



November 10, 2022

## Consolidated Financial Results of the First Half Ended September 30, 2022 (IFRS)

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Securities code number: 7731

Stock exchange listings: Tokyo

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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 First Half ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

#### (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	%
First half ended September 30, 2022	288,330	5.6	24,419	(23.9)	26,035	(27.5)	18,880	(28.7)	46,535	16.6
First half ended September 30, 2021	273,049	55.5	32,105	—	35,913	—	26,464	—	39,894	—

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
First half ended September 30, 2022	51.85	51.57
First half ended September 30, 2021	72.07	71.68

#### (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 September 30, 2022	1,094,451	626,126	624,215	57.0
As of March 31, 2022	1,039,566	599,967	597,681	57.5

### 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, 2022	—	20.00	—	20.00	40.00
Year ending March 31, 2023	—	20.00			
Year ending March 31, 2023 (Planned)			—	20.00	40.00

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

### 3. Consolidated Financial Forecasts for the Year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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	645,000	19.5	55,000	10.1	57,000	(0.2)	42,000	(1.6)	115.63

(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 September 30, 2022 377,928,086 shares

As of March 31, 2022 378,336,521 shares

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

As of September 30, 2022 18,729,039 shares

As of March 31, 2022 11,062,646 shares

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

First half ended September 30, 2022 364,094,314 shares

First half ended September 30, 2021 367,192,174 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 first half ended September 30, 2022 (from April 1, 2022 to September 30, 2022), the global economy faced challenges due to the worldwide inflation and interest rate hike coupled with the surge in resource prices triggered by the prolonged Ukraine crisis.

By the business segment, in the Imaging Products Business, shipped quantities of products showed a recovery trend as the digital camera market saw an improvement in problems with procurement of components due in part to the shortage of semiconductors. In the Precision Equipment Business, capital investments in the field related to FPDs showed a diminishing trend both for mid-to-small size panels and large-size panels. In contrast, capital investments in the fields related to semiconductors remained solid. In the Healthcare Business, the life science solutions and eye care solutions markets largely remained strong. In the Components Business, the Digital Solutions Business continued a solid trend in the markets related to optical parts & components and encoders. In the Customized Products Business, the EUV-related markets remained brisk.

Under the medium-term management plan announced in April 2022, the Group aims to achieve our vision for 2025 of “providing products and services optimized to meet our customer needs.” To this end, in our main businesses of Imaging Products and Precision Equipment, we pursued the efforts for expanding customer touchpoints as well as offering products and high value-added services that meet customer needs with the aim to expand secure stable revenues. In our strategic businesses including Healthcare and Components, we aim to create new value in promising markets with growth potential. To this end, we sought to expand revenues by striving to provide solutions and expand new areas and contract business and also by seizing alliance and M&A opportunities including the agreement entered into toward acquiring SLM Solutions Group AG.

In addition, the Group actively engaged in efforts to strengthen management base by securing talent, enhancing talent development, and reinforcing corporate governance.

Under these circumstances, during the first half ended September 30, 2022, revenue increased 15,281 million yen (5.6%) year on year to 288,330 million yen, while operating profit decreased 7,686 million yen (23.9%) year on year to 24,419 million yen, profit before tax decreased 9,878 million yen (27.5%) year on year to 26,035 million yen, and profit attributable to owners of parent decreased 7,584 million yen (28.7%) year on year to 18,880 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 segments have been changed since the three months ended June 30, 2022. 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.

#### i) Imaging Products Business

In August 2022, the Group launched Z 30, the smallest and lightest mirrorless camera among the Z series, with thoroughly pursued ease of use for video recording. Together with the strong sales of the flagship model, Z 9 full-frame mirrorless camera, it expanded sales for mid- to high-end products. In addition, the yen depreciation had positive effects.

As a result, the business segment recorded revenue of 114,567 million yen (up 28.4% year on year), and operating profit of 22,270 million yen (up 77.1% year on year).

#### ii) Precision Equipment Business

The FPD lithography systems field recorded decreases in both revenue and profit due to decreased unit sales of the systems for both mid-to-small size panels and large-size panels.

The semiconductor lithography system field recorded increases in both revenue and profit owing to increased unit sales of new systems.

As a result, the business segment recorded revenue of 83,352 million yen (down 30.1% year on year), and operating profit of 6,274 million yen (down 77.2% year on year).

### iii) Healthcare Business

While a tight supply and demand balance for semiconductors and other electronic components continued to impact production, the Group sought to minimize such impact in the life science solutions and eye care solutions fields. Owing to these efforts as well as strong orders received and the positive effect of the yen depreciation, the business segment as a whole recorded a significant year-on-year increase in both revenue and profit.

As a result, the business segment recorded revenue of 46,668 million yen (up 41.2% year on year), and operating profit of 3,673 million yen (up 291.2% year on year).

### iv) Components Business

The Digital Solutions Business recorded increases in both revenue and profit as sales of optical parts & components and encoders remained brisk.

The Customized Products Business recorded increases in both revenue and profit, backed by strong sales growth of EUV-related components.

As a result, the business segment recorded revenue of 26,069 million yen (up 55.4% year on year), and operating profit of 9,815 million yen (up 181.0% year on year).

### v) Industrial Metrology and Others

The Industrial Metrology Business recorded increases in both revenue and profit as sales of video measuring systems, industrial microscopes, and X-ray and CT systems remained strong on the back of booming markets related to semiconductors, electronic components, EV, and others.

Increased capacity utilization rate at manufacturing subsidiaries included in “Others” also contributed to the significant increase in profit.

As a result, the business segment recorded revenue of 17,675 million yen (up 20.5% year on year), and operating profit of 1,535 million yen (compared to operating loss of 1,625 million yen in the same period of the previous fiscal year).

## (2) Qualitative Information on Consolidated Financial Position

The balance of total assets as of September 30, 2022 increased by 54,884 million yen from the end of the previous fiscal year to 1,094,451 million yen. This was mainly due to increases of 41,037 million yen in inventories, 15,009 million yen in property, plant and equipment, right-of-use assets, goodwill and intangible assets, and 9,116 million yen in other financial assets included in non-current assets primarily as a result of an increase in capital contribution, despite a decrease of 24,843 million yen in cash and cash equivalents primarily as a result of purchasing treasury shares.

The balance of total liabilities as of September 30, 2022 increased by 28,725 million yen from the end of the previous fiscal year to 468,325 million yen. This was mainly due to increases of 7,381 million yen in other financial liabilities, 5,307 million yen in bonds and borrowings, 5,173 million yen in advances received, and 4,373 million yen in trade and other payables.

The balance of total equity as of September 30, 2022 increased by 26,160 million yen from the end of the previous fiscal year to 626,126 million yen. This was mainly due to increases of 27,821 million yen in other components of equity primarily as a result of an increase in exchange differences on translation of foreign operations and 11,535 million yen in retained earnings primarily as a result of the recording of profit attributable to owners of parent, despite an increase of 11,802 million yen in treasury shares primarily as a result of purchasing treasury shares.

During the first half ended September 30, 2022, for the cash flows from operating activities, net cash of 2,747 million yen was provided (11,765 million yen provided in the same period of the previous fiscal year). This was mainly attributable to the recording of profit before tax of 26,035 million yen, and depreciation and amortization of 13,571 million yen, as well as a decrease of trade and other receivables and an increase of trade and other payables, despite an increase of inventories, a decrease of advances received, and payment of income taxes.

For the cash flows from investing activities, net cash of 21,823 million yen was used (9,069 million yen provided in the same period of the previous fiscal year). This was mainly attributable to purchase of investment securities of 9,784 million yen and purchase of property, plant and equipment and intangible assets of 12,682 million yen.

For the cash flows from financing activities, net cash of 24,516 million yen was used (4,045 million yen used in the same period of the previous fiscal year). This was mainly attributable to purchase of treasury shares of 12,968 million yen and cash dividends paid of 7,349 million yen.

In addition, the effect of exchange rate changes on cash and cash equivalents increased by 18,749 million yen.

As a result of the above, the balance of cash and cash equivalents as of September 30, 2022 decreased by 24,843 million yen from the end of the previous fiscal year to 345,433 million yen.

### (3) Qualitative Information on Consolidated Financial Forecasts

Regarding the business environment for the fiscal year ending March 31, 2023, for the Imaging Products Business, constraints on supply due in part to the shortage of semiconductors in the digital camera market is expected to ease. 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 show a decreasing trend. Capital investments in the fields related to semiconductors are partly being put off, but as a whole, it is expected to remain solid. In the Healthcare Business, although there are concerns over the impact of a tight supply and demand balance for electronic components and others in the fields of life science solutions and eye care solutions, the markets for these fields are expected to largely remain steady. In the Components Business, target markets for the Digital Solutions Business, including the semiconductor market and the factory automation market, are expected to remain solid. The Customized Products Business is expected to see growing demand from EUV-related markets.

The consolidated financial forecast for the fiscal year ending March 31, 2023 announced on August 4, 2022 is revised as below.

#### Revised Consolidated Financial Forecast for the Fiscal Year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

	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)	625,000	55,000	57,000	42,000	114.78
Revised Forecast (B)	645,000	55,000	57,000	42,000	115.63
Difference (B-A)	20,000	—	—	—	
Change (%)	3.2	—	—	—	
(Reference) Results of the Fiscal Year ended March 31, 2022	539,612	49,934	57,096	42,679	116.23

(Note) Foreign exchange rates for the forecast are based on the premise: 1 USD = 135 Yen, 1 EUR = 137 Yen.

## 2. Quarterly Condensed Consolidated Financial Statements

### (1) Quarterly Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022	Changes
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	370,277	345,433	(24,843)
Trade and other receivables	90,571	94,004	3,433
Inventories	238,950	279,987	41,037
Other current financial assets	948	1,035	87
Other current assets	13,467	18,605	5,138
Total current assets	714,214	739,066	24,852
Non-current assets			
Property, plant and equipment	88,956	93,904	4,948
Right-of-use assets	22,310	24,903	2,593
Goodwill and intangible assets	49,379	56,847	7,468
Retirement benefit asset	8,685	9,000	315
Investments accounted for using equity method	10,702	11,280	578
Other non-current financial assets	93,308	102,424	9,116
Deferred tax assets	51,610	56,568	4,958
Other non-current assets	403	460	56
Total non-current assets	325,353	355,385	30,032
Total assets	1,039,566	1,094,451	54,884

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	65,161	69,534	4,373
Bonds and borrowings	37,347	27,852	(9,495)
Income taxes payable	4,770	9,326	4,557
Advances received	139,300	144,473	5,173
Provisions	5,403	5,235	(168)
Other current financial liabilities	27,424	32,566	5,143
Other current liabilities	34,516	35,926	1,410
Total current liabilities	313,921	324,913	10,993
Non-current liabilities			
Bonds and borrowings	92,715	107,517	14,802
Retirement benefit liability	5,543	6,017	473
Provisions	5,186	5,183	(2)
Deferred tax liabilities	3,360	3,682	322
Other non-current financial liabilities	16,188	18,426	2,238
Other non-current liabilities	2,687	2,587	(100)
Total non-current liabilities	125,679	143,411	17,732
Total liabilities	439,600	468,325	28,725
EQUITY			
Share capital	65,476	65,476	—
Capital surplus	46,483	45,463	(1,020)
Treasury shares	(17,395)	(29,197)	(11,802)
Other components of equity	2,206	30,027	27,821
Retained earnings	500,912	512,447	11,535
Equity attributable to owners of parent	597,681	624,215	26,534
Non-controlling interests	2,285	1,911	(374)
Total equity	599,967	626,126	26,160
Total liabilities and equity	1,039,566	1,094,451	54,884



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

## Quarterly Condensed Consolidated Statements of Profit or Loss

	First half ended September 30, 2021 (from April 1, 2021 to September 30, 2021)		First half ended September 30, 2022 (from April 1, 2022 to September 30, 2022)		Changes
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)
Revenue	273,049	100.0	288,330	100.0	15,281
Cost of sales	(154,108)	(56.4)	(156,195)	(54.2)	(2,087)
Gross profit	118,941	43.6	132,135	45.8	13,194
Selling, general and administrative expenses	(89,384)		(108,409)		(19,025)
Other operating income	3,746		1,653		(2,093)
Other operating expenses	(1,198)		(960)		238
Operating profit	32,105	11.8	24,419	8.5	(7,686)
Finance income	5,045		6,300		1,255
Finance costs	(1,400)		(5,914)		(4,514)
Share of profit of investments accounted for using equity method	164		1,231		1,067
Profit before tax	35,913	13.2	26,035	9.0	(9,878)
Income tax expense	(9,534)		(7,516)		2,018
Profit for the period	26,380	9.7	18,520	6.4	(7,860)
Profit attributable to:					
Owners of parent	26,464	9.7	18,880	6.5	(7,584)
Non-controlling interests	(84)		(361)		(276)
Profit for the period	26,380	9.7	18,520	6.4	(7,860)
Earnings per share:					
Basic earnings per share (Yen)	72.07		51.85		
Diluted earnings per share (Yen)	71.68		51.57		

## Quarterly Condensed Consolidated Statements of Comprehensive Income

(Millions of yen)

	First half ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	First half ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Changes
Profit for the period	26,380	18,520	(7,860)
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	12,347	(5,724)	(18,071)
Remeasurements of defined benefit plans	859	–	(859)
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	13,204	(5,725)	(18,930)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	102	33,271	33,169
Effective portion of cash flow hedges	164	179	14
Share of other comprehensive income of investments accounted for using equity method	44	291	247
Total of items that may be reclassified subsequently to profit or loss	310	33,741	33,431
Other comprehensive income, net of taxes	13,515	28,016	14,501
Total comprehensive income for the period	39,894	46,535	6,641
Comprehensive income attributable to:			
Owners of parent	39,963	46,701	6,738
Non-controlling interests	(69)	(166)	(97)
Total comprehensive income for the period	39,894	46,535	6,641

## (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	Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2021	65,476	46,419	(17,529)	13,172	–	(873)
Profit for the period	–	–	–	–	–	–
Other comprehensive income	–	–	–	12,360	859	44
Total comprehensive income for the period	–	–	–	12,360	859	44
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(1)	–	–	–
Cancellation of treasury shares	–	–	–	–	–	–
Share-based payment transactions	–	101	18	–	–	–
Increase (decrease) by business combination	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	3	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(11,226)	(859)	–
Total transactions with owners	–	104	17	(11,226)	(859)	–
As of September 30, 2021	65,476	46,523	(17,512)	14,306	–	(829)

As of April 1, 2022	65,476	46,483	(17,395)	9,338	–	(691)
Profit for the period	–	–	–	–	–	–
Other comprehensive income	–	–	–	(5,730)	–	291
Total comprehensive income for the period	–	–	–	(5,730)	–	291
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(14)	(12,968)	–	–	–
Cancellation of treasury shares	–	(687)	687	–	–	–
Share-based payment transactions	–	(319)	479	–	–	–
Increase (decrease) by business combination	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–
Total transactions with owners	–	(1,020)	(11,802)	–	–	–
As of September 30, 2022	65,476	45,463	(29,197)	3,607	–	(400)

(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, 2021	(26,204)	(228)	(14,133)	457,352	537,585	1,141	538,726
Profit for the period	–	–	–	26,464	26,464	(84)	26,380
Other comprehensive income	72	164	13,499	–	13,499	16	13,515
Total comprehensive income for the period	72	164	13,499	26,464	39,963	(69)	39,894
Dividends	–	–	–	(3,672)	(3,672)	(17)	(3,689)
Purchase and disposal of treasury shares	–	–	–	–	(1)	–	(1)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	119	–	119
Increase (decrease) by business combination	–	–	–	–	–	1,392	1,392
Changes in ownership interest in subsidiaries	–	–	–	–	3	15	18
Transfer from other components of equity to retained earnings	–	–	(12,084)	12,074	(10)	10	–
Total transactions with owners	–	–	(12,084)	8,402	(3,561)	1,401	(2,161)
As of September 30, 2021	(26,132)	(64)	(12,719)	492,219	573,986	2,473	576,460

As of April 1, 2022	(6,073)	(368)	2,206	500,912	597,681	2,285	599,967
Profit for the period	–	–	–	18,880	18,880	(361)	18,520
Other comprehensive income	33,082	179	27,821	–	27,821	195	28,016
Total comprehensive income for the period	33,082	179	27,821	18,880	46,701	(166)	46,535
Dividends	–	–	–	(7,345)	(7,345)	(21)	(7,366)
Purchase and disposal of treasury shares	–	–	–	–	(12,981)	–	(12,981)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	160	18	178
Increase (decrease) by business combination	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	(206)	(206)
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	–
Total transactions with owners	–	–	–	(7,345)	(20,167)	(209)	(20,376)
As of September 30, 2022	27,009	(189)	30,027	512,447	624,215	1,911	626,126

## (4) Quarterly Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	First half ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	First half ended September 30, 2022 (from April 1, 2022 to September 30, 2022)
Cash flows from operating activities:		
Profit before tax	35,913	26,035
Depreciation and amortization	12,114	13,571
Impairment losses	448	229
Interest and dividend income	(1,079)	(1,880)
Share of (profit) loss of investments accounted for using equity method	(164)	(1,231)
Losses (gains) on sale of property, plant and equipment	(2,734)	(42)
Interest expenses	697	743
Decrease (increase) in trade and other receivables	3,997	2,233
Decrease (increase) in inventories	12,331	(31,385)
Increase (decrease) in trade and other payables	(8,686)	1,476
Increase (decrease) in advances received	(40,175)	(4,576)
Increase (decrease) in provisions	(1,882)	(707)
Others, net	1,884	1,736
Subtotal	12,665	6,202
Interest and dividend income received	2,081	2,933
Interest expenses paid	(815)	(520)
Income taxes refund (paid)	(2,166)	(5,868)
Net cash provided by (used in) operating activities	11,765	2,747
Cash flows from investing activities:		
Purchase of property, plant and equipment	(8,326)	(8,290)
Proceeds from sale of property, plant and equipment	3,930	97
Purchase of intangible assets	(3,008)	(4,392)
Purchase of investment securities	(2,987)	(9,784)
Proceeds from sale of investment securities	18,881	–
Acquisition of subsidiaries or other businesses	(378)	–
Proceeds from sale of subsidiaries or other businesses	–	8
Others, net	958	538
Net cash provided by (used in) investing activities	9,069	(21,823)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	4,079	(10,000)
Proceeds from long-term borrowings	–	9,895
Repayments of long-term borrowings	(803)	–
Repayments of lease liabilities	(3,600)	(4,037)
Cash dividends paid	(3,678)	(7,349)
Cash dividends paid to non-controlling interests	(17)	(21)
Purchase of treasury shares	(1)	(12,968)
Others, net	(26)	(36)
Net cash provided by (used in) financing activities	(4,045)	(24,516)
Effect of exchange rate changes on cash and cash equivalents	577	18,749
Net increase (decrease) in cash and cash equivalents	17,366	(24,843)
Cash and cash equivalents at beginning of the period	351,798	370,277
Cash and cash equivalents at end of the period	369,165	345,433

(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 four reportable segments consisting of the Imaging Products Business, the Precision Equipment Business, the Healthcare Business and the Components Business.

The Imaging Products Business provides products and services of imaging products and its peripheral domain, such as digital SLR cameras, compact digital cameras and interchangeable camera lenses. 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 and cell culture observation systems, 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, and related to the Glass Business such as photomask substrates for FPDs.

(Regarding Revision of Reportable Business Segments)

Since the three months ended June 30, 2022, the Company has transferred the Next Generation Project Division, which was previously included in the Precision Equipment Business, to corporate profit (loss) that cannot be attributed to any segments.

The segment information for the first half ended September 30, 2021 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 First Half ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated	
Revenue									
External customers	89,251	119,289	33,057	16,779	14,672	273,049	–	273,049	
Intersegment	275	80	105	5,300	29,561	35,321	(35,321)	–	
Total	89,525	119,369	33,162	22,080	44,233	308,370	(35,321)	273,049	
Segment profit (loss)	12,574	27,516	939	3,493	(1,625)	42,897	(10,792)	32,105	
Finance income									5,045
Finance costs									(1,400)
Shares of profit of investments accounted for using equity method									164
Profit before tax									35,913

Notes: 1. The “Industrial Metrology and 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 1,974 million yen, and corporate profit (loss) of (12,766) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (10,505) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (2,261) million yen, which add up general and administrative expenses of headquarter functions and other operating income or expenses that cannot be attributed to any segments. Out of the expenses for administration department of (2,261) million yen, gains from sale of land of 2,352 million yen are recognized in other operating income reported in the quarterly condensed consolidated statements of profit or loss.

For the First Half ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated	
Revenue									
External customers	114,567	83,352	46,668	26,069	17,675	288,330	–	288,330	
Intersegment	663	66	116	6,145	36,314	43,305	(43,305)	–	
Total	115,230	83,418	46,784	32,214	53,989	331,635	(43,305)	288,330	
Segment profit (loss)	22,270	6,274	3,673	9,815	1,535	43,567	(19,149)	24,419	
Finance income									6,300
Finance costs									(5,914)
Shares of profit of investments accounted for using equity method									1,231
Profit before tax									26,035

Notes: 1. The “Industrial Metrology and 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 (1,344) million yen, and corporate profit (loss) of (17,805) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (10,803) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (7,002) million yen, which add up general and administrative expenses of headquarter 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.

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.