of yet, no orders have been canceled due to a downturn in semiconductor market.

Q: What is your current outlook for sales volumes next fiscal year for FPD and semiconductor lithography systems?

A: We expect next fiscal year's FPD lithography system sales volumes to be about 2/3 of what they were this fiscal year. In particular, G10.5 FPD lithography system sales

volumes may decline substantially compared to this fiscal year. For semiconductor lithography systems, some customers may adjust the timing of their capital expenditures. Some of the lithography system installations planned for 2H this fiscal year may be postponed into next fiscal year. Moreover, the timing of lithography system installations planned for next fiscal year may change. As such, we are not yet able to project next fiscal year's sales volumes.

Q: What are you projecting for semiconductor lithography systems in FY2024 and beyond? Also, what is your approach to capital expenditures in anticipation of increased investment driven by the CHIPS Act in the US?

A: The Medium-Term Management Plan we released this April was prepared based on orders we could project as of that time. Currently, there are no changes to the plan. We are studying adding production capacity mainly in optical systems in response to the status of orders in semiconductor lithography systems as well as the Components Business and elsewhere.

Q: What are the effects of the US restrictions on the export to China of semiconductor production equipment?

A: Based on information gleaned from media coverage and elsewhere, we are aware of issues involving components made in the US and restrictions on business activities within China for US-domiciled workers. At present, we have not been directly affected. Moving forward, we continue to survey the situation and, through close consultation with the authorities, plan to comply with direction from the Japanese government.

Components Business

Q: As semiconductor markets decelerate, is there risk of revenue declines in EUV related components and non-EUV businesses for semiconductor-related products?

A: EUV related components have long lead times, so we see no significant impact on plans for this fiscal year and next. Furthermore, in non-EUV businesses related to semiconductors, we supply advanced measurement devices, optical components for advanced packages, which are high value-added and have long lead times, and optical parts, which are replaced regularly in conjunction with semiconductor production. These business lines are less susceptible to economic fluctuations and declines in capital expenditures at device makers.

Others

Q: Any change in the situation regarding parts procurement constraints outside of the Imaging Products Business?

A: In the Healthcare Business, there were some parts procurement constraints that are now easing. In the Precision Equipment Business, some system delivery times were

affected by parts shortages, but we are working to minimize the impact. (See above for the situation in the Imaging Products Business.)

Q: What is the impact to next fiscal year's earnings from the acquisition of the German metal 3D printer maker, SLM? Please describe the nature and amount of the costs associated with the acquisition.

A: We cannot speak in quantitative terms as the acquisition has not yet been completed. However, post-acquisition we will consolidate SLM's earnings and costs for amortization of intangible assets (recognizable assets) associated with SLM. We expect to book about ¥2.0B over the full year in costs associated with the transaction. These costs include lawyer fees, financial advisory fees and due diligence costs.