



MEMBERSHIP

February 8, 2024

Consolidated Financial Results of the Third Quarter Ended December 31, 2023 (IFRS)

Corporate Name: NIKON CORPORATION

Securities code number: 7731

Stock exchange listings: Tokyo

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Date for the commencement of dividend payments: –

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (for institutional investors and analysts)

(Amounts are rounded to the nearest millions of yen)

1. Consolidated Results of the Third Quarter ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(Percentage represents year-on-year changes)

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Total Comprehensive Income for the Period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	528,912	16.0	34,438	(32.0)	36,206	(30.8)	24,973	(36.7)	61,595	31.3
Nine months ended December 31, 2022	456,097	12.2	50,623	7.8	52,314	(0.5)	39,456	1.0	46,922	(17.5)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Nine months ended December 31, 2023	72.10	71.72
Nine months ended December 31, 2022	109.21	108.61

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent to Total Assets
	Millions of yen	Millions of yen	Millions of yen	%
As of December 31, 2023	1,100,133	654,848	653,678	59.4
As of March 31, 2023	1,050,267	618,351	614,966	58.6

2. Dividends

	Dividend per Share				
	First quarter ended	Second quarter ended	Third quarter ended	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	20.00	–	25.00	45.00
Year ending March 31, 2024	–	25.00	–		
Year ending March 31, 2024 (Planned)				25.00	50.00

(Note) Revision of cash dividend forecast from the latest announcement: None

3. Consolidated Financial Forecasts for the Year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Percentage represents year-on-year changes)

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Basic Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	705,000	12.2	36,000	(34.4)	37,000	(35.2)	27,000	(39.9)	77.96

(Note) Revision of forecast from the latest announcement: Yes

4. Others

(1) Changes in Significant Subsidiaries during the Period: None

(Note) This refers to the presence or absence of specified subsidiaries, which accompany changes in the scope of consolidation in the period under review.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1. Changes in accounting policies required by IFRS: None

2. Changes in accounting policies other than the above: None

3. Changes in accounting estimates: None

(3) Number of Shares Issued (Ordinary Shares)

1. Number of shares issued as of the period end (including treasury shares):

As of December 31, 2023 351,476,686 shares

As of March 31, 2023 351,476,686 shares

2. Number of treasury shares as of the period end:

As of December 31, 2023 5,030,612 shares

As of March 31, 2023 5,303,396 shares

3. Average number of shares during the period (cumulative total):

Nine months ended December 31, 2023 346,362,755 shares

Nine months ended December 31, 2022 361,289,170 shares

* This report is out of scope of the quarterly review procedure by certified public accountants or auditing firms.

* Appropriate use of business forecasts; other special items

Performance forecasts and other forward-looking statements included in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Attached Material

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1. Performance and Financial Position

(1) Qualitative Information on Consolidated Operating Results

During the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023), in the Imaging Products Business, the digital camera market remained solid due to strong sales of mid- to high-end products.

In the Precision Equipment Business, capital investments in the field related to FPDs, including both mid-to-small size panels and large-size panels, remained stagnant. In the fields related to semiconductors, however, demand for capital investments in logic semiconductors remained solid, and such demand related to memory semiconductors showed signs of recovery.

In the Healthcare Business, the life science solutions and eye care solutions markets largely remained solid although changes in customer behavior due to the increasing interest rates and other factors were observed.

In the Components Business, the Digital Solutions Business was affected by adjustments to inventory and investments in the markets related to optical parts and encoders. The Customized Products Business was adversely affected by a slowdown in the EUV-related markets, resulting in weak performance.

In the Digital Manufacturing Business, the Industrial Metrology Business continued to experience weak capital investments in the semiconductor and electronic components markets. Capital investments in the electric vehicle (EV) and automotive battery markets were also sluggish. Meanwhile, in the Metal Additive Manufacturing market, which is still centered around powder bed fusion (PBF) type metal 3D printers as in the past, the Advanced Manufacturing Business saw an increasing trend in unit prices, despite a decrease in unit sales, reflecting the market shift to larger, more productive printers. However, the Metal Additive Manufacturing market as a whole hit a plateau.

Under these circumstances, during the nine months ended December 31, 2023, revenue increased 72,814 million yen (16.0%) year on year to 528,912 million yen, operating profit decreased 16,185 million yen (32.0%) year on year to 34,438 million yen, profit before tax decreased 16,108 million yen (30.8%) year on year to 36,206 million yen, and profit attributable to owners of parent decreased 14,483 million yen (36.7%) year on year to 24,973 million yen.

Performance by segment is as follows.

As stated in “2. Quarterly Condensed Consolidated Financial Statements (5) Notes to Quarterly Condensed Consolidated Financial Statements (Segment Information),” the reportable business segments have been changed since the three months ended June 30, 2023. Accordingly, the operating results for the previous fiscal year used in the year-on-year comparisons below have been reclassified in line with the revised business segments.

In the Imaging Products Business, the Group focused on expanding sales of mid- to high-end products and interchangeable lenses targeted at professionals and hobbyists, especially those of Z 8, Z f and other Z series full-frame mirrorless cameras. Accordingly, the business segment recorded year-on-year increases in both revenue and profit because of higher average unit selling prices and the positive effects of the yen depreciation.

In the Precision Equipment Business, unit sales of the systems for both mid-to-small size panels and large-size panels decreased in the FPD lithography systems field. Meanwhile, despite increased unit sales of ArF lithography systems, the semiconductor lithography system field recorded a decrease in revenue from the service business. As a result, the business segment as a whole recorded a year-on-year increase in revenue and a year-on-year decrease in profit.

In the Healthcare Business, the life science solutions field saw not only robust sales but also the positive effects of the yen depreciation, despite being affected by a tight supply and demand balance for some electronic and other components. Accordingly, the business segment as a whole recorded a year-on-year increase in revenue. However, the business segment as a whole posted a decrease in profit partly because we had a cost increase due to the price surge, recognized disposal and write-down of inventory, and recorded a provision in the second quarter ended September 30, 2023 and related research expenses for a foreign subsidiary in the eye care solutions field.

In the Components Business, the Digital Solutions Business recorded decreases in both revenue and profit as sales of optical parts and encoders declined. Likewise, the Customized Products Business recorded decreases in both revenue and profit mainly due to decreased sales of EUV-related components resulting from a slowdown in the EUV-related markets. As a result, the business segment as a whole recorded year-on-year decreases in both revenue and profit.

In the Digital Manufacturing Business, the Industrial Metrology Business recorded an increase in revenue due to favorable sales of Laser Radar to automotive and other customers although sales of Industrial Microscopy remained weak. While the Advanced Manufacturing Business recorded an increase in revenue as a result of making Nikon SLM Solutions AG (hereinafter, “SLM”) a consolidated subsidiary, a deficit in the business increased because of one-time costs associated with the launch of a business unit and amortization of intangible assets acquired through making SLM a consolidated subsidiary, as well as up-front investments in R&D and other activities. As a result, the business segment as a whole experienced the increased deficit despite a year-on-year increase in revenue.

(2) Qualitative Information on Consolidated Financial Position

The balance of total assets as of December 31, 2023 increased by 49,866 million yen from the end of the previous fiscal year to 1,100,133 million yen. This was mainly due to increases of 37,369 million yen in property, plant and equipment, right-of-use assets, goodwill and intangible assets, 15,029 million yen in trade and other receivables, and 11,292 million yen in inventories, despite a decrease of 27,993 million yen in cash and cash equivalents.

The balance of total liabilities as of December 31, 2023 increased by 13,368 million yen from the end of the previous fiscal year to 445,285 million yen. This was mainly due to increases of 17,799 million yen in trade and other payables, 2,759 million yen in other financial liabilities, and 2,017 million yen in bonds and borrowings, despite a decrease of 11,737 million yen in advances received.

The balance of total equity as of December 31, 2023 increased by 36,497 million yen from the end of the previous fiscal year to 654,848 million yen. This was mainly due to an increase of 35,061 million yen in other components of equity primarily as a result of an increase in exchange differences on translation of foreign operations, despite a decrease of 6,203 million yen in capital surplus as a result of making SLM and other companies wholly-owned subsidiaries.

During the nine months ended December 31, 2023, for the cash flows from operating activities, net cash of 21,915 million yen was provided (9,263 million yen provided in the same period of the previous fiscal year). This was mainly attributable to the recording of profit before tax of 36,206 million yen and depreciation and amortization of 26,447 million yen, despite a decrease of advances received, an increase of trade and other receivables, and payment of income taxes.

For the cash flows from investing activities, net cash of 24,178 million yen was used (31,736 million yen used in the same period of the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment and intangible assets of 33,214 million yen, despite proceeds from sale of investment securities of 11,356 million yen.

For the cash flows from financing activities, net cash of 34,754 million yen was used (41,704 million yen used in the same period of the previous fiscal year). This was mainly attributable to cash dividends paid of 17,128 million yen and payments for acquisition of interests in subsidiaries from non-controlling interests of 7,847 million yen associated with making SLM and other companies wholly-owned subsidiaries.

In addition, the effect of exchange rate changes on cash and cash equivalents increased by 9,024 million yen.

As a result of the above, the balance of cash and cash equivalents as of December 31, 2023 decreased by 27,993 million yen from the end of the previous fiscal year to 183,344 million yen.

(3) Qualitative Information on Consolidated Financial Forecasts

Regarding the business environment for the fiscal year ending March 31, 2024, in the Imaging Products Business, the digital camera market for mid- to high-end products is expected to remain solid.

In the Precision Equipment Business, capital investments in the field related to FPDs, including both mid-to-small size panels and large-size panels, are expected to continue to remain weak. In the fields related to semiconductors, however, demand for capital investments in logic semiconductors is expected to remain solid, and such demand related to memory semiconductors is likely to begin to recover.

In the Healthcare Business, the markets for the life science solutions and eye care solutions fields are expected to largely remain steady; however, we need to continue to closely monitor changes in customer behavior against the backdrop of, among other things, the increasing interest rates. There are also concerns over a tight supply and demand balance for some electronic components and a cost increase due to the price surge.

In the Components Business, target markets for the Digital Solutions Business, including the semiconductor-related markets and the factory automation market, are expected to be in the correction phase for a certain period of time. Meanwhile, the Customized Products Business is expected to be adversely affected by a slowdown in EUV-related markets.

In the Digital Manufacturing Business, the Industrial Metrology Business is projected to experience weak capital investments in the semiconductor and electronic components markets. Capital investments in the EV and automotive battery markets are also expected to remain sluggish. We will therefore need to closely monitor whether companies will continue to make capital investments. While demand for larger, more productive printers in the Advanced Manufacturing Business is expected to grow, the Metal Additive Manufacturing market as a whole is expected to remain in the phase of leveling off.

We made upward revisions as below to the consolidated financial forecast for the fiscal year ending March 31, 2024 announced on November 9, 2023 partly due to the positive effects of the yen depreciation in addition to increased sales in the Precision Equipment Business and the Healthcare Business despite the recording of one-time costs for some customers' transactions, etc. in the Healthcare Business.

Revised Consolidated Financial Forecast for the Fiscal Year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

	Revenue	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecast (A)	690,000	34,000	37,000	27,000	77.96
Revised Forecast (B)	705,000	36,000	37,000	27,000	77.96
Difference (B-A)	15,000	2,000	—	—	
Change (%)	2.2	5.9	—	—	
(Reference) Results of the Fiscal Year ended March 31, 2023	628,105	54,908	57,058	44,944	125.46

(Note) Foreign exchange rates for the forecast are based on the premise: 1 USD = 143 Yen, 1 EUR = 154 Yen.

2. Quarterly Condensed Consolidated Financial Statements

(1) Quarterly Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023	Changes
ASSETS			
Current assets			
Cash and cash equivalents	211,337	183,344	(27,993)
Trade and other receivables	114,239	129,268	15,029
Inventories	277,281	288,573	11,292
Other current financial assets	1,242	14,496	13,254
Other current assets	13,781	18,878	5,096
Total current assets	617,880	634,558	16,678
Non-current assets			
Property, plant and equipment	101,553	123,965	22,413
Right-of-use assets	23,195	24,380	1,185
Goodwill and intangible assets	139,476	153,247	13,771
Retirement benefit asset	8,474	9,160	686
Investments accounted for using equity method	10,308	12,138	1,830
Other non-current financial assets	92,200	88,007	(4,193)
Deferred tax assets	56,654	54,003	(2,650)
Other non-current assets	528	675	147
Total non-current assets	432,387	465,575	33,188
Total assets	1,050,267	1,100,133	49,866

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	68,026	85,825	17,799
Bonds and borrowings	26,395	57,640	31,246
Income taxes payable	8,845	9,646	801
Advances received	99,836	88,099	(11,737)
Provisions	5,872	6,737	864
Other current financial liabilities	29,367	32,368	3,001
Other current liabilities	38,962	36,778	(2,184)
Total current liabilities	277,303	317,092	39,789
Non-current liabilities			
Bonds and borrowings	107,625	78,397	(29,228)
Retirement benefit liability	6,616	7,326	711
Provisions	5,372	7,020	1,648
Deferred tax liabilities	15,388	15,601	213
Other non-current financial liabilities	16,836	16,593	(242)
Other non-current liabilities	2,777	3,255	478
Total non-current liabilities	154,614	128,193	(26,421)
Total liabilities	431,917	445,285	13,368
EQUITY			
Share capital	65,476	65,476	–
Capital surplus	7,053	850	(6,203)
Treasury shares	(7,709)	(7,313)	396
Other components of equity	22,999	58,059	35,061
Retained earnings	527,148	536,606	9,457
Equity attributable to owners of parent	614,966	653,678	38,711
Non-controlling interests	3,384	1,170	(2,214)
Total equity	618,351	654,848	36,497
Total liabilities and equity	1,050,267	1,100,133	49,866

(2) Quarterly Condensed Consolidated Statements of Profit or Loss and Comprehensive Income
Quarterly Condensed Consolidated Statements of Profit or Loss

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)		Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)		Changes (Millions of yen)
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	
Revenue	456,097	100.0	528,912	100.0	72,814
Cost of sales	(240,208)	(52.7)	(298,976)	(56.5)	(58,768)
Gross profit	215,889	47.3	229,935	43.5	14,046
Selling, general and administrative expenses	(166,298)		(194,583)		(28,285)
Other operating income	2,617		2,717		100
Other operating expenses	(1,585)		(3,631)		(2,046)
Operating profit	50,623	11.1	34,438	6.5	(16,185)
Finance income	4,555		5,890		1,334
Finance costs	(4,827)		(6,147)		(1,320)
Share of profit of investments accounted for using equity method	1,962		2,025		63
Profit before tax	52,314	11.5	36,206	6.8	(16,108)
Income tax expense	(13,448)		(11,687)		1,761
Profit for the period	38,866	8.5	24,519	4.6	(14,347)
Profit attributable to:					
Owners of parent	39,456	8.7	24,973	4.7	(14,483)
Non-controlling interests	(590)		(454)		136
Profit for the period	38,866	8.5	24,519	4.6	(14,347)
Earnings per share:					
Basic earnings per share (Yen)	109.21		72.10		
Diluted earnings per share (Yen)	108.61		71.72		

Quarterly Condensed Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Changes
Profit for the period	38,866	24,519	(14,347)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain (loss) on financial assets measured at fair value through other comprehensive income	(8,307)	10,968	19,275
Share of other comprehensive income of investments accounted for using equity method	(1)	(1)	0
Total of items that will not be reclassified subsequently to profit or loss	(8,308)	10,967	19,275
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	15,666	25,907	10,241
Effective portion of cash flow hedges	534	145	(389)
Share of other comprehensive income of investments accounted for using equity method	163	56	(107)
Total of items that may be reclassified subsequently to profit or loss	16,363	26,108	9,745
Other comprehensive income, net of taxes	8,055	37,075	29,020
Total comprehensive income for the period	46,922	61,595	14,673
Comprehensive income attributable to:			
Owners of parent	47,430	61,833	14,403
Non-controlling interests	(508)	(238)	270
Total comprehensive income for the period	46,922	61,595	14,673

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Gain (loss) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2022	65,476	46,483	(17,395)	9,338	(691)
Profit for the period	–	–	–	–	–
Other comprehensive income	–	–	–	(8,294)	162
Total comprehensive income for the period	–	–	–	(8,294)	162
Dividends	–	–	–	–	–
Purchase and disposal of treasury shares	–	(23)	(21,952)	–	–
Cancellation of treasury shares	–	(687)	687	–	–
Share-based payment transactions	–	(295)	512	–	–
Incorporation of new subsidiaries	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	303	–
Total transactions with owners	–	(1,005)	(20,753)	303	–
As of December 31, 2022	65,476	45,478	(38,149)	1,347	(529)

As of April 1, 2023	65,476	7,053	(7,709)	8,305	(1,110)
Profit for the period	–	–	–	–	–
Other comprehensive income	–	–	–	10,988	55
Total comprehensive income for the period	–	–	–	10,988	55
Dividends	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(2)	–	–
Cancellation of treasury shares	–	–	–	–	–
Share-based payment transactions	–	(186)	398	–	–
Incorporation of new subsidiaries	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	(6,017)	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(1,799)	–
Total transactions with owners	–	(6,203)	396	(1,799)	–
As of December 31, 2023	65,476	850	(7,313)	17,494	(1,054)

(Millions of yen)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total				
As of April 1, 2022	(6,073)	(368)	2,206	500,912	597,681	2,285	599,967
Profit for the period	–	–	–	39,456	39,456	(590)	38,866
Other comprehensive income	15,571	534	7,974	–	7,974	82	8,055
Total comprehensive income for the period	15,571	534	7,974	39,456	47,430	(508)	46,922
Dividends	–	–	–	(14,529)	(14,529)	(21)	(14,550)
Purchase and disposal of treasury shares	–	–	–	–	(21,975)	–	(21,975)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	217	16	233
Incorporation of new subsidiaries	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	(206)	(206)
Transfer from other components of equity to retained earnings	–	–	303	(336)	(34)	34	–
Total transactions with owners	–	–	303	(14,866)	(36,321)	(177)	(36,498)
As of December 31, 2022	9,498	167	10,482	525,502	608,789	1,601	610,390

As of April 1, 2023	15,928	(125)	22,999	527,148	614,966	3,384	618,351
Profit for the period	–	–	–	24,973	24,973	(454)	24,519
Other comprehensive income	25,672	145	36,860	–	36,860	215	37,075
Total comprehensive income for the period	25,672	145	36,860	24,973	61,833	(238)	61,595
Dividends	–	–	–	(17,315)	(17,315)	(64)	(17,380)
Purchase and disposal of treasury shares	–	–	–	–	(2)	–	(2)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	212	(60)	152
Incorporation of new subsidiaries	–	–	–	–	–	2	2
Changes in ownership interest in subsidiaries	–	–	–	–	(6,017)	(1,853)	(7,870)
Transfer from other components of equity to retained earnings	–	–	(1,799)	1,799	–	–	–
Total transactions with owners	–	–	(1,799)	(15,516)	(23,121)	(1,976)	(25,097)
As of December 31, 2023	41,600	20	58,059	536,606	653,678	1,170	654,848

(4) Quarterly Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)
Cash flows from operating activities:		
Profit before tax	52,314	36,206
Depreciation and amortization	20,645	26,447
Impairment losses	364	1,099
Interest and dividend income	(3,292)	(4,611)
Share of (profit) loss of investments accounted for using equity method	(1,962)	(2,025)
Losses (gains) on sale of property, plant and equipment	(238)	180
Interest expenses	1,252	2,492
Decrease (increase) in trade and other receivables	(7,416)	(10,663)
Decrease (increase) in inventories	(38,901)	(2,993)
Increase (decrease) in trade and other payables	490	3,388
Increase (decrease) in advances received	(13,764)	(15,277)
Increase (decrease) in provisions	(761)	2,304
Others, net	6,601	(1,532)
Subtotal	15,331	35,012
Interest and dividend income received	4,313	4,790
Interest expenses paid	(642)	(1,750)
Income taxes refund (paid)	(9,738)	(16,137)
Net cash provided by (used in) operating activities	9,263	21,915
Cash flows from investing activities:		
Purchase of property, plant and equipment	(15,142)	(21,841)
Proceeds from sale of property, plant and equipment	323	500
Purchase of intangible assets	(6,980)	(11,373)
Purchase of investment securities	(10,653)	(1,093)
Proceeds from sale of investment securities	3	11,356
Acquisition of subsidiaries or other businesses	–	(2,289)
Proceeds from sale of subsidiaries or other businesses	8	–
Others, net	705	562
Net cash provided by (used in) investing activities	(31,736)	(24,178)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(9,180)	(272)
Proceeds from long-term borrowings	9,895	–
Repayments of long-term borrowings	–	(155)
Redemption of bonds	–	(331)
Repayments of lease liabilities	(6,037)	(8,806)
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(7,847)
Cash dividends paid	(14,364)	(17,128)
Cash dividends paid to non-controlling interests	(21)	(64)
Purchase of treasury shares	(21,952)	(2)
Others, net	(46)	(150)
Net cash provided by (used in) financing activities	(41,704)	(34,754)
Effect of exchange rate changes on cash and cash equivalents	7,422	9,024
Net increase (decrease) in cash and cash equivalents	(56,755)	(27,993)
Cash and cash equivalents at beginning of the period	370,277	211,337
Cash and cash equivalents at end of the period	313,522	183,344

(5) Notes to Quarterly Condensed Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Segment Information)

(1) Outline of Reportable Business Segments

The business segments that the Group reports are the business units for which the Company is able to obtain respective financial information separately for the Board of Directors to conduct periodic investigations to determine the distribution of management resources and evaluate the Group's business results.

In consideration of the similarity of economic characteristics, the Group has integrated its business divisions into five reportable segments consisting of the Imaging Products Business, the Precision Equipment Business, the Healthcare Business, the Components Business, and the Digital Manufacturing Business.

The Imaging Products Business provides products and services of imaging products and its peripheral domain, such as digital camera-interchangeable lens type, compact DSC and interchangeable lens. The Precision Equipment Business provides products and services with regard to the FPD lithography system and semiconductor lithography system. The Healthcare Business provides products and services for the life science solutions field such as biological microscopes, for the eye care solutions field such as ultra-wide field retinal imaging devices, and for the contract cell development and manufacturing field. The Components Business provides products and services related to the Digital Solutions Business such as optical components, optical parts, encoders, and material processing; related to the Customized Products Business such as EUV-related components and space-related solutions, related to the Glass Business such as photomask substrates for FPDs; and related to the Digital Manufacturing Business such as industrial microscopes, measuring instruments, X-ray and CT inspections systems, and metal 3D printers.

(Regarding Revision of Reportable Business Segments)

During the three months ended June 30, 2023, the Company newly established the Advanced Manufacturing Business Unit to strengthen the Additive Manufacturing Business. The Company has transferred the Material Processing Business, which was previously included in part of the Components Business, the Industrial Metrology and Others, and corporate profit (loss) that cannot be attributed to any segments, to the Advanced Manufacturing Business Unit. Also, the Advanced Manufacturing Business Unit and the Industrial Metrology Business Unit, which was previously included in the Industrial Metrology and Others segment, have been disclosed as a new reportable segment, the Digital Manufacturing Business. Disclosure segments not included in the reportable segments were previously disclosed under the name of the Industrial Metrology and Others. In line with the transfer of the Industrial Metrology Business Unit, the name of the said segment has been changed to Others.

In addition, the Company has transferred some production subsidiaries under the Precision Equipment Business to the Others segment.

The segment information for the nine months ended December 31, 2022 has been prepared based on the revised business segments.

(2) Information on Reportable Business Segments

Profit or loss of reportable segments is based on operating profit. The intersegment revenues are based on current market prices.

Information on revenue and profit (loss) by reportable segment is as follows.

For the Nine Months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	184,427	133,515	72,180	37,434	26,034	2,508	456,097	–	456,097
Intersegment	1,102	95	182	8,868	360	60,093	70,700	(70,700)	–
Total	185,529	133,609	72,362	46,302	26,394	62,601	526,798	(70,700)	456,097
Segment profit (loss)	41,283	14,390	7,261	15,768	(3,816)	1,073	75,958	(25,335)	50,623
Finance income									4,555
Finance costs									(4,827)
Shares of profit of investments accounted for using equity method									1,962
Profit before tax									52,314

- Notes: 1. The “Others” category consists of operations not included in the reportable segments.
2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the quarterly condensed consolidated statements of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of (471) million yen, and corporate profit (loss) of (24,864) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (15,733) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (9,132) million yen, which add up general and administrative expenses of headquarters functions and other operating income or expenses that cannot be attributed to any segments.

For the Nine Months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	221,998	154,505	76,858	32,325	40,901	2,325	528,912	–	528,912
Intersegment	1,662	111	188	6,297	209	59,428	67,896	(67,896)	–
Total	223,661	154,616	77,045	38,622	41,110	61,753	596,808	(67,896)	528,912
Segment profit (loss)	42,998	11,118	2,919	11,683	(12,811)	1,889	57,797	(23,359)	34,438
Finance income									5,890
Finance costs									(6,147)
Shares of profit of investments accounted for using equity method									2,025
Profit before tax									36,206

- Notes: 1. The “Others” category consists of operations not included in the reportable segments.
2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the quarterly condensed consolidated statements of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 2,347 million yen, cumulative translation on differences of (33) million yen reclassified to profit or loss due to the liquidation of a foreign subsidiary, and corporate profit (loss) of (25,673) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (15,347) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (10,327) million yen, which add up general and administrative expenses of headquarters functions and other operating income or expenses that cannot be attributed to any segments.

(Contingent Liabilities)

(Litigation)

The Company and its group companies are exposed throughout their business activities to the possibility of being involved in a contentious case, becoming a defendant in a lawsuit, and being the object of inquiries by government agencies, in Japan and overseas. The Company and its group companies examine the possibility of recognizing a provision for the obligation arising from a contentious case or a lawsuit, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company's subsidiary in India (hereinafter referred as "Subsidiary in India") was inquired by the Indian Tax Authority regarding the import of the Company's digital cameras, and in October 2016, the imposition was confirmed in relation to the customs duty, interest, and penalty concerning those products. In January 2017, the Subsidiary in India appealed to the Customs, Excise and Service Tax Appellate Tribunal (hereinafter referred to as "CESTAT"); however, the appeal was dismissed in December 2017. To object to this decision, in January 2018, the Subsidiary in India filed an appeal to the Supreme Court of India (hereinafter referred as the "Supreme Court"). In March 2021, the Supreme Court delivered a judgment revoking the decision of CESTAT and consequently the demand notice by the Indian Tax Authority. Subsequently in April 2021, the Indian Tax Authority filed a request for retrial. As it is currently unable to forecast the outcome of the request for retrial, the provision is not recognized in accordance with the aforementioned accounting policy.

(Contracts and Legal Compliance)

In response to a question raised that our consolidated subsidiary Optos Plc sold refurbished products and new products without distinction, we are conducting an internal investigation with the cooperation of the external organizations, as well as our own internal review. With respect to potential violations and breaches of legal, regulatory and contractual requirements in the U.S., we have set aside a provision of 1,443 million yen for any compensation, penalties or other sanction. As a result of the review up to this point, we have not found any quality, sales or marketing or other issues that have caused us to increase this provision.

Depending on the future progress of the investigation and our review, there is a possibility that our consolidated performance would be affected in case where payment to each regulatory authority and compensation to customers, etc., will occur; however, we think that it difficult to reasonably estimate the effect at this moment.

In regard to any other cases, no significant impact on the Company's consolidated performance and financial position is expected at this point in time.