



November 5, 2020

## Consolidated Financial Results of the First Half Ended September 30, 2020 (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, 2020 (From April 1, 2020 to September 30, 2020)

#### (1) Consolidated Operating Results (Percentage represents comparison changes to the same period the previous year)

	Revenue		Operating Profit		Profit before Income Taxes		Profit Attributable to Owners of the 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, 2020	175,647	(39.7)	(46,635)	—	(38,896)	—	(31,537)	—	(8,911)	—
First half ended September 30, 2019	291,052	(13.3)	17,504	(42.9)	20,138	(40.6)	16,343	(28.4)	7,511	(77.2)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
First half ended September 30, 2020	(85.90)	(85.90)
First half ended September 30, 2019	41.70	41.55

#### (2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of the Parent	Ratio of Equity Attributable to Owners of the Parent to Total Assets
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2020	994,435	529,289	528,240	53.1
As of March 31, 2020	1,005,881	541,760	540,652	53.7

### 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, 2020	—	30.00	—	10.00	40.00
Year ending March 31, 2021	—	10.00			
Year ending March 31, 2021 (Planned)			—	10.00	20.00

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

3. Consolidated Financial Forecasts for the Year ending March 31, 2021 (From April 1, 2020 to March 31, 2021)  
(Percentage represents comparison changes to the same period the previous year)

	Revenue		Operating Profit		Profit before Income Taxes		Profit Attributable to Owners of the Parent		Basic Earnings per Share Attributable to Owners of the Parent
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	430,000	(27.2)	(75,000)	—	(70,000)	—	(50,000)	—	(136.19)

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

4. Others

(1) Changes in Significant Subsidiaries during the Current Fiscal Year: None

(Note) This refers to the presence or absence of specified subsidiaries, which accompany changes in 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 (Common stock)

1. Number of shares issued as of the term end (Including treasury stock):

First half ended September 30, 2020	378,336,521 shares
Year ended March 31, 2020	378,336,521 shares

2. Number of treasury stock as of the term end:

First half ended September 30, 2020	11,192,733 shares
Year ended March 31, 2020	11,216,862 shares

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

First half ended September 30, 2020	367,130,227 shares
First half ended September 30, 2019	391,934,195 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.

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## 1. Performance and Financial Position

### (1) Qualitative Information regarding Consolidated Operating Results

During the first half ended September 30, 2020 (from April 1, 2020 to September 30, 2020), economic conditions generally saw gradual improvement from the middle of the term with the support of fiscal and monetary policies implemented by various countries, in spite of the spread of COVID-19 since the previous fiscal year, which caused a severe economic decline on a global scale in the first half of the term.

Looking at conditions by business segment, in the Imaging Products Business, the market remained sluggish due to the spread of COVID-19, in addition to the shrinkage trend of the digital camera market. In the Precision Equipment Business, for the FPD-related field, capital investments for mid-to-small size panels were on a recovery trend and capital investments for large-size panels were steady. In addition, movement towards recovery was seen for the sales of equipment that were postponed due to the spread of COVID-19. For the semiconductor-related field, capital investments were steady. In the Healthcare Business, market conditions remained dull in both the bioscience field and the ophthalmic diagnosis field, which were greatly affected by the spread of COVID-19.

Under the medium-term management plan announced in May 2019, the Group has continued to carry out various measures with the aim of improving enterprise value sustainably in the medium to long term. First, as a measure for generating new core pillars of profit, the Group focused on the development and sales of highly unique optics-based products. In correspondence with this, the Group accelerated the launch of the Material Processing Business by measures such as introducing optical processing machines to the market and expanding its sales, working to develop next generation models, and promoting alliances with other companies to achieve synergy.

In addition, in order to improve the profitability of existing businesses, the Group took measures such as rebuilding the Imaging Products Business through further restructuring, as well as reconsidering the production and marketing structure in core businesses, reducing costs through logistics reforms, and streamlining management and back-office operations.

Furthermore, the Group worked towards corporate governance enhancement by taking initiatives such as strengthening the activities of the Nominating Committee and further diversifying the Board of Directors.

Under these circumstances, during the first half ended September 30, 2020, revenue decreased by 115,405 million yen (39.7%) year on year to 175,647 million yen. The Group recorded an operating loss of 46,635 million yen (operating profit of 17,504 million yen was recorded in the same period of the previous fiscal year), loss before income taxes of 38,896 million yen (profit before income taxes of 20,138 million yen in the same period of the previous fiscal year), and loss attributable to owners of the parent of 31,537 million yen (profit attributable to owners of the parent of 16,343 million yen in the same period of the previous fiscal year).

Performance by segment is as follows.

As stated in "2. Condensed Consolidated Financial Statements (5) Notes to Condensed Consolidated Financial Statements (Segment Information)," there has been a revision within the reportable business segments from the quarter ended June 30, 2020. The following year-on-year comparisons are made with the figures prepared based on the revised business segments for the same period of the previous year.

#### 1) Imaging Products Business

For the digital camera-interchangeable lens type, the Group made efforts to expand sales of mid- to high-end products for the professional and hobbyist segments by launching the Z 5, a basic model full-size mirrorless camera in August 2020, and by expanding the product line-up of interchangeable lenses for mirrorless cameras.

While there was a recovery trend from sluggish demand due to the spread of COVID-19, the market continued to shrink and unit sales declined.

As a result, revenue for the Imaging Products Business decreased by 45.9% year on year to 64,400 million yen. The

Group revised future plans considering the acceleration of the market shrinkage and thus recorded impairment losses on non-current assets, resulting in an operating loss of 27,415 million yen (operating profit of 2,026 million yen in the same period of the previous fiscal year).

## 2) Precision Equipment Business

In the FPD lithography system field, although the Group resumed installation work in July, the number of equipment that could be installed was limited due to factors such as travel restrictions caused by the spread of COVID-19. As a result, unit sales of equipment declined, resulting in decreased revenue and profits.

In the semiconductor lithography system field, unit sales declined due to factors such as the Group's major customer being at their shifting point of investment, resulting in revenue decreased. In addition, the disposal and write-down, including equipment converted for the purposes of development and refurbishment, were recorded, resulting in profit decreased.

As a result, revenue for the Precision Equipment Business decreased by 45.8% year on year to 63,819 million yen, and the recording of operating loss of 6,052 million yen (operating profit of 26,053 million yen in the same period of the previous fiscal year).

## 3) Healthcare Business

While degrees were different by regions, revenue fell in the bioscience field due to the severe impact of the spread of COVID-19. In addition, revenue also fell in the ophthalmic diagnosis field, despite effects beginning to appear from various measures, such as measures to strengthen sales capabilities.

As a result, revenue for the Healthcare Business decreased by 14.6% year on year to 25,711 million yen, and an operating loss of 2,358 million yen was recorded (operating loss of 1,223 million yen in the same period of the previous fiscal year).

## 4) Industrial Metrology and Others

In the Industrial Metrology Business, operating loss decreased due to cost reduction, despite revenue decreased due to reduced investments by customers and restrictions on sales activities caused by the spread of COVID-19.

In addition, impairment losses of non-current assets for Others were recorded, mainly relating to the Imaging Products Business in production bases located in Japan.

As a result, revenue for the Industrial Metrology and Others decreased by 10.4% year on year to 21,717 million yen, and an operating loss of 2,951 million yen was recorded (operating profit of 1,832 million yen in the same period of the previous fiscal year).

## (2) Qualitative Information regarding Consolidated Financial Position

The balance of total assets as of September 30, 2020 decreased 11,445 million yen from the end of the previous fiscal year to 994,435 million yen. This was mainly because while increases were seen in other current financial assets included in non-current assets by 33,009 million yen due to factors such as increases in fair value of investment securities, cash and cash equivalents decreased by 20,231 million yen and property, plant and equipment, right-of-use assets, goodwill and intangible assets decreased by 22,096 million yen.

The balance of total liabilities as of September 30, 2020 increased 1,026 million yen from the end of the previous fiscal year to 465,146 million yen. This was primarily because while increases were seen in advances received by 19,266 million yen, trade and other payables fell by 13,388 million yen.

The balance of total equity as of September 30, 2020 decreased 12,471 million yen from the end of the previous fiscal year to 529,289 million yen. This was mainly because while other components of equity rose by 20,913 million yen due to factors such as increases in fair value of investment securities, retained earnings fell by 33,469 million yen, primarily as a result of posting loss attributable to owners of the parent and also dividends paid.

During the first half ended September 30, 2020, for the cash flows from operating activities, net cash of 13,337 million yen was used in operating activities, as loss before income taxes were posted, increases were seen in inventories, and decreases were seen in trade and other payables. However on the contrary, depreciation and amortization of 14,744 million yen and impairment losses of 18,868 million yen were posted and advances received increased by 20,271 million yen. (Net cash of 18,911 million yen was provided in the same period the previous fiscal year).

For the cash flows from investing activities, net cash provided in investing activities was 1,172 million yen, primarily owing to the proceeds from sales of investment securities of 9,096 million yen in spite of the purchases of property, plant and equipment and intangible assets. (Net cash of 15,060 million yen was used in the same period the previous fiscal year).

For the cash flows from financing activities, net cash used in financing activities was 7,445 million yen, mainly due to the repayments of lease obligations and payment of dividends. (Net cash of 27,651 million yen was used in the same period the previous fiscal year).

In addition, the effect of exchange rate changes on cash and cash equivalents decreased 621 million yen.

As a result of the above, the balance of cash and cash equivalents as of September 30, 2020 fell by 20,231 million yen from the end of the previous fiscal year to 303,802 million yen.

(3) Qualitative Information regarding Consolidated Financial Forecasts

Regarding the business environment for the fiscal year ending March 31, 2021, in the Imaging Products Business, the digital camera market is forecast to continue to shrink, despite some alleviation to market deterioration caused by the spread of COVID-19. In the Precision Equipment Business, while future conditions remain uncertain due to the spread of COVID-19, capital investments for mid-to-small size panels are on a recovery trend and capital investments for large-size panels are expected to be steady in the FPD-related field. The semiconductor-related field is expected to be steady. In the Healthcare Business, although there is expected to be a major impact from the spread of COVID-19, both the bioscience field and the ophthalmic diagnosis field are expected to continue their recovery trend toward the end of the fiscal year ending March 31, 2021.

The consolidated financial forecast for the fiscal year ending March 31, 2021 is revised as stated in the “Notice Regarding the Recognition of One-Time Costs and Revision of the Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2021,” announced on October 30, 2020.

## 2. Condensed Consolidated Financial Statements

### (1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020	Changes
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	324,034	303,802	(20,231)
Trade and other receivables	87,779	77,832	(9,947)
Inventories	246,530	262,541	16,011
Other current financial assets	2,901	684	(2,217)
Other current assets	15,960	14,367	(1,593)
Total current assets	677,203	659,226	(17,977)
Non-current assets			
Property, plant and equipment	106,369	87,637	(18,732)
Right-of-use assets	15,265	13,538	(1,727)
Goodwill and intangible assets	46,895	45,257	(1,637)
Net defined benefit assets	4,624	4,614	(10)
Investments accounted for using the equity method	10,002	10,459	457
Other non-current financial assets	84,068	117,077	33,009
Deferred tax assets	58,890	54,647	(4,243)
Other non-current assets	2,564	1,979	(585)
Total non-current assets	328,677	335,209	6,532
Total assets	1,005,881	994,435	(11,445)



(Millions of yen)

	As of March 31, 2020	As of September 30, 2020	Changes
<b>LIABILITIES / EQUITY</b>			
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	68,856	55,468	(13,388)
Bonds and borrowings	20,950	20,947	(3)
Income tax payables	1,845	2,661	815
Advances received	175,894	195,160	19,266
Provisions	5,161	4,391	(770)
Other current financial liabilities	27,210	25,747	(1,463)
Other current liabilities	30,238	28,023	(2,215)
Total current liabilities	330,154	332,396	2,242
Non-current liabilities			
Bonds and borrowings	102,778	102,142	(637)
Net defined benefit liabilities	11,047	11,313	265
Provisions	4,989	4,996	7
Deferred tax liabilities	3,589	3,323	(266)
Other non-current financial liabilities	9,232	8,760	(471)
Other non-current liabilities	2,332	2,217	(115)
Total non-current liabilities	133,966	132,750	(1,216)
Total liabilities	464,121	465,146	1,026
<b>EQUITY</b>			
Capital stock	65,476	65,476	—
Capital surplus	46,369	46,475	106
Treasury stock	(17,639)	(17,600)	38
Other components of equity	(39,502)	(18,590)	20,913
Retained earnings	485,948	452,480	(33,469)
Equity attributable to owners of the parent	540,652	528,240	(12,412)
Non-controlling interests	1,108	1,049	(59)
Total equity	541,760	529,289	(12,471)
Total liabilities and equity	1,005,881	994,435	(11,445)

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

	First half ended September 30, 2019 (from April 1, 2019 to September 30, 2019)		First half ended September 30, 2020 (from April 1, 2020 to September 30, 2020)		Changes  (Millions of yen)
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	
Revenue	291,052	100.0	175,647	100.0	(115,405)
Cost of sales	(174,644)	(60.0)	(118,135)	(67.3)	56,509
Gross profit	116,408	40.0	57,512	32.7	(58,896)
Selling, general and administrative expenses	(101,460)		(85,653)		15,807
Other income	5,203		2,141		(3,062)
Other expenses	(2,647)		(20,635)		(17,989)
Operating profit (loss)	17,504	6.0	(46,635)	(26.6)	(64,139)
Finance income	2,621		8,549		5,928
Finance costs	(1,025)		(1,575)		(549)
Share of the profit of investments accounted for using the equity method	1,039		765		(274)
Profit (loss) before income taxes	20,138	6.9	(38,896)	(22.1)	(59,034)
Income tax expenses	(3,743)		7,351		11,093
Profit (loss) for the period	16,396	5.6	(31,545)	(18.0)	(47,941)
Attributable to:					
Owners of the parent	16,343	5.6	(31,537)	(18.0)	(47,880)
Non-controlling interests	53		(8)		(61)
Profit (loss) for the period	16,396	5.6	(31,545)	(18.0)	(47,941)
Earnings (loss) per share:					
Basic earnings (loss) per share (Yen)	41.70		(85.90)		
Diluted earnings (loss) per share (Yen)	41.55		(85.90)		

## Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	First half ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	First half ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Changes
Profit (loss) for the period	16,396	(31,545)	(47,941)
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	(286)	23,008	23,295
Share of other comprehensive income of investments accounted for using the equity method	(5)	2	7
Total of items that will not be reclassified subsequently to profit or loss	(291)	23,010	23,302
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(8,587)	(214)	8,373
Effective portion of the change in fair value on cash flow hedges	40	(160)	(200)
Share of other comprehensive income of investments accounted for using the equity method	(46)	(2)	44
Total of items that may be reclassified subsequently to profit or loss	(8,593)	(377)	8,217
Other comprehensive income, net of taxes	(8,885)	22,634	31,519
Total comprehensive income for the period	7,511	(8,911)	(16,422)
Attributable to:			
Owners of the parent	7,515	(8,885)	(16,400)
Non-controlling interests	(4)	(26)	(22)
Total comprehensive income for the period	7,511	(8,911)	(16,422)

## (3) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent				
	Capital stock	Capital surplus	Treasury stock	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 the equity method
As of April 1, 2019	65,476	81,424	(13,044)	8,544	(835)
Profit (loss) for the period	—	—	—	—	—
Other comprehensive income	—	—	—	(274)	(51)
Total comprehensive income for the period	—	—	—	(274)	(51)
Dividends	—	—	—	—	—
Acquisition and disposal of treasury stock	—	(0)	(10,001)	—	—
Share-based payments	—	174	23	—	—
Changes in the ownership interest in subsidiaries	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(589)	—
Total transactions with owners	—	174	(9,978)	(589)	—
As of September 30, 2019	65,476	81,598	(23,022)	7,681	(886)

As of April 1, 2020	65,476	46,369	(17,639)	1,108	(964)
Profit (loss) for the period	—	—	—	—	—
Other comprehensive income	—	—	—	23,036	(0)
Total comprehensive income for the period	—	—	—	23,036	(0)
Dividends	—	—	—	—	—
Acquisition and disposal of treasury stock	—	(0)	(0)	—	—
Share-based payments	—	106	39	—	—
Changes in the ownership interest in subsidiaries	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(1,739)	—
Total transactions with owners	—	106	38	(1,739)	—
As of September 30, 2020	65,476	46,475	(17,600)	22,404	(965)

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translation of foreign operations	Effective portion of the change in fair value on cash flow hedges	Total				
As of April 1, 2019	(27,723)	21	(19,992)	502,056	615,920	806	616,726
Profit (loss) for the period	—	—	—	16,343	16,343	53	16,396
Other comprehensive income	(8,542)	40	(8,828)	—	(8,828)	(57)	(8,885)
Total comprehensive income for the period	(8,542)	40	(8,828)	16,343	7,515	(4)	7,511
Dividends	—	—	—	(11,905)	(11,905)	(42)	(11,947)
Acquisition and disposal of treasury stock	—	—	—	—	(10,001)	—	(10,001)
Share-based payments	—	—	—	—	197	—	197
Changes in the ownership interest in subsidiaries	—	—	—	—	—	26	26
Transfer from other components of equity to retained earnings	—	—	(589)	589	—	—	—
Total transactions with owners	—	—	(589)	(11,316)	(21,709)	(17)	(21,726)
As of September 30, 2019	(36,265)	61	(29,409)	507,083	601,726	785	602,511

As of April 1, 2020	(39,699)	53	(39,502)	485,948	540,652	1,108	541,760
Profit (loss) for the period	—	—	—	(31,537)	(31,537)	(8)	(31,545)
Other comprehensive income	(223)	(160)	22,652	—	22,652	(18)	22,634
Total comprehensive income for the period	(223)	(160)	22,652	(31,537)	(8,885)	(26)	(8,911)
Dividends	—	—	—	(3,671)	(3,671)	(43)	(3,714)
Acquisition and disposal of treasury stock	—	—	—	—	(1)	—	(1)
Share-based payments	—	—	—	—	145	—	145
Changes in the ownership interest in subsidiaries	—	—	—	—	—	10	10
Transfer from other components of equity to retained earnings	—	—	(1,739)	1,739	—	—	—
Total transactions with owners	—	—	(1,739)	(1,932)	(3,527)	(33)	(3,560)
As of September 30, 2020	(39,923)	(107)	(18,590)	452,480	528,240	1,049	529,289

## (4) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	First half ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	First half ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Cash flows from operating activities:		
Profit (loss) before income taxes	20,138	(38,896)
Depreciation and amortization	16,807	14,744
Impairment losses	161	18,868
Interest and dividend income	(2,014)	(1,443)
Share of the (profit) loss of investments accounted for using the equity method	(1,039)	(765)
Losses (gains) on sales of property, plant and equipment	(3,993)	(117)
Interest expenses	924	693
Decrease (increase) in trade and other receivables	29,337	9,995
Decrease (increase) in inventories	(21,261)	(16,510)
Increase (decrease) in trade and other payables	(15,456)	(14,859)
Increase (decrease) in advances received	5,958	20,271
Increase (decrease) in provisions	(142)	(706)
Others, net	(3,476)	(5,617)
Subtotal	25,945	(14,343)
Interest and dividend income received	2,457	1,790
Interest expenses paid	(900)	(717)
Income taxes (paid) refund	(8,591)	(67)
Net cash provided (used) by operating activities	18,911	(13,337)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(10,200)	(6,649)
Proceeds from sales of property, plant and equipment	4,017	506
Purchase of intangible assets	(3,101)	(3,047)
Purchase of investment securities	(5,998)	(582)
Proceeds from sales of investment securities	—	9,096
Transfer to time deposits	(743)	—
Proceeds from withdrawal of time deposits	376	1,854
Others, net	589	(6)
Net cash provided (used) in investing activities	(15,060)	1,172
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(2,250)	(0)
Repayments of lease liabilities	(3,510)	(3,703)
Cash dividends paid	(11,891)	(3,671)
Cash dividends paid to non-controlling interests	(42)	(43)
Purchase of treasury shares	(10,001)	(1)
Others, net	44	(27)
Net cash provided (used) in financing activities	(27,651)	(7,445)
Effect of exchange rate changes on cash and cash equivalents	(8,014)	(621)
Net increase (decrease) in cash and cash equivalents	(31,814)	(20,231)
Cash and cash equivalents at the beginning of the period	411,055	324,034
Cash and cash equivalents at the end of the period	379,241	303,802

(5) Notes to Condensed Consolidated Financial Statements

(Note regarding Going Concern Assumption)

Not applicable

(Additional Information)

(Accounting estimates that take into consideration the impact of the spread of COVID-19)

Future plans and assumptions that are used for accounting estimates for the first half ended September 30, 2020 take into consideration factors such as the economy, market, and consumption trends, in addition to the changes in demand and supply in the industries each business of the Group belongs to. Although it is uncertain when the spread of COVID-19 will come to an end, the accounting estimates are based on the same assumption that economic activity will recover from the latter half of the fiscal year ending March 31, 2021, as the previous fiscal year ended March, 31, 2020.

Despite the recovery trend in the current business activities, the Group reviewed the future plan for the Imaging Products Business that takes into consideration the acceleration of the shrinking trend of the digital camera market due to the impact of the spread of COVID-19.

As a result of impairment determination for non-financial assets based on the above future plan, the Group has recognized impairment losses for non-financial assets. For more information, please refer to "Impairment Losses."

(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 distribution of management resources and evaluate the Group's business results.

In consideration of the similarity of economic characteristics, the Group integrated its business divisions into three reportable segments consisting of the Imaging Products Business, the Precision Equipment Business, and the Healthcare 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 bioscience and ophthalmic diagnosis fields, such as biological microscopes, cell culture observation systems, and ultra-wide field retinal imaging devices.

(Regarding Revision of Reportable Business Segments)

Since April 1, 2020, there has been a business transfer in order to expand the business related to semiconductor lithography. In accordance with this business transfer, the business for semiconductor-related products within Industrial Metrology and Others, which are operations not included in the reportable segments, has been integrated to the Precision Equipment Business from the quarter ended June 30, 2020.

The segment information for the first half ended September 30, 2019 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 segments is as follows.

For the First Half ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated	
Revenue								
External customers	119,054	117,677	30,093	24,228	291,052	—	291,052	
Intersegment	433	396	88	30,154	31,072	(31,072)	—	
Total	119,487	118,073	30,181	54,382	322,124	(31,072)	291,052	
Segment profit (loss)	2,026	26,053	(1,223)	1,832	28,688	(11,184)	17,504	
Finance income								2,621
Finance costs								(1,025)
Shares of the profit of investments accounted for using the equity method								1,039
Profit (loss) before income taxes								20,138

Notes: 1. The "Industrial Metrology and Others" category consists of operations not included in the reportable segments such as the Industrial Metrology Business, the Glass Business, and the Customized Products Business.

2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of minus 1,717 million yen, cumulative translation differences of minus 1,753 million yen reclassified to profit or loss due to the liquidation of a foreign subsidiary, and corporate profit (loss) of minus 7,714 million yen. Out of the corporate profit (loss) of minus 7,714 million yen, gains from sales of land of 3,888 million yen are recognized in "Other income" reported in the condensed consolidated statement of profit or loss. The main components of corporate profit (loss) are fundamental research expenses, general and administrative expenses of headquarter functions, expenses incurred to establish new business, and other income or expenses that cannot be attributed to any segments.

For the First Half ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated	
Revenue								
External customers	64,400	63,819	25,711	21,717	175,647	—	175,647	
Intersegment	285	274	63	25,382	26,004	(26,004)	—	
Total	64,686	64,093	25,774	47,099	201,651	(26,004)	175,647	
Segment profit (loss)	(27,415)	(6,052)	(2,358)	(2,951)	(38,775)	(7,860)	(46,635)	
Finance income								8,549
Finance costs								(1,575)
Shares of the profit of investments accounted for using the equity method								765
Profit (loss) before income taxes								(38,896)
Other items:								
Impairment losses (Note3)	15,621	—	—	3,247	18,868	—	18,868	

Notes: 1. The "Industrial Metrology and Others" category consists of operations not included in the reportable segments such as the Industrial Metrology Business, the Digital Solutions Business, the Glass Business, and the Customized Products Business.

2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit (loss) reported in the condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 434 million yen and corporate profit (loss) of minus 8,294 million yen. The main components of corporate profit (loss) are fundamental research expenses, general and administrative expenses of headquarter functions, expenses incurred to establish new business, and other income or expenses that cannot be attributed to any segments.

3. The main components of the impairment losses are described in "Impairment Losses."



(Impairment Losses)

Impairment Losses of Non-financial Assets

For the first half ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets of 18,868 million yen are recognized in total for the first half ended September 30, 2020.

Impairment losses of 15,498 million yen for the Imaging Products Business and 2,603 million yen for the Industrial Metrology and Others are recognized, as some of the manufacturing subsidiaries located mainly in Thailand and Japan recognize impairment losses. The Group reviewed the future plan for the Imaging Products Business that took into consideration the acceleration of the shrinking trend of the digital camera market due to the impact of the spread of COVID-19. Due to the change of the plan, as a result of measuring the recoverable amount of the cash-generating units in which impairment was indicated, the recoverable amount is lower than the carrying amount of non-current assets, and impairment losses are recognized.

In addition, as a result of investigating the future prospects of non-current assets, the Company and consolidated subsidiaries located in Japan have reduced the carrying amount of idle assets that did not have an expected specific use in the future to its recoverable amount and recognize impairment losses of 123 million yen for the Imaging Products Business and 644 million yen for the Industrial Metrology and Others.

The recoverable amount is mainly based on the fair value less costs of disposal.

Impairment losses are recognized in "Other expenses" in the condensed consolidated statement of profit or loss.

(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; 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, which was admitted in March 2018 for the final hearing and decision. As it is currently unable to forecast the final decision, 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.