

# **FY2022 Second Quarter**

**(Fiscal Year Ending March 2023)**

# **FINANCIAL RESULTS BRIEFING**

2022.11.25

**日本電子株式会社**

**JEOL Ltd.**

# Becoming a top niche company supporting science and technology around the world

## COMPANY PHILOSOPHY

On the basis of "Creativity" and "Research and Development," JEOL positively challenges the world's highest technology, thus forever contributing to the progress in both Science and Human Society through its products.

## Vision

### "Evolving in the 70th Year"

Accelerate business expansion and achieve even higher profitability based on our unique technologies and human networks which have been developed since the company's founding.

## Mid-term Management Plan

### "Evolving Growth Plan"

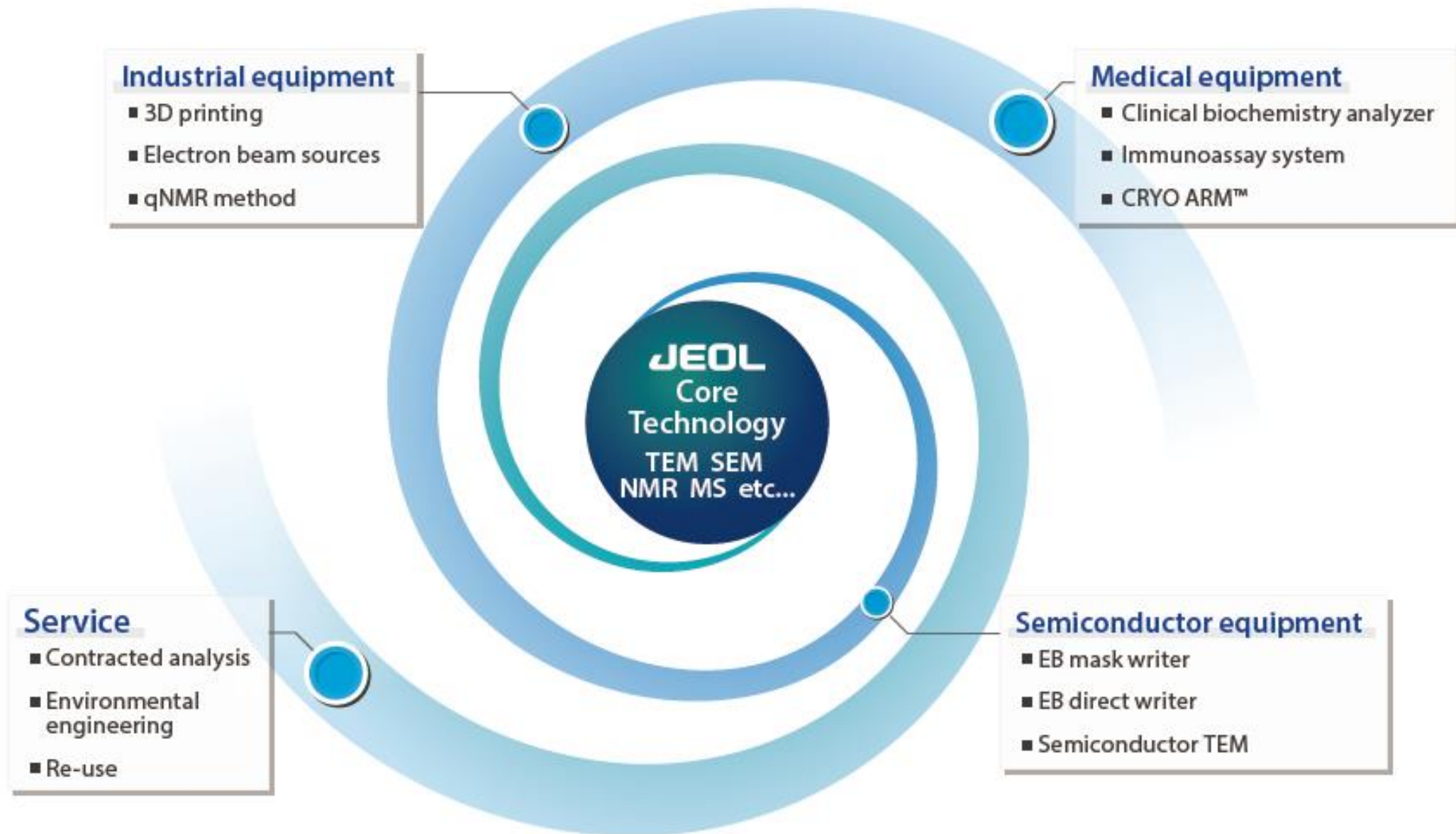
We aim to improve customer satisfaction by strengthening our R&D, manufacturing, and service capabilities.

▶ YOKOGUSHI ◀

Promote Innovation by co-creation

## Growth vision of “Evolving in the 70th Year” remains unchanged

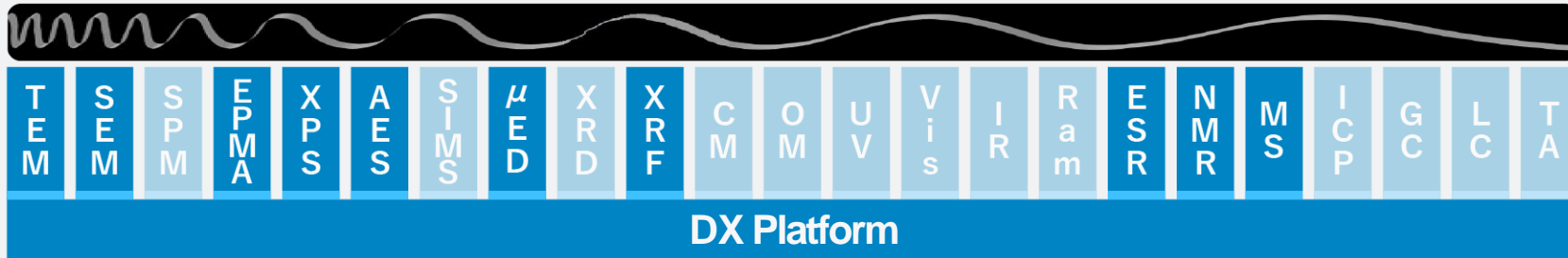
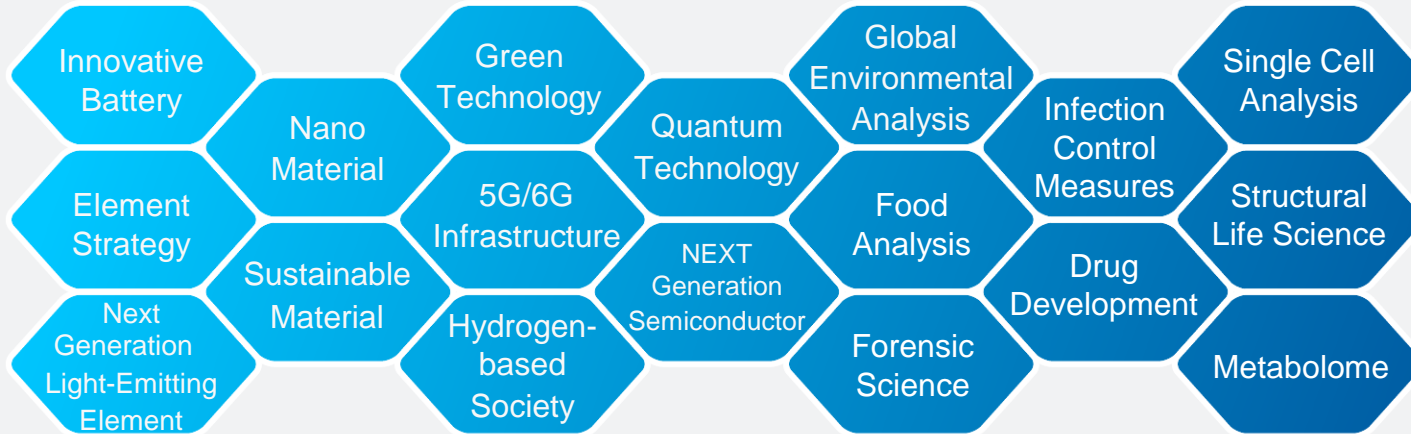
- Expand business scale and achieve higher profitability



# Strengthen and develop YOKOGUSHI Strategy

- Improve and strengthen for higher profitability

## ► YOKOGUSHI ◀



## Solutions



# INDEX

1. FY 2022 2Q Results and Full-Year Forecast
2. Performance of each business
  - 2-1. Science/metrology instruments
  - 2-2. Industrial equipment
  - 2-3. Medical equipment

# Summary

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## Evolving in the 70th Year

Aiming to accelerate business expansion and achieve even higher profitability based on the unique technologies and human networks cultivated since the company's founding.

## FY2022 1H Results

Sales, operating profit, ordinary profit renewed the highest record. Orders and backlogs also reached record highs.

## Softening of Semiconductor Market

While investment in cutting-edge semiconductors remains strong, some customers are revising their capital expenditure plans due to the current softening in semiconductor demand.

## FY2022 Forecast

Net sales 154.5 billion yen, operating profit 22 billion yen, ordinary profit 23 billion yen, net profit 17 billion yen

## Toward High Profitability of SI Business

Offer highly competitive solutions based on the YOKOGUSHI strategy for growing markets (semiconductor, drug discovery, battery, etc). Increase added value to customers through integrated operation of sales and services.

## 1. FY2022 2Q Result and FY2022 Forecast

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# FY2022 2Q Results (P/L)

- Record high for the 1<sup>st</sup> half of the year

Consolidated figures (P/L)			(100 million JPY)
	FY21 2Q Result (1)	FY22 2Q Result (2)	Year-on-Year (2)-(1)
1 Net sales	534	647	114
2 Sales cost	305	356	50
3 (Cost rate)	(57.2%)	(54.9%)	(-2.2%)
4 Gross profit	228	292	64
5 SGA	150	178	27
6 R&D cost	41	45	4
7 SGA total	192	223	31
8 Operating profit	37	69	32
9 Non-operating income	12	21	8
10 Non-operating expenses	2	1	-0
11 Ordinary profit	47	88	41
12 Extraordinary income	0	10	10
13 Extraordinary loss	0	2	2
14 Net profit before tax	48	96	49
15 Corporate taxes	11	24	13
16 Net profit	37	72	36
Exchange rate (1\$=)	¥ 110	¥ 133	
Exchange rate (1€=)	¥ 131	¥ 139	

## Factors for fluctuating ordinary profit (year-on-year)

(100 million JPY)	
(A) Positive factor	67
1. Exchange margin (yen depreciation)	39
2. Sales volume increase	28
(B) Negative factors	-35
1. Increased SGA	-18
2. Worsened cost rate, etc.	-13
3. R&D cost increase	-4
(A)+(B)	32





## Transition of Consolidated Sales & Operating Profit by Segment (Cumulative 2Q)

		(100 million JPY)		
		FY 2020 2Q result	FY 2021 2Q result	FY2022 2Q result
<b>Company Total</b>	Net sales	494	534	647
	Operating profit	25	37	69
	Ordinary profit	29	47	88
	Net profit	19	37	72
<b>Scientific/Metrology Instruments</b>	Net sales	301	295	358
	Operating profit	- 3	- 7	- 1
<b>Industrial Equipment</b>	Net sales	120	145	205
	Operating profit	41	58	93
<b>Medical Equipment</b>	Net sales	73	94	85
	Operating profit	7	8	3
<b>Company Total</b>	Operating Expenses	20	23	26
Exchange rate (1\$=)		¥ 107	¥ 110	¥ 133
Exchange rate (1€=)		¥ 121	¥ 131	¥ 139

## FY2022 Forecast (P/L)

- Consolidated net sales ¥154.5 billion, Operating profit ¥22 billion, Ordinary profit ¥23 billion, Net profit ¥17 billion

Consolidated figures (P/L)

(100 million JPY)

	FY21 Full Year Result (1)	FY22 Full Year Forecast (as of May 13, 2022)	FY22 Full Year Forecast (2) (as of Nov. 11, 2022)	Year-on-Year (2)-(1)	Evolving Growth Plan (Target in final year:FY2024)
1 Net sales	1,384	1,525	1,545	161	1,700
2 Sales cost	830	877	853	23	
3 (Cost rate)	(60.0%)	(57.5%)	(55.2%)	(-4.8%)	
4 Gross profit	554	648	692	138	
5 SGA	327	345	360	33	
6 R&D cost	85	108	112	27	
7 SGA total	412	453	472	60	
8 Operating profit	141	195	220	78	240
9 Non-operating income	24	5	26	2	
10 Non-operating expenses	3	12	16	13	
11 Ordinary profit	163	188	230	67	240
12 Extraordinary income	4	0	10	6	
13 Extraordinary loss	1	2	13	12	
14 Net profit before tax	167	186	227	61	
15 Corporate taxes	44	49	57	13	
16 Net profit	123	137	170	47	
Exchange rate (1\$=)	¥ 113	¥ 115	¥ 135		¥115
Exchange rate (1€=)	¥ 131	¥ 130	¥ 138		¥130

### Factors for fluctuating ordinary profit (year-on-year)

(100 million JPY)

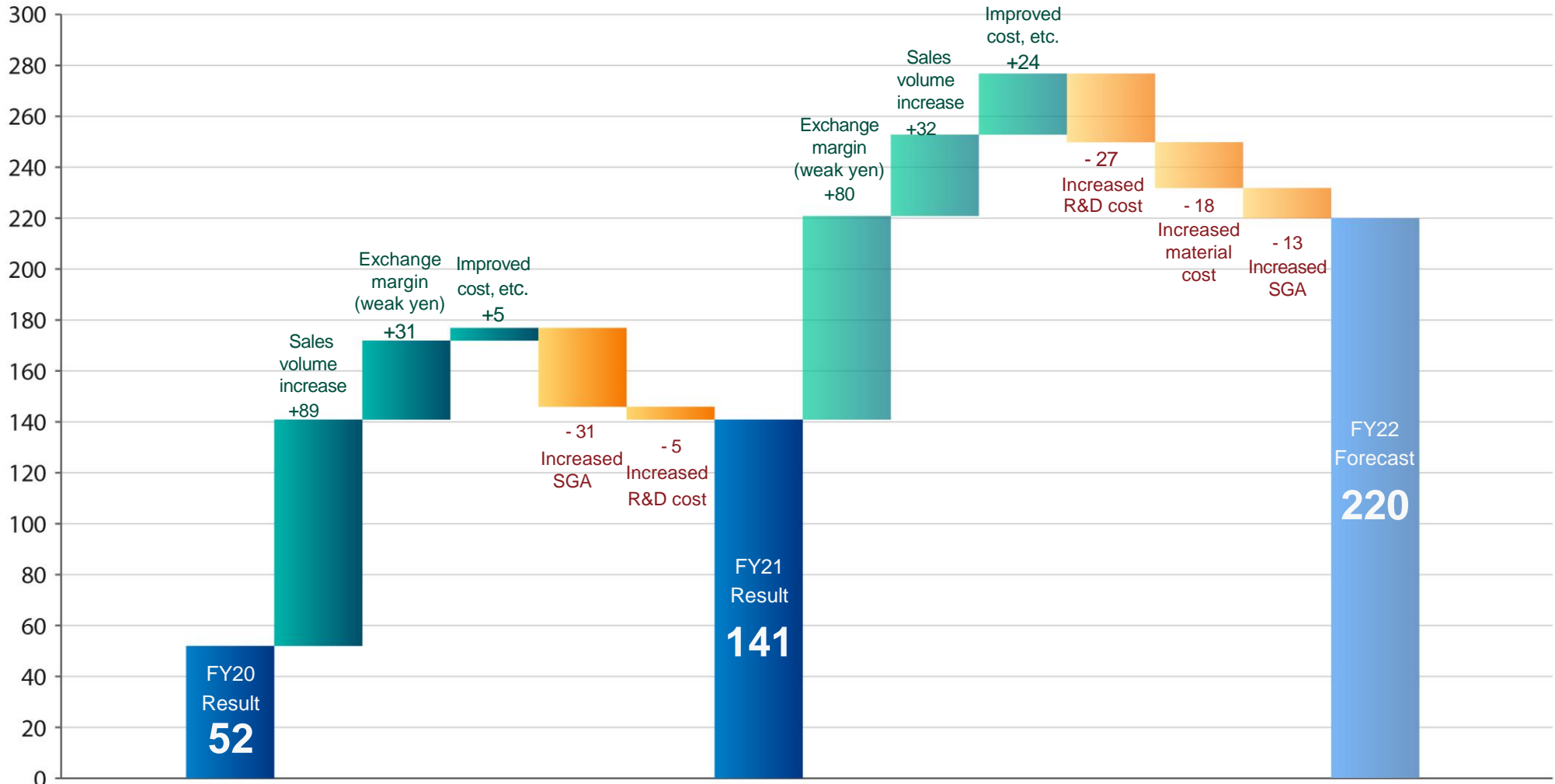
(A) Positive factor	136
1. Exchange margin (yen depreciation)	80
2. Sales volume increase	32
3. Improved cost rate, etc.	24
(B) Negative factor	-58
1. R&D cost increase	-27
2. Increased material costs	-18
3. SGA increase	-13

(A)+(B) 78

# Factors of Increase/Decrease in Profit

## Ordinary profit analysis

(100 million JPY)



## Transition of Consolidated Sales & Operating Profit by Segment (Full-year)

(100 million JPY)

		FY2020	FY2021	FY2022	FY2022
		Full-year result	Full-year result	Full-year forecast (as of May 13, 2022)	Full-year forecast (as of Nov. 11, 2022)
<b>Company Total</b>	Net sales	1,104	1,384	1,525	1,545
	Operating profit	52	141	195	220
	Ordinary profit	66	163	188	230
	Net profit	37	123	137	170
<b>Scientific/Metrology Instruments</b>	Net sales	706	851	902	877
	Operating profit	12	48	56	43
<b>Industrial Equipment</b>	Net sales	240	340	442	485
	Operating profit	73	131	180	221
<b>Medical Equipment</b>	Net sales	159	193	181	183
	Operating profit	9	11	12	10
<b>Company Total</b>	Expense	42	49	53	54
Exchange rate (1\$=)		¥ 106	¥ 113	¥ 115	¥ 135
Exchange rate (1€=)		¥ 124	¥ 131	¥ 130	¥ 138

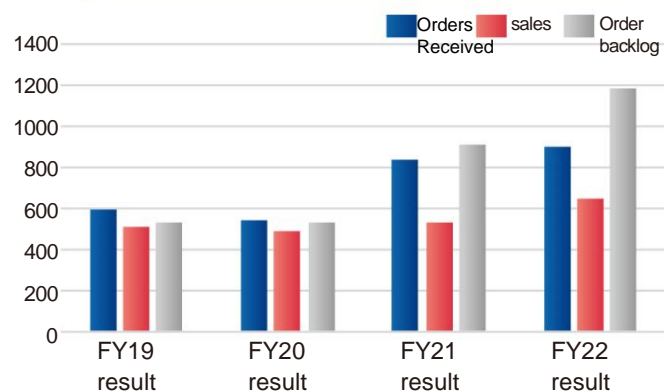
# Changes in Major Accounts

## 2nd Quarter

(100 million JPY)

(Consolidated)	FY2020 2Q result	FY2021 2Q result	FY2022 2Q result
1 Inventory	589	652	706
2 Interest-bearing debt	317	214	140
3 Net assets (capital-to-asset)	469(33.0%)	774(46.0%)	927(49.0%)
4 Dividend (JPY)	12 JPY	14 JPY	30 JPY
5 Overseas sales ratio	69.0%	68.0%	75.4%
6 Consolidated Orders received	543	838	899
7 Consolidated Order backlog	536	913	1,187

2Q Transition of Consolidated Orders, Sales and Backlog



## Full-year

(100 million JPY)

(Consolidated)	FY2020 Full-year result	FY2021 Full-year result	FY2022 Full-year forecast
1 Inventory	573	591	700
2 Interest-bearing debt	327	166	115
3 Total assets	1,464	1,896	1,911
4 Net assets (capital-to-asset)	510(34.8%)	859(45.3%)	1,054(55.2%)
5 Dividend (JPY)	24 JPY	50 JPY	60 JPY
6 Capital investment	76	69	45
7 Depreciation cost	36	41	46
8 Consolidated Orders received	1,226	1,712	—
9 Consolidated Order backlog	608	936	—
10 Overseas sales ratio	63.5%	63.4%	70.0%

# Business Environment

- Orders continue to be strong, and measures are being taken to minimize the impact of the parts and materials shortage

		Overview	
Scientific and Metrology Instrument	University and governmental demand	○ (Good)	<ul style="list-style-type: none"> <li>Active science and technology investment by national governments</li> <li>Receiving inquiries due to stimulus budget also in FY22 (Japan)</li> <li>Inquiries in Europe &amp; USA continue to recover.</li> <li>Chinese market remains active, but concerns about impact of US restrictions on China export</li> </ul>
	Private Demand (Semiconductor)	○ (Good)	<ul style="list-style-type: none"> <li>TEM inquiries continue to be strong especially in East Asia/China areas</li> <li>Needs for electron microscopes (TEM, SEM) are increasing due to miniaturization and complexity of products</li> </ul>
	Private Demand (other industries)	○ (Good)	<ul style="list-style-type: none"> <li>Overall, capital investment is active.</li> <li>R&amp;D investment for next-generation batteries is on the rise.</li> <li>Impact of Ukraine- Russia War has not been seen yet.</li> </ul>
Industrial Equipment	Lithography system market	○ (Good)	<ul style="list-style-type: none"> <li>Softening semiconductor market conditions have led to variations in investment trends that vary by customer, specific fabrication, and process node.</li> </ul>
	EB source market	○ (Good)	<ul style="list-style-type: none"> <li>Significant increase in inquiries for deflector e-beam source</li> </ul>
Medical Equipment	Domestic market	○ (Good)	<ul style="list-style-type: none"> <li>Demand of biochemistry analyzer is recovering</li> </ul>
	Overseas market	△ (Fair)	<ul style="list-style-type: none"> <li>Orders and sales for Siemens revived.</li> <li>China market is slow due to lockdown caused by the COVID-19 pandemic.</li> </ul>

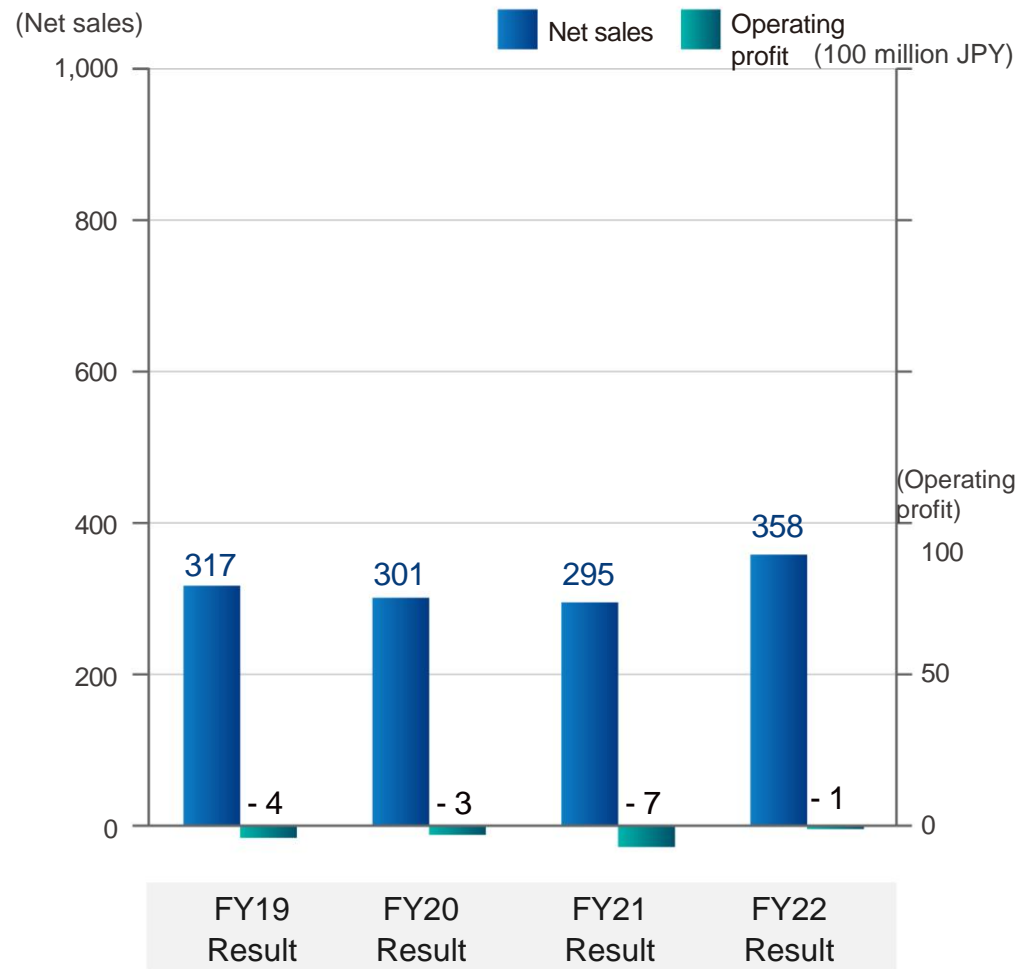
## 2-1. Performance Scientific/Metrology Instruments

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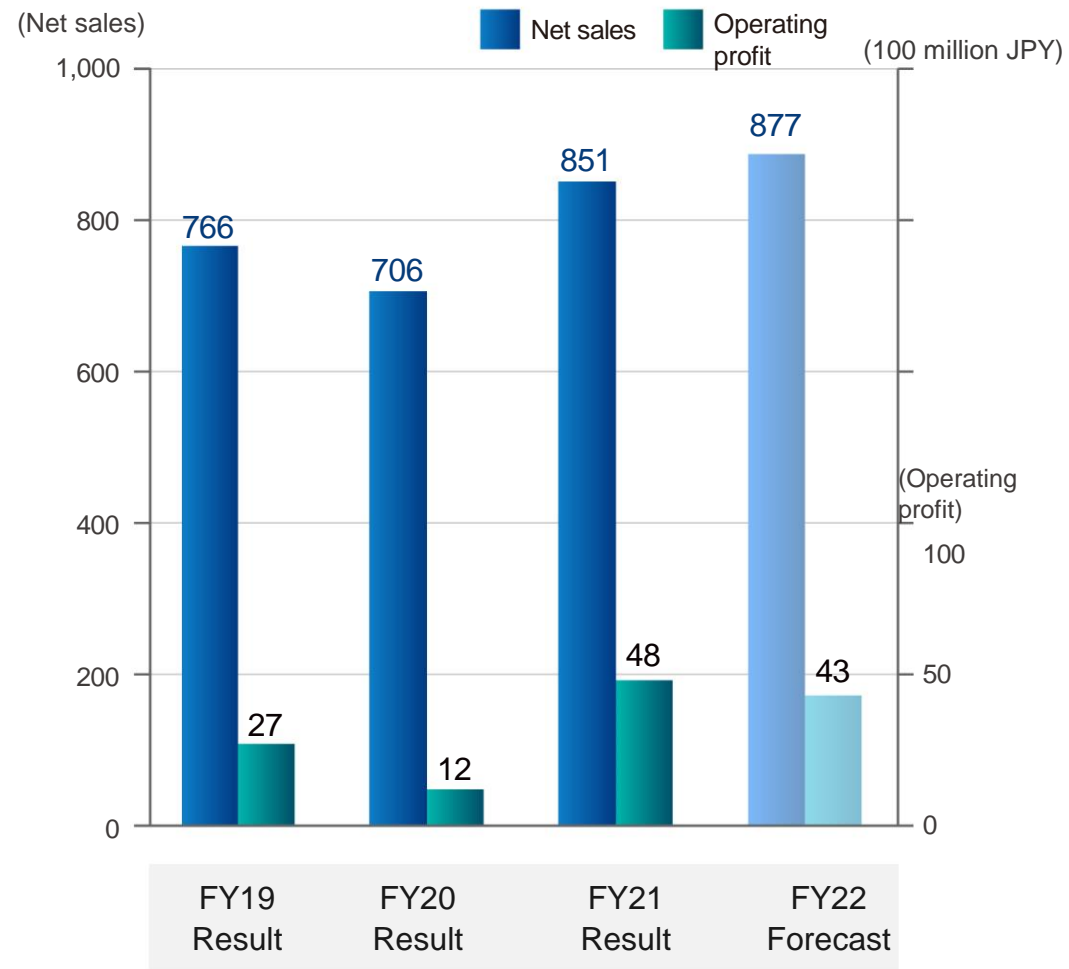


# Scientific/Metrology Instruments Consolidated net sales and operating profit transition by segment

## 2nd Quarter Business Transition



## Full-year Business Transition



Exchange rate(1\$=)¥ 109	¥ 107	¥ 110	¥ 133
Exchange rate(1€=)¥ 121	¥ 121	¥ 131	¥ 139

Exchange rate(1\$=)¥ 109	¥ 106	¥ 113	¥ 135
Exchange rate(1€=)¥ 120	¥ 124	¥ 131	¥ 138



## Absorption-type Merger of JEOL RESONANCE, Inc.

- On October 1, JEOL Ltd. merged JEOL RESONANCE, Inc. which has been engaged in development/manufacturing of NMR (nuclear magnetic resonance spectrometer) and ESR (electron spin resonance spectrometer).
- While investment in cutting-edge R&D is expanding worldwide, as a company with many high-end measurement and analytical instruments in its group, we aim to provide users with higher added value by further promoting linkage between instruments with this merger.
- Moreover, we will aim to strengthen the profitability of the scientific and measurement instruments business by streamlining operations through integration of common functions such as administrative divisions.



NMR (Nuclear magnetic resonance spectrometer)



ESR (Electron spin resonance spectrometer)

# Success in developing the world's most compact GHz NMR spectrometer

Weight is about 1/10 of conventional models, No need to refill liquid helium

- In a joint research of JST-Mirai Program (RIKEN, Japan Superconductor Technology, Inc. Tokyo Institute of Technology, and Japan Science and Technology Agency) in which we participate, we have succeeded in developing the world's lightest and most compact GHz nuclear magnetic resonance spectrometer (NMR).  
(Successfully reduced evaporation of liquid helium, a scarce resource, to zero, whereas conventional machines consume several hundred liters or more per year.)

World's first GHz NMR (then, in 2015)



GHz compact NMR

- Approx. 1/10 of weight
- No evaporation of liquid helium



In the future, we will aim to develop NMR spectrometer with world's highest magnetic field of 1.3GHz (30.5 tesla) exceeding 1.2GHz (28.2 tesla) which is the world's highest magnetic field now.

# Organized “International Cryo ARM User Meeting”

- Users from research institutes and pharmaceutical company in Europe, as well as users from the U.S., Australia, and Asia, participated in the event.

**INTERNATIONAL CRYO ARM USER MEETING**

2022, Sept 7th/8th, Regensburg (GERMANY)

**CRYO ELECTRON MICROSCOPY**

Program & Info

Period : September 7 to 8, 2022

Venue : University of Regensburg  
(Universität Regensburg in German)

Attendee : Approx. 80 (incl. remote attendees)

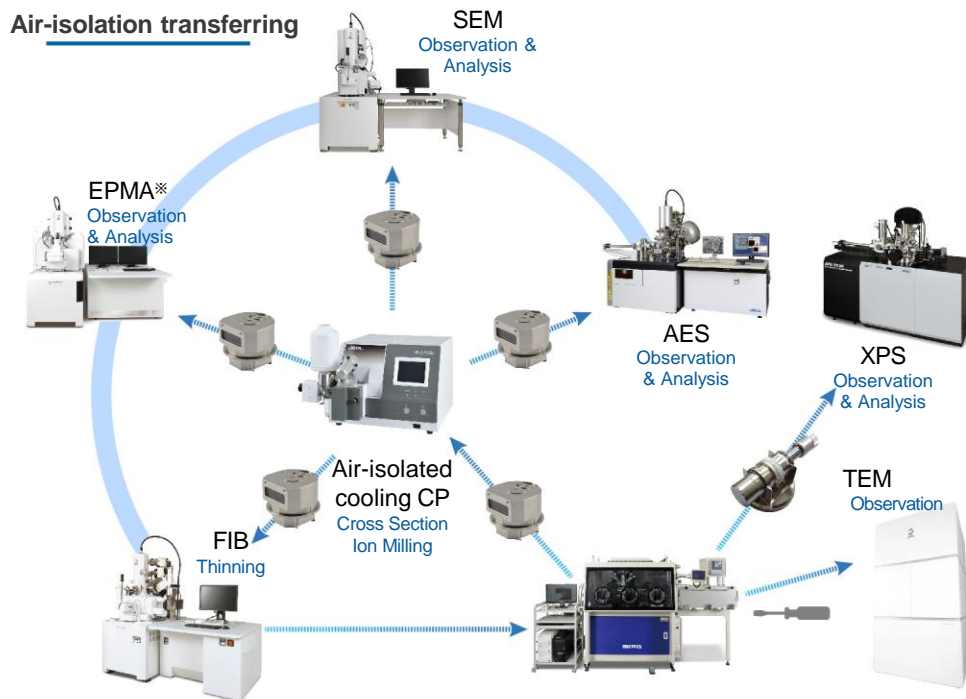


# Progress in Analytical Solutions for Next Generation Battery

- Strong orders by active introduction of observation and analysis instruments for R&D of next generation batteries.
- Increasing inquiries for particle analysis systems combining scanning electron microscopes (SEM) and energy dispersive X-ray spectrometers (EDS) for the manufacturing process control and inspection applications.

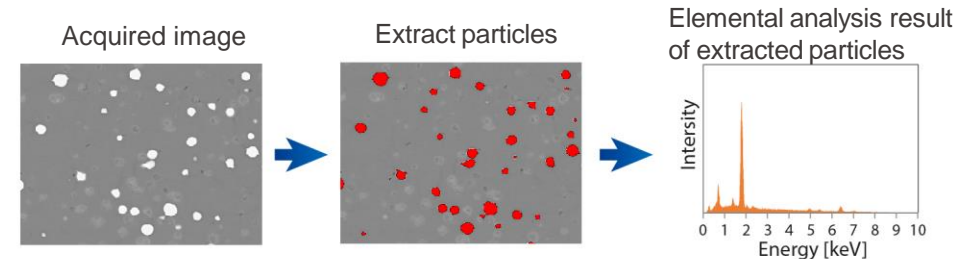
## Next Generation Battery ▶ YOKOGUSHI ◀ Analytical Solutions

- Battery materials require handling without air exposure to avoid alteration. Air-isolated transfer between sample processing equipment and observation/analysis instruments preserves integrity of sensitive materials.



## Environment Inspection System for Automotive Battery Production Line

- In battery manufacturing, in-process dust inspection (control and inspection of foreign matter) is required in the assembly environment to ensure product safety, etc., and the need for a fully automated foreign matter measurement system is increasing.

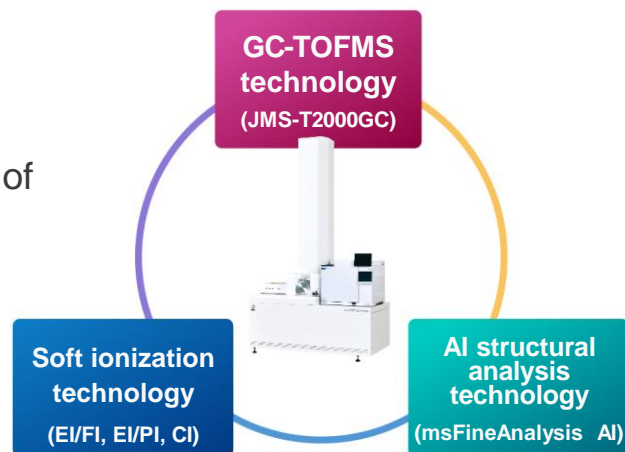


# msFineAnalysis AI : Unknown substance qualitative analysis solution

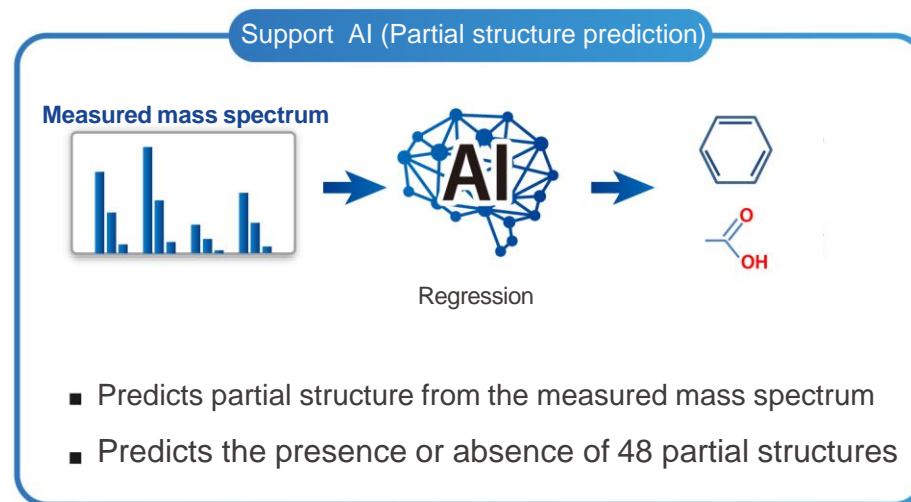
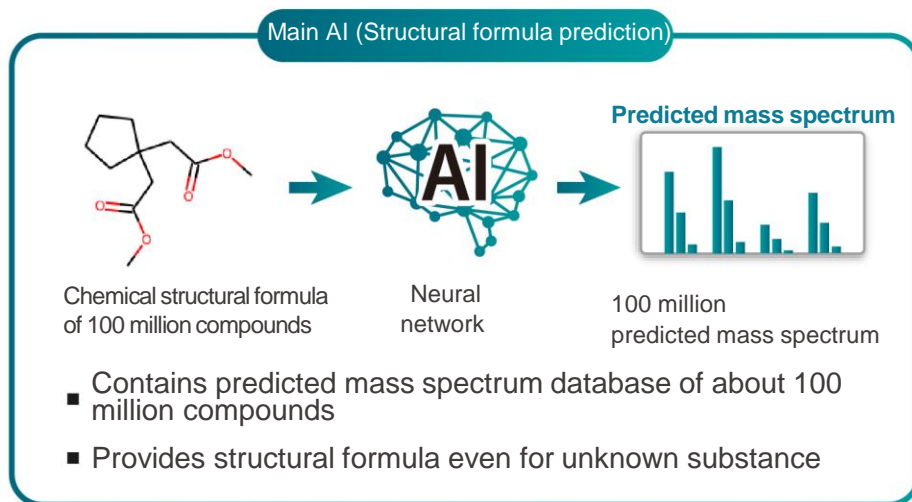
- "msFineAnalysis AI" makes possible to conduct qualitative analysis of unknown substances that have been difficult in the past.

## msFineAnalysis AI solution

- Precise mass analysis using GC-TOFMS = Composition estimation of observed ions
- Acquire molecular formula information using soft ionization method
- Established **database of 100 million compounds** by using **AI technology**

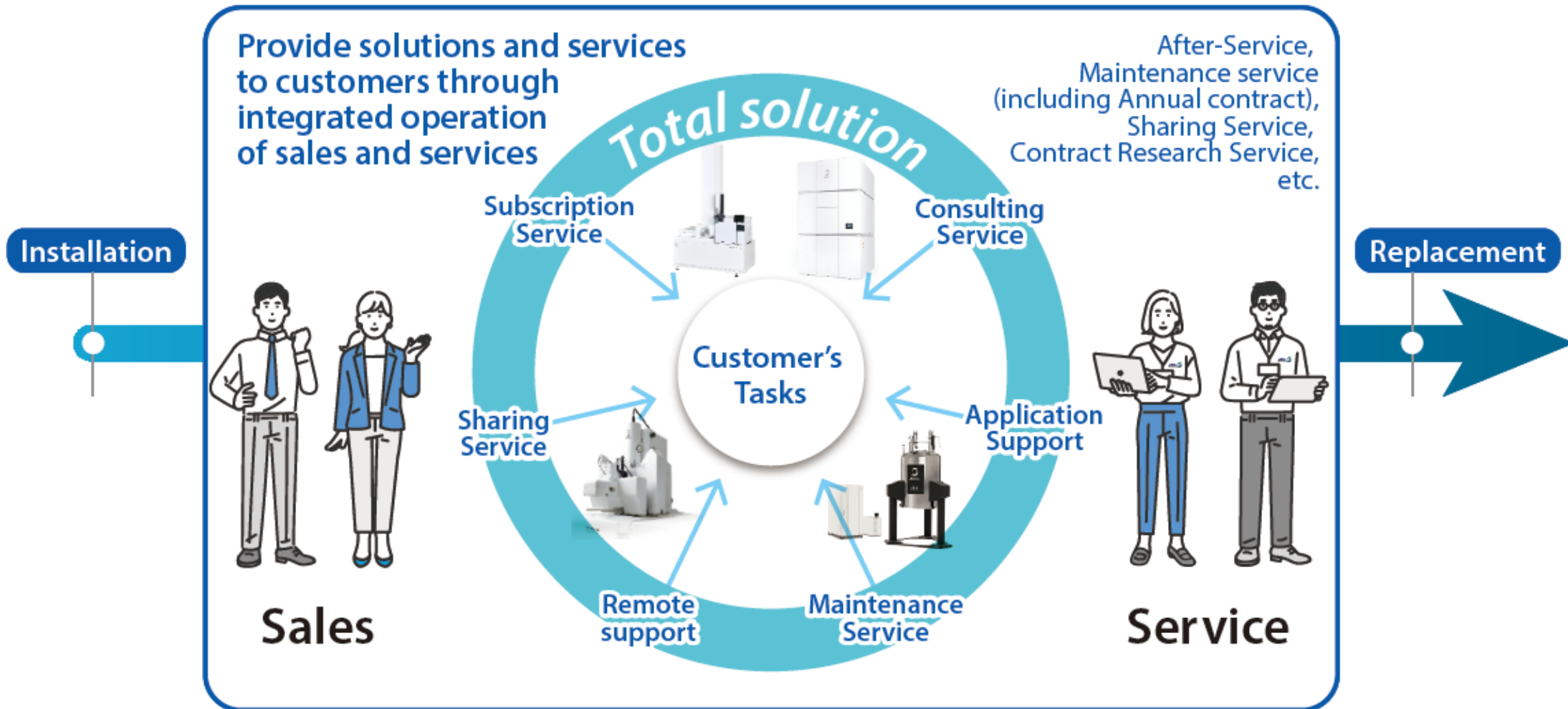


**msFineAnalysis AI uses deep learning and mechanical learning that are different in characteristics in a complementary combination**



## Offer service utilizing products and YOKOGUSHI strategy

- Various service & support programs including `Bridging Service` are available, allowing customers to acquire skills prior to delivery of the instrument.



## 2-2. Industrial Equipment

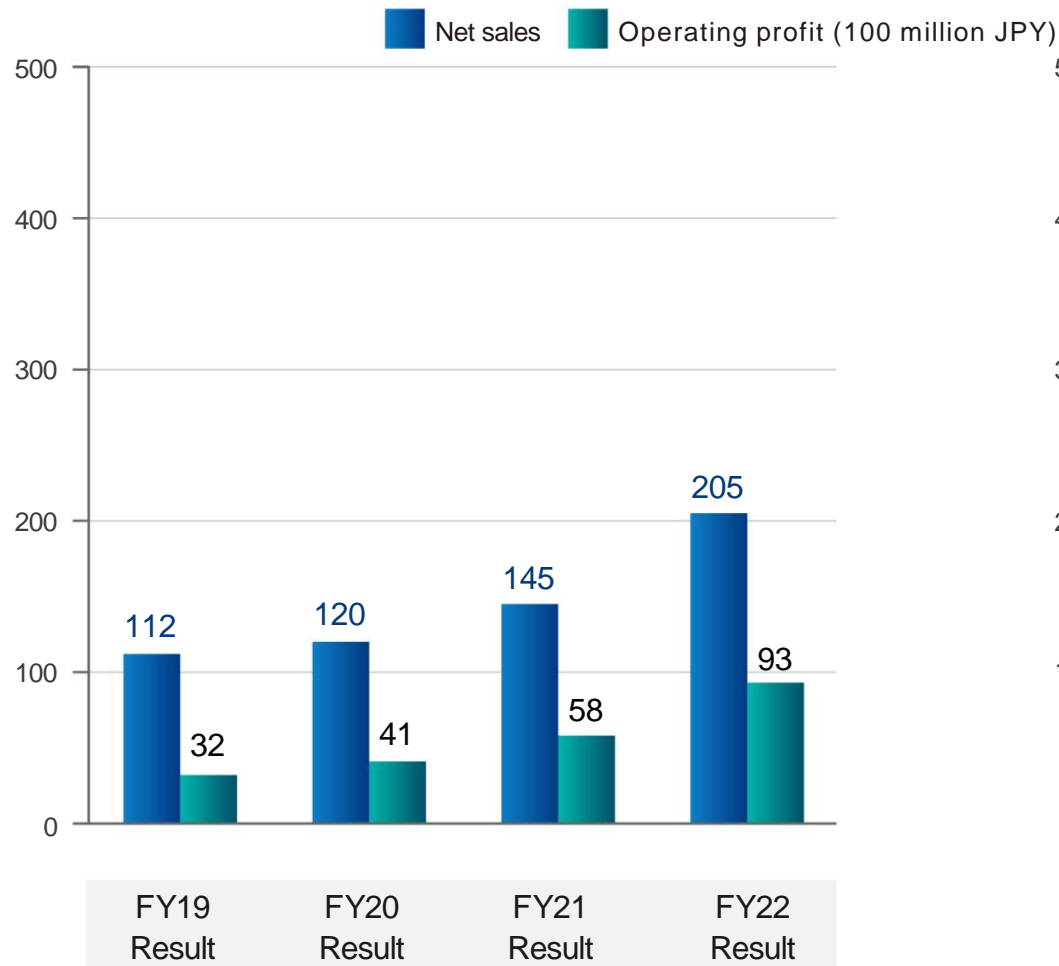
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# Industrial Equipment

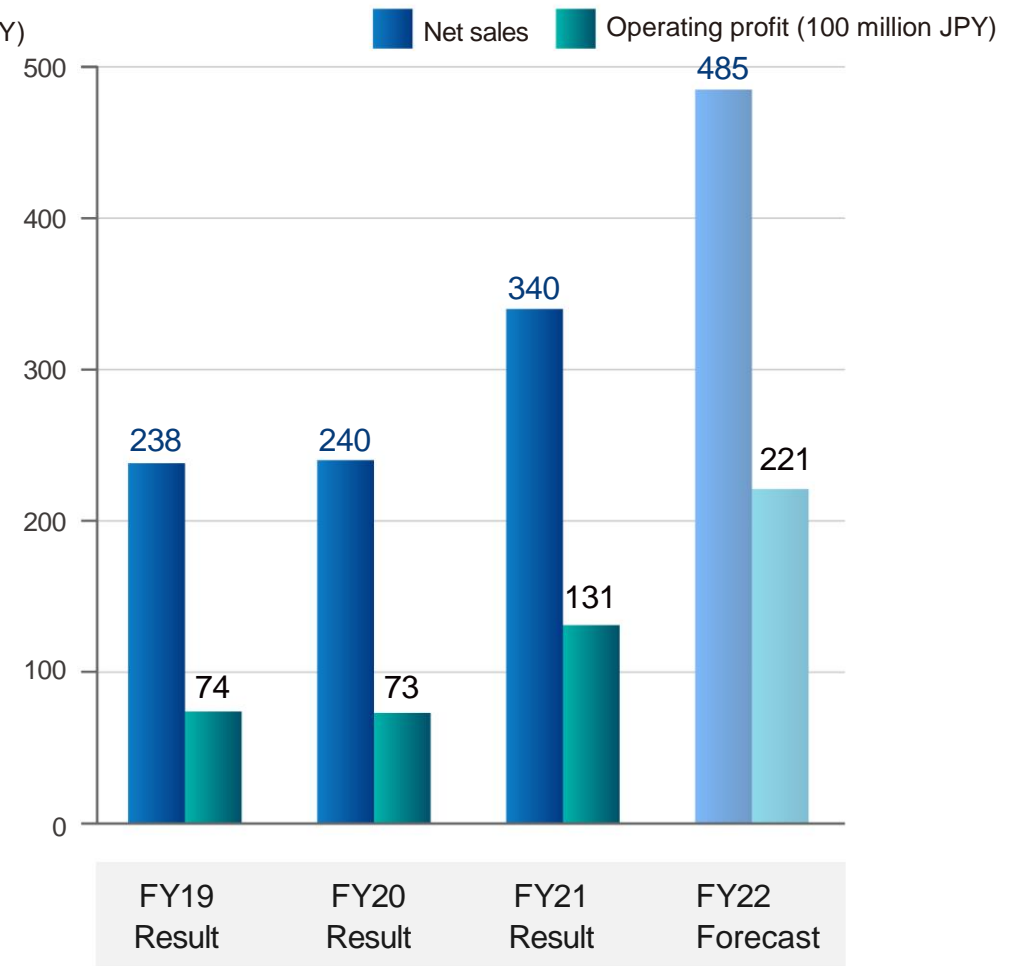
## Consolidated net sales and operating profit transition by segment

### 2nd Quarter Business Transition



Exchange rate(1\$=)	¥ 109	¥ 107	¥ 110	¥ 133
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### Full-year Business Transition



Exchange rate(1\$=)	¥ 109	¥ 106	¥ 113	¥ 135
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# Next generation industrial electron beam metal 3D printer(AM machine)

- Targeting at overseas markets, we exhibited at major AM exhibitions in US and Europe

USA

## RAPID + TCT 2022

Period : May 17 to 19, 2022

Place : Detroit, USA



Europe

## FORMNEXT 2022

Period : November 15 to 18, 2022

Place : Frankfurt, Germany

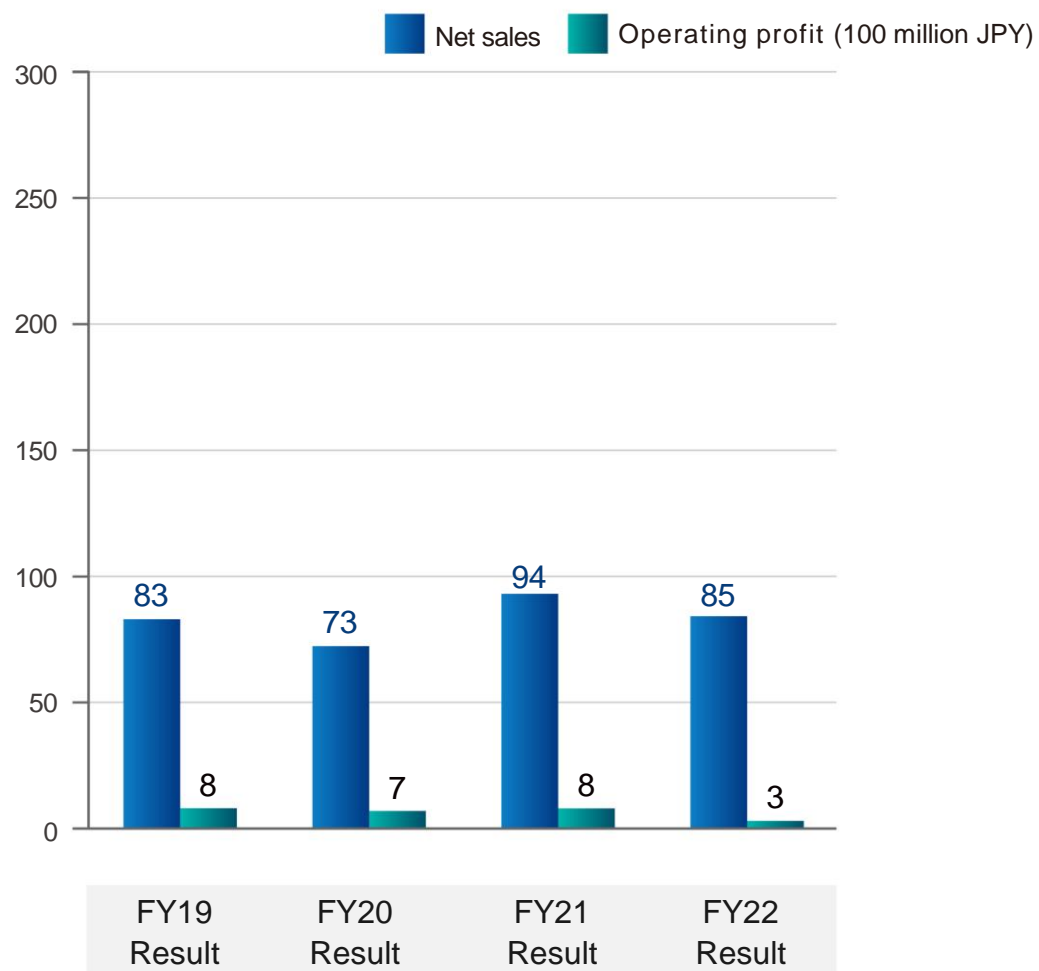
## 2-3. Medical Equipment

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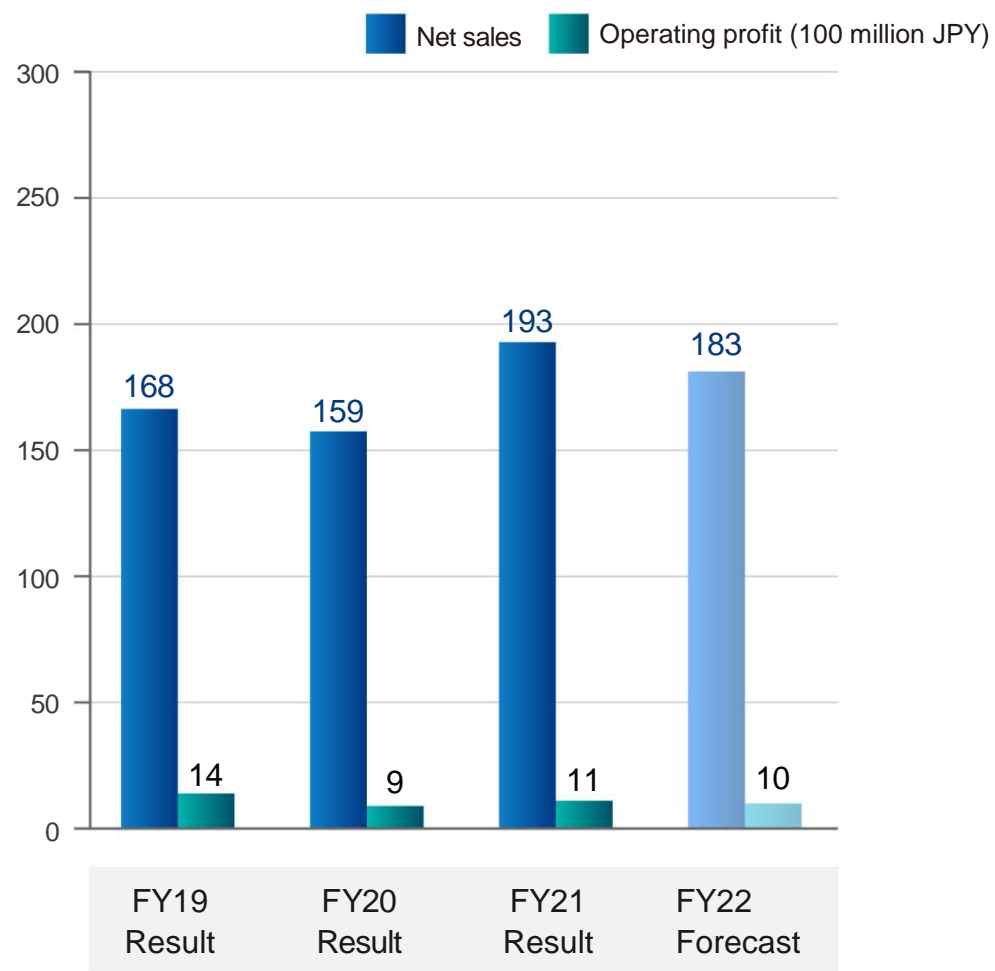
# Medical Equipment Consolidated net sales and operating profit transition by segment

## 2nd Quarter Business Transition



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Exchange rate(1€=)	¥ 121	¥ 121	¥ 131	¥ 139

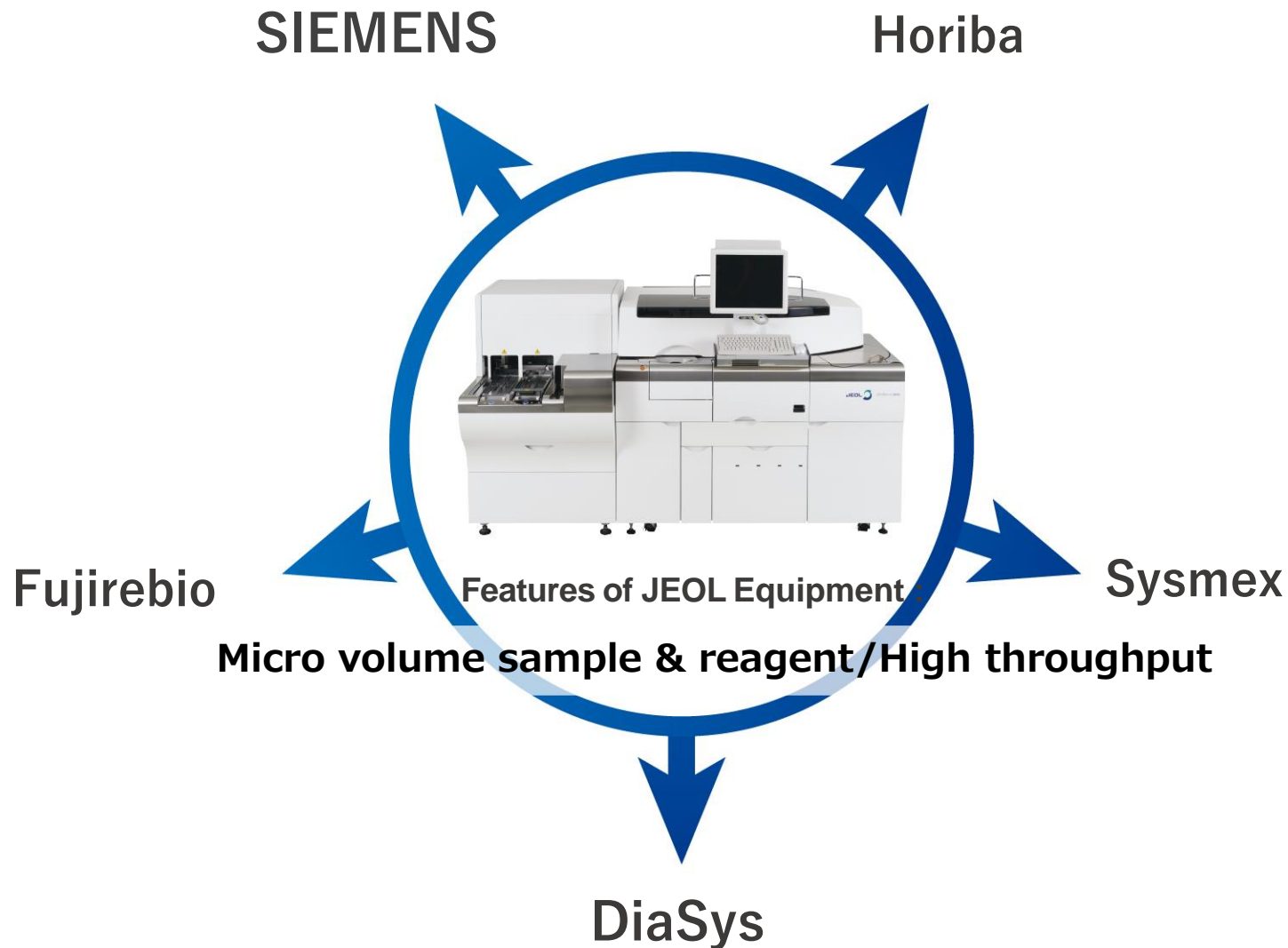
## Full-year Business Transition



Exchange rate(1\$=)	¥ 109	¥ 106	¥ 113	¥ 135
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# Industrial Equipment Business

- Continue to expand into global markets, especially emerging countries



**Note on document handling**

Information provided by this document and presented orally by our representative contains assumptions and beliefs based on data currently available.

Readers should be aware that actual results could differ materially from this outlook due to various known and unknown factors that impact our performance such as economic trends, upturn or downturn in the semiconductor industry, and changes in R&D spending.