

# **Q&A of Financial Results for the 3rd Quarter of the Year Ending March 31, 2025**

## **Disclaimer**

This document (Q&A of financial results) is not a verbatim transcript of the questions and answers that took place at the presentation as of February 6, 2025.

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: Comparing Q3 to the same quarter last year, revenue was almost flat while operating profit was down. Why?

A: Compared to the same period last year, the weaker yen boosted revenue while average selling prices (ASP) declined with the launch of the Z6III and Z50II models, which adopted advanced functionality from the Z9. Also, the declined ASP and losses at RED, which was acquired this fiscal year, weighed on operating profit.

Q: Please share your outlook for the digital camera market in China.

A: Recently, Chinese New Year shopping season is brisk, but as we explained at our previous earnings brief in November, macroeconomic deceleration is pausing growth in the camera market. So, we are closely observing future market conditions.

## **Precision Equipment Business**

Q: What is your outlook next fiscal year for the FPD lithography business?

A: Next fiscal year, we expect sales of 30+ units on solid orders from customers mainly for FPD lithography systems for higher-resolution G6 and G8 panels. A certain level of orders is expected to improve manufacturing costs and enhance profitability.

Q: What is your outlook next fiscal year for the semiconductor lithography business?

A: We expect sales of new semiconductor lithography systems to go to customers in Japan, China, and the rest of Asia. Service revenue should be greatly impacted by utilization at a major customer where much of our install base lies. We expect to see a recovery in sales of new systems and service beginning in the latter half of next fiscal year.

Q: Which maker did you work on joint development with for the new platform for ArF immersion lithography systems? Also, how does it excel versus rival systems?

A: We will withhold the name of any major semiconductor makers with whom we pursue joint development. Joint development is progressing with the aim of delivering a prototype to our partner in FY2028. The development underway will address customer needs, from high-speed stage development, improved convenience through shorter maintenance times and compatibility with other company's ArF immersion lithography systems, for example.

Q: Who will buy the new platform ArF immersion lithography systems and what kind of market share are you aiming for?

A: We hope a broad range of customers, including the Big 3 semiconductor makers (Intel, Samsung, and TSMC) will use our systems. We aim to achieve same market share level as in ArF dry lithography systems.

### **Components Business**

Q: What is your outlook next fiscal year for the Components Business?

A: The semiconductor market excluding AI should continue to be tough into the first half and recover in the latter half of next fiscal year. We expect our EUV related components and optical components businesses should perform in line with or better than this fiscal year. We also expect segment-total operating profit to improve next fiscal year on the effects of restructuring in the Industrial Solutions Business, which is included in the Components Business.

### **The company-wide**

Q: How did Q3 results progress versus internal plans?

A: On a company total basis, the deficit versus plan was approx. ¥10.0B in revenue and approx. ¥3.0B in operating profit. By segment, the Imaging Products Business progressed mostly in line with plan, but other businesses were below plan. The Precision Equipment Business lagged on postponed installations of some systems. The Healthcare Business missed on market stagnation and delayed deliveries of some products caused by temporary logistics disruptions. The Components and Digital Manufacturing Businesses fell behind as some product deliveries were postponed until Q4.

Q: Are the impairment losses of assets idled as part of Nikon's site reorganization included in the business performance forecasts announced in November and under which segment?

A: Some equipment from domestic locations became idled assets due to site reorganization resulting from relocation to our new HQ building, amounting to ¥1.3B in impairment and accelerated depreciation. These restructuring expenses were booked as “general and administrative expenses of headquarter functions” under “corporate profit (loss) that cannot be attributed to any segments.” These expenses were not included in the business performance forecasts announced at our previous earnings brief in November.

Q: Please share any progress in studies, which were announced at your previous earnings brief, about organic efforts to review fixed costs leading into next fiscal year.

A: Under the existing Medium-Term Management Plan, we have identified growth drivers in each segment and cultivated new businesses. Over the past three years, we have gained much clarity about areas with growth potential and those that may take time. Currently, as part of the budget being drafted for next fiscal year, we are studying more selective growth investments in each business segment and restrained R&D expenditures, mostly. We will share details at our earnings brief in May.