



November 9, 2023

## Consolidated Financial Results of the First Half Ended September 30, 2023 (IFRS)

Corporate Name: NIKON CORPORATION

Securities code number: 7731

Stock exchange listings: Tokyo

Representative: Toshikazu Umatate, Representative Director, President

Contact: Tetsuya Okumura, General Manager of Finance & Accounting Division

TEL: +81-3-6433-3626

URL: <https://www.nikon.com>

Date for the filing of the Quarterly Securities Report: November 9, 2023

Date for the commencement of dividend payments: December 1, 2023

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 First Half ended September 30, 2023 (From April 1, 2023 to September 30, 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	%
First half ended September 30, 2023	331,296	14.9	13,629	(44.2)	15,260	(41.4)	9,801	(48.1)	49,961	7.4
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

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
First half ended September 30, 2023	28.30	28.15
First half ended September 30, 2022	51.85	51.57

#### (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, 2023	1,098,886	651,810	650,627	59.2
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	690,000	9.9	34,000	(38.1)	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 September 30, 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 September 30, 2023 5,044,689 shares

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

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

First half ended September 30, 2023 346,325,341 shares

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

Contents

1. Performance and Financial Position .....	4
(1) Qualitative Information on Consolidated Operating Results .....	4
(2) Qualitative Information on Consolidated Financial Position .....	6
(3) Qualitative Information on Consolidated Financial Forecasts .....	7
2. Quarterly Condensed Consolidated Financial Statements .....	8
(1) Quarterly Condensed Consolidated Statements of Financial Position .....	8
(2) Quarterly Condensed Consolidated Statements of Profit or Loss and Comprehensive Income.....	10
(3) Quarterly Condensed Consolidated Statements of Changes in Equity .....	12
(4) Quarterly Condensed Consolidated Statements of Cash Flows .....	14
(5) Notes to Quarterly Condensed Consolidated Financial Statements .....	15
(Going Concern Assumption) .....	15
(Segment Information) .....	15
(Contingent Liabilities) .....	17

## 1. Performance and Financial Position

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

During the first half ended September 30, 2023 (from April 1, 2023 to September 30, 2023), in the Imaging Products Business, shipped quantities of products in the digital camera market increased 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, while demand for capital investments in logic semiconductors remained solid, such demand related to memory semiconductors remained weak.

In the Healthcare Business, the life science solutions and eye care solutions markets largely remained strong.

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 experienced weak capital investments in the semiconductor and electronic components markets. In contrast, capital investments in the electric vehicle (EV) and automotive battery markets remained strong. Meanwhile, in the Metal Additive Manufacturing (hereinafter, "AM") 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. As a result, the Metal AM market expanded as a whole.

Under the medium-term management plan, which covers a period from fiscal 2022 to fiscal 2025, the Group put its efforts into securing stable revenues from its main businesses, consisting of the Imaging Products Business and the Precision Equipment Business, by increasing touchpoints with customers, and delivering, among other things, value-added services. Meanwhile, in the strategic businesses, the Group focused on new value creation in markets with growth potential as well as on M&As and alliances. In order to strengthen management base, we also committed to securing talent and reinforcing corporate governance. Furthermore, we have established Nikon Advanced Manufacturing Inc. in the United States, which serves as the global headquarters of the AM Business in Japan, the United States, and Europe, in pursuit of strengthening the business. Through the company based in the United States, we aim to expand our business, thereby creating a prosperous and sustainable society.

Under these circumstances, during the first half ended September 30, 2023, revenue increased 42,965 million yen (14.9%) year on year to 331,296 million yen, operating profit decreased 10,789 million yen (44.2%) year on year to 13,629 million yen, profit before tax decreased 10,775 million yen (41.4%) year on year to 15,260 million yen, and profit attributable to owners of parent decreased 9,079 million yen (48.1%) year on year to 9,801 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 full-frame mirrorless camera released in May 2023. 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. As a result, the business segment recorded revenue of 137,682 million yen (up 20.2% year on year) and operating profit of 25,215 million yen (up 13.2% year on year).

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 recorded revenue of 96,023 million yen (up 15.2% year on year) and operating profit of 3,242 million yen (down 48.2% year on year).

In the Healthcare Business, the life science solutions and eye care solutions fields saw not only robust sales but also the positive effects of the yen depreciation. 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 as a result of recording a provision for some customers' transactions, etc. As a result, the business segment recorded revenue of 51,260 million yen (up 9.8% year on year) and operating profit of 2,754 million yen (down 25.0% year on year).

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 as sales of EUV-related components were adversely affected by a slowdown in the EUV-related markets. As a result, the business segment, including these businesses, recorded revenue of 18,770 million yen (down 26.9% year on year) and operating profit of 5,943 million yen (down 47.6% year on year).

In the Digital Manufacturing Business, the Industrial Metrology Business recorded an increase in revenue due to firm sales of Video Measuring Systems and Industrial Microscopy, as well as to favorable sales of X-ray and CT Systems and Laser Radar used for non-contact measurement to EV-related and other customers. While the Advanced Manufacturing Business recorded an increase in revenue as a result of making Nikon SLM Solutions AG (hereinafter, "SLM") a consolidated subsidiary, 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, including these businesses, recorded revenue of 26,100 million yen (up 60.4% year on year) and operating loss of 9,548 million yen (compared to operating loss of 2,883 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, 2023 increased by 48,619 million yen from the end of the previous fiscal year to 1,098,886 million yen. This was mainly due to increases of 27,084 million yen in property, plant and equipment, right-of-use assets, goodwill and intangible assets, 23,775 million yen in inventories, and 20,492 million yen in trade and other receivables, despite a decrease of 34,947 million yen in cash and cash equivalents.

The balance of total liabilities as of September 30, 2023 increased by 15,160 million yen from the end of the previous fiscal year to 447,076 million yen. This was mainly due to an increase of 7,092 million yen in trade and other payables, as well as to an increase of 4,377 million yen in other financial liabilities included in current and non-current liabilities mainly as a result of an increase in lease liabilities, despite a decrease of 2,972 million yen in income taxes payable.

The balance of total equity as of September 30, 2023 increased by 33,459 million yen from the end of the previous fiscal year to 651,810 million yen. This was mainly due to an increase of 40,454 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 6,246 million yen in capital surplus as a result of making SLM and other companies wholly-owned subsidiaries.

During the first half ended September 30, 2023, for the cash flows from operating activities, net cash of 8,564 million yen was used (2,747 million yen provided in the same period of the previous fiscal year). This was mainly attributable to increases of trade and other receivables and inventories, a decrease of advances received, and payment of income taxes, despite the recording of profit before tax of 15,260 million yen and depreciation and amortization of 17,389 million yen.

For the cash flows from investing activities, net cash of 17,370 million yen was used (21,823 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 21,196 million yen, despite proceeds from sale of investment securities of 6,450 million yen.

For the cash flows from financing activities, net cash of 21,773 million yen was used (24,516 million yen used in the same period of the previous fiscal year). This was mainly attributable to cash dividends paid of 8,642 million yen and payments for acquisition of interests in subsidiaries from non-controlling interests of 7,842 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 12,759 million yen.

As a result of the above, the balance of cash and cash equivalents as of September 30, 2023 decreased by 34,947 million yen from the end of the previous fiscal year to 176,390 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, while demand for capital investments in logic semiconductors are expected to remain solid, such demand related to memory semiconductors is likely to continue to remain weak.

In the Healthcare Business, there are concerns over a tight supply and demand balance for electronic components and cost increase due to the price surge in part of the life science solutions and eye care solutions fields, and it is necessary to closely monitor changes in customer behavior against the backdrop of, among other things, the increasing interest rates. Nevertheless, 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-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 continue to be 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. On the other hand, capital investments in the EV and automotive battery markets are likely to continue to remain strong. Meanwhile, the Metal AM market for the Advanced Manufacturing Business is expected to grow, despite a slower start than initially planned.

In light of the Group's circumstances, the consolidated financial forecast for the fiscal year ending March 31, 2024 announced on August 8, 2023 is revised as below.

While the Imaging Products Business and the Healthcare Business are expected to see strong sales, these businesses are likely to face higher procurement unit prices of components and costs for sales promotion. Meanwhile, the Precision Equipment Business and the Components Business have been affected by some product shipments carried forward to the next fiscal year at request of customers and stagnant operations of semiconductor device manufacturers. Moreover, in the Digital Manufacturing Business, some customers have delayed their investment plans. Accordingly, we have reviewed the sales plans of these businesses.

#### 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)	670,000	43,000	46,000	35,000	101.09
Revised Forecast (B)	690,000	34,000	37,000	27,000	77.96
Difference (B-A)	20,000	(9,000)	(9,000)	(8,000)	
Change (%)	3.0	(20.9)	(19.6)	(22.9)	
(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 = 141 Yen, 1 EUR = 152 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 September 30, 2023	Changes
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	211,337	176,390	(34,947)
Trade and other receivables	114,239	134,731	20,492
Inventories	277,281	301,056	23,775
Other current financial assets	1,242	15,538	14,296
Other current assets	13,781	18,436	4,655
Total current assets	617,880	646,151	28,271
Non-current assets			
Property, plant and equipment	101,553	112,038	10,486
Right-of-use assets	23,195	23,981	786
Goodwill and intangible assets	139,476	155,288	15,813
Retirement benefit asset	8,474	9,077	602
Investments accounted for using equity method	10,308	11,384	1,076
Other non-current financial assets	92,200	86,796	(5,405)
Deferred tax assets	56,654	53,488	(3,165)
Other non-current assets	528	683	155
Total non-current assets	432,387	452,735	20,348
Total assets	1,050,267	1,098,886	48,619



(Millions of yen)

	As of March 31, 2023	As of September 30, 2023	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	68,026	75,118	7,092
Bonds and borrowings	26,395	59,191	32,797
Income taxes payable	8,845	5,873	(2,972)
Advances received	99,836	98,850	(986)
Provisions	5,872	7,965	2,093
Other current financial liabilities	29,367	32,795	3,428
Other current liabilities	38,962	37,206	(1,756)
Total current liabilities	277,303	316,999	39,696
Non-current liabilities			
Bonds and borrowings	107,625	78,489	(29,137)
Retirement benefit liability	6,616	7,264	648
Provisions	5,372	7,016	1,644
Deferred tax liabilities	15,388	16,490	1,102
Other non-current financial liabilities	16,836	17,786	950
Other non-current liabilities	2,777	3,033	256
Total non-current liabilities	154,614	130,077	(24,536)
Total liabilities	431,917	447,076	15,160
EQUITY			
Share capital	65,476	65,476	—
Capital surplus	7,053	807	(6,246)
Treasury shares	(7,709)	(7,334)	376
Other components of equity	22,999	63,453	40,454
Retained earnings	527,148	528,224	1,076
Equity attributable to owners of parent	614,966	650,627	35,660
Non-controlling interests	3,384	1,183	(2,201)
Total equity	618,351	651,810	33,459
Total liabilities and equity	1,050,267	1,098,886	48,619

(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, 2022 (from April 1, 2022 to September 30, 2022)		First half ended September 30, 2023 (from April 1, 2023 to September 30, 2023)		Changes
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)
Revenue	288,330	100.0	331,296	100.0	42,965
Cost of sales	(156,195)	(54.2)	(189,222)	(57.1)	(33,027)
Gross profit	132,135	45.8	142,074	42.9	9,939
Selling, general and administrative expenses	(108,409)		(126,281)		(17,871)
Other operating income	1,653		971		(682)
Other operating expenses	(960)		(3,135)		(2,175)
Operating profit	24,419	8.5	13,629	4.1	(10,789)
Finance income	6,300		5,705		(595)
Finance costs	(5,914)		(5,259)		655
Share of profit of investments accounted for using equity method	1,231		1,185		(46)
Profit before tax	26,035	9.0	15,260	4.6	(10,775)
Income tax expense	(7,516)		(5,925)		1,591
Profit for the period	18,520	6.4	9,335	2.8	(9,184)
Profit attributable to:					
Owners of parent	18,880	6.5	9,801	3.0	(9,079)
Non-controlling interests	(361)		(466)		(106)
Profit for the period	18,520	6.4	9,335	2.8	(9,184)
Earnings per share:					
Basic earnings per share (Yen)	51.85		28.30		
Diluted earnings per share (Yen)	51.57		28.15		

## Quarterly Condensed Consolidated Statements of Comprehensive Income

(Millions of yen)

	First half ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	First half ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Changes
Profit for the period	18,520	9,335	(9,184)
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	(5,724)	6,066	11,790
Share of other comprehensive income of investments accounted for using equity method	(1)	(2)	(1)
Total of items that will not be reclassified subsequently to profit or loss	(5,725)	6,064	11,789
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	33,271	34,559	1,289
Effective portion of cash flow hedges	179	(141)	(320)
Share of other comprehensive income of investments accounted for using equity method	291	144	(148)
Total of items that may be reclassified subsequently to profit or loss	33,741	34,562	821
Other comprehensive income, net of taxes	28,016	40,626	12,610
Total comprehensive income for the period	46,535	49,961	3,426
Comprehensive income attributable to:			
Owners of parent	46,701	50,184	3,484
Non-controlling interests	(166)	(223)	(57)
Total comprehensive income for the period	46,535	49,961	3,426

## (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	–	–	–	(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	–	–
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)

As of April 1, 2023	65,476	7,053	(7,709)	8,305	(1,110)
Profit for the period	–	–	–	–	–
Other comprehensive income	–	–	–	6,082	142
Total comprehensive income for the period	–	–	–	6,082	142
Dividends	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(1)	–	–
Cancellation of treasury shares	–	–	–	–	–
Share-based payment transactions	–	(229)	377	–	–
Changes in ownership interest in subsidiaries	–	(6,017)	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	71	–
Total transactions with owners	–	(6,246)	376	71	–
As of September 30, 2023	65,476	807	(7,334)	14,459	(968)

(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	–	–	–	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
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

As of April 1, 2023	15,928	(125)	22,999	527,148	614,966	3,384	618,351
Profit for the period	–	–	–	9,801	9,801	(466)	9,335
Other comprehensive income	34,301	(141)	40,383	–	40,383	243	40,626
Total comprehensive income for the period	34,301	(141)	40,383	9,801	50,184	(223)	49,961
Dividends	–	–	–	(8,654)	(8,654)	(64)	(8,719)
Purchase and disposal of treasury shares	–	–	–	–	(1)	–	(1)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	148	(60)	88
Changes in ownership interest in subsidiaries	–	–	–	–	(6,017)	(1,853)	(7,870)
Transfer from other components of equity to retained earnings	–	–	71	(71)	–	–	–
Total transactions with owners	–	–	71	(8,726)	(14,524)	(1,978)	(16,502)
As of September 30, 2023	50,229	(266)	63,453	528,224	650,627	1,183	651,810

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

(Millions of yen)

	First half ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	First half ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Cash flows from operating activities:		
Profit before tax	26,035	15,260
Depreciation and amortization	13,571	17,389
Impairment losses	229	1,095
Interest and dividend income	(1,880)	(2,861)
Share of (profit) loss of investments accounted for using equity method	(1,231)	(1,185)
Losses (gains) on sale of property, plant and equipment	(42)	16
Interest expenses	743	1,507
Decrease (increase) in trade and other receivables	2,233	(13,933)
Decrease (increase) in inventories	(31,385)	(12,167)
Increase (decrease) in trade and other payables	1,476	1,693
Increase (decrease) in advances received	(4,576)	(5,904)
Increase (decrease) in provisions	(707)	3,383
Others, net	1,736	(4,621)
Subtotal	6,202	(327)
Interest and dividend income received	2,933	3,071
Interest expenses paid	(520)	(1,385)
Income taxes refund (paid)	(5,868)	(9,922)
Net cash provided by (used in) operating activities	2,747	(8,564)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(8,290)	(13,918)
Proceeds from sale of property, plant and equipment	97	46
Purchase of intangible assets	(4,392)	(7,279)
Purchase of investment securities	(9,784)	(1,025)
Proceeds from sale of investment securities	—	6,450
Acquisition of subsidiaries or other businesses	—	(2,318)
Proceeds from sale of subsidiaries or other businesses	8	—
Others, net	538	674
Net cash provided by (used in) investing activities	(21,823)	(17,370)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(10,000)	(428)
Proceeds from long-term borrowings	9,895	—
Repayments of long-term borrowings	—	(105)
Redemption of bonds	—	(331)
Repayments of lease liabilities	(4,037)	(4,208)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(7,842)
Cash dividends paid	(7,349)	(8,642)
Cash dividends paid to non-controlling interests	(21)	(64)
Purchase of treasury shares	(12,968)	(1)
Others, net	(36)	(151)
Net cash provided by (used in) financing activities	(24,516)	(21,773)
Effect of exchange rate changes on cash and cash equivalents	18,749	12,759
Net increase (decrease) in cash and cash equivalents	(24,843)	(34,947)
Cash and cash equivalents at beginning of the period	370,277	211,337
Cash and cash equivalents at end of the period	345,433	176,390

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

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	114,567	83,352	46,668	25,682	16,269	1,793	288,330	–	288,330
Intersegment	663	65	116	6,145	244	40,153	47,386	(47,386)	–
Total	115,230	83,416	46,784	31,827	16,513	41,946	335,716	(47,386)	288,330
Segment profit (loss)	22,270	6,257	3,673	11,337	(2,883)	1,002	41,656	(17,238)	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 “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 (1,235) million yen, and corporate profit (loss) of (16,003) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (10,109) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (5,894) 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.

For the First Half ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	137,682	96,023	51,260	18,770	26,100	1,460	331,296	–	331,296
Intersegment	984	61	142	3,983	113	38,068	43,351	(43,351)	–
Total	138,667	96,084	51,402	22,753	26,213	39,528	374,647	(43,351)	331,296
Segment profit (loss)	25,215	3,242	2,754	5,943	(9,548)	189	27,795	(14,165)	13,629
Finance income									5,705
Finance costs									(5,259)
Shares of profit of investments accounted for using equity method									1,185
Profit before tax									15,260

- 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 2,907 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 (17,040) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (10,200) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (6,840) 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.

##### (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 US, we have set aside a provision of 1,522 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.