May 9, 2024

Consolidated Financial Results of the Year Ended March 31, 2024 (IFRS)

Corporate Name: NIKON CORPORATION
Securities code number: 7731 Stock exchange listings: Tokyo
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Date for the annual general shareholders' meeting: June 24, 2024
Date for the filing of the Annual Securities Report: June 24, 2024
Date of year-end dividend payout: June 25, 2024
Preparation of supplementary materials for financial results: Yes
Information meeting for 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 Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (Percentage represents year-on-year changes)

	Revenue		Operating Profit		Profit before Tax		Profit for Year		Profit Attributable to Owners of Parent		Total Comprehensive Income for Year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	717,245	14.2	39,776	(27.6)	42,669	(25.2)	32,134	(25.8)	32,570	(27.5)	91,724	52.6
Year ended March 31, 2023	628,105	16.4	54,908	10.0	57,058	(0.1)	43,284	2.4	44,944	5.3	60,094	(14.9)

	Basic Earnings per Share	Diluted Earnings per Share	Ratio of Profit to Equity Attributable to Owners of Parent	Ratio of Profit before Tax to Total Assets	Ratio of Operating Profit to Revenue
	Yen	Yen	%	%	%
Year ended March 31, 2024	94.03	93.53	5.0	3.9	5.5
Year ended March 31, 2023	125.46	124.77	7.4	5.5	8.7

(Reference) Share of profit of investments accounted for using equity method: Year ended March 31, 2024 2,467 million yen
Year ended March 31, 2023 2,543 million yen

(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	Equity per Share Attributable to Owners of Parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	1,147,110	685,091	683,795	59.6	1,973.68
As of March 31, 2023	1,050,267	618,351	614,966	58.6	1,776.47

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	30,767	(41,405)	(8,938)	206,644
Year ended March 31, 2023	15	(112,146)	(56,210)	211,337

2. Dividends

	Dividend per Share					Total Cash Dividend (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividend to Equity Attributable to Owners of Parent (Consolidated)
	First quarter ended	Second quarter ended	Third quarter ended	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	20.00	–	25.00	45.00	15,838	35.9	2.6
Year ended March 31, 2024	–	25.00	–	25.00	50.00	17,322	53.2	2.7
Year ending March 31, 2025 (Planned)	–	25.00	–	30.00	55.00		63.5	

3. Consolidated Financial Forecasts for the Year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(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
First half ending September 30, 2024	350,000	5.6	11,000	(19.3)	14,000	(8.3)	10,000	2.0	28.86
Fiscal year	745,000	3.9	35,000	(12.0)	40,000	(6.3)	30,000	(7.9)	86.59

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 the scope of consolidation in the fiscal year 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 March 31, 2024	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 March 31, 2024	5,019,477	shares
As of March 31, 2023	5,303,396	shares

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

Year ended March 31, 2024	346,384,838	shares
Year ended March 31, 2023	358,234,496	shares

(Reference)

1. Non-Consolidated Results of the Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Financial Results (Percentage represents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	438,871	6.6	16,118	(45.0)	41,648	(42.3)	43,285	(25.1)
Year ended March 31, 2023	411,667	18.1	29,298	285.4	72,139	242.9	57,791	97.0

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Year ended March 31, 2024	124.96	124.30
Year ended March 31, 2023	161.32	160.44

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Ordinary Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	779,169	412,539	52.7	1,185.35
As of March 31, 2023	701,232	375,518	53.3	1,079.06

(Reference) Equity: As of March 31, 2024 410,673 million yen
As of March 31, 2023 373,541 million yen

This report is out of scope of audit by certified public accountants or auditing firms.

Appropriate use of business forecasts; other special items

Performance forecasts and other forward-looking statements contained in this report are based on information and assumptions at the time of this report’s release such as most recent market forecasts and exchange rates. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to the above assumptions. For more information about the Company’s business forecasts, please refer to page 8.

Contents of Attached Materials

1. Overview of Consolidated Operating Results and Others

(1) Overview of Consolidated Operating Results

With regard to market and customer trends during the fiscal year ended March 31, 2024, in the Imaging Products Business, both unit sales and sales amount remained solid in the digital camera market as a whole, backed by strong sales of mid- to high-end products.
In the Precision Equipment Business, customers' capital investments in the field related to FPDs, including both mid-to-small size panels and large-size panels, remained stagnant. Capital investments in the fields related to semiconductors remained varied among customers and final products, although the capital investments in the fields as a whole showed signs of improvement.
In the Healthcare Business, the life science solutions and eye care solutions markets largely remained solid, although a decline in demand from some customers due to rising interest rates and other factors was observed.
In the Components Business, the markets related to optical parts and encoders were affected by the adjustments of inventories and investments by end users. The EUV-related market also remained weak, affected by a slowdown in the semiconductor markets.
In the Digital Manufacturing Business, capital investments in the semiconductor and electronic components markets remained stagnant. The metal additive manufacturing market experienced a growing shift to larger, more productive printers. However, the market as a whole hit a plateau.

Under this external environment, based on the medium-term management plan (FY2022 – FY2025) policy, the Group sought to secure stable revenues, diversify/expand customers, and deliver high-value added services in its main businesses, consisting of the Imaging Products Business and the Precision Equipment Business. In the Imaging Products Business, the Group announced a plan to acquire RED.com, LLC, a US-based company with proprietary customers and technologies in the field of professional digital cinema cameras, and to make it a wholly-owned subsidiary. In April 2024, the Group accomplished the plan, thereby having made RED.com a wholly-owned subsidiary and made a big stride toward tapping into the professional digital cinema camera market.

In the Digital Manufacturing Business, which we have positioned as a strategic business, the Group established Nikon Advanced Manufacturing, Inc. in the United States, which globally controls additive manufacturing businesses, including Nikon SLM Solutions AG (hereinafter, "SLM"), a metal 3D printer manufacturer converted into a subsidiary, to expand the business. In addition, the Group made efforts to secure talents and enhance its corporate governance with the aim of strengthening its management base.

Under these circumstances, during the fiscal year ended March 31, 2024, revenue increased 89,140 million yen (14.2%) year on year to 717,245 million yen, operating profit decreased 15,132 million yen (27.6%) year on year to 39,776 million yen, profit before tax decreased 14,390 million yen (25.2%) year on year to 42,669 million yen, and profit attributable to owners of parent decreased 12,374 million yen (27.5%) year on year to 32,570 million yen.

Performance by segment is as follows.

Note that as stated in "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information)," the reportable business segments have been revised from the fiscal year ended March 31, 2024. 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 Z 8, Z f and other Z series full-frame mirrorless cameras. As a result, this business segment recorded revenue of 279,737 million yen (up 23.2% year on year) and operating profit of 46,542 million yen (up 10.3% year on year) due mainly to higher average unit selling prices and the positive effects of the yen depreciation.

In the Precision Equipment Business, the FPD lithography systems field recorded year-on-year decreases in both revenue and profit due to declined unit sales of the systems for both mid-to-small size panels and large-size panels.
In contrast, the semiconductor lithography system field recorded year-on-year increases in both revenue and profit owing to increased unit sales of new systems. As a result, in this segment, the Group recorded revenue of 219,379 million yen (up 7.9% year on year) and operating profit of 15,179 million yen (down 38.2% year on year).

In the Healthcare Business, the Group recorded a year-on-year increase in revenue backed by the positive effects of the yen depreciation and robust sales in the life science solutions and eye care solutions fields. However, the business segment as a whole posted a decrease in profit partly because we had a cost increase due to price surges, and recorded a provision in the second quarter ended September 30, 2023 and related expenses for a foreign subsidiary in the eye care solutions field. As a result, in this segment, the Group recorded revenue of 107,889 million yen (up 8.5% year on year) and operating profit of 5,388 million yen (down 53.5% 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 mainly due to decreased sales of EUV-related components resulting from a slowdown in the EUV-related markets. As a result, in this segment, the Group recorded revenue of 47,005 million yen (down 11.4% year on year) and operating profit of 16,829 million yen (down 23.8% year on year).

In the Digital Manufacturing Business, the Industrial Metrology Business recorded an increase in revenue backed by strong sales of new X-ray products and Laser Radar, but recorded a decrease in profit as a result of the recognition of one-time expenses arisen from the discontinuation of unprofitable products. While the Advanced Manufacturing Business recorded an increase in revenue as a result of making SLM a consolidated subsidiary, a deficit in the business expanded because of one-time costs associated with the launch of a business unit and amortization of the intangible assets acquired in the process of making SLM a consolidated subsidiary, as well as up-front investments in R&D and other activities. As a result, in this segment, the Group recorded revenue of 59,937 million yen (up 42.4% year on year) and operating loss of 15,801 million yen (operating loss of 10,157 million yen in the previous fiscal year).

(2) Overview of Financial Position

The balance of total assets as of March 31, 2024 increased by 96,843 million yen from the end of the previous fiscal year to 1,147,110 million yen. This was mainly due to increases of 52,233 million yen in property, plant and equipment, right-of-use assets, goodwill, and intangible assets, 25,683 million yen in trade and other receivables, and 7,958 million yen in inventories, despite a decrease of 4,693 million yen in cash and cash equivalents.

The balance of total liabilities as of March 31, 2024 increased by 30,102 million yen from the end of the previous fiscal year to 462,019 million yen. This was mainly due to increases of 32,686 million yen in bonds and borrowings, 15,621 million yen in trade and other payables, and 4,186 million yen in other financial liabilities, despite a decrease of 27,961 million yen in advances received.

The balance of total equity as of March 31, 2024 increased by 66,741 million yen from the end of the previous fiscal year to 685,091 million yen. This was mainly due to an increase of 52,877 million yen in other components of equity as a result of an increase in exchange differences on translation of foreign operations, despite a decrease of 6,156 million yen in capital surplus as a result of making SLM and other companies wholly-owned subsidiaries.

(3) Overview of Cash Flows

During the current fiscal year ended March 31, 2024, for the cash flows from operating activities, net cash of 30,767 million yen was provided (15 million yen provided in the previous fiscal year). This was mainly attributable to the recording of profit before tax of 42,669 million yen, depreciation and amortization of 35,666 million yen, an increase in trade and other payables, and a decrease in inventories, despite a decrease of advances received, increases in trade and other receivables, and the payment of income taxes.

For the cash flows from investing activities, net cash of 41,405 million yen was used (112,146 million yen used in the previous fiscal year), which was primarily attributable to purchase of property, plant and equipment and intangible assets of 55,215 million yen, despite proceeds from sale of investment securities of 16,740 million yen.

For the cash flows from financing activities, net cash of 8,938 million yen was used (56,210 million yen used in the previous fiscal year), which was primarily attributable to cash dividends paid of 17,310 million yen, repayments of lease liabilities of 11,089 million yen, redemption of bonds of 10,331 million yen, and payments for acquisition of interests in subsidiaries from non-controlling interests of 7,871million yen as a result of making SLM and other companies wholly-owned subsidiaries, despite an increase in short-term borrowings of 40,065 million yen.

In addition, the effect of exchange rate changes on cash and cash equivalents increased by 14,883 million yen.

As a result of the above, the balance of cash and cash equivalents as of March 31, 2024 decreased by 4,693 million yen from the end of the previous fiscal year to 206,644 million yen.

(4) Future Outlook

Regarding the business environment for the full fiscal year ending March 31, 2025, in the Imaging Products Business, the digital camera market, especially 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, will be solid. In addition, capital investments in the semiconductor related field are also expected to improve from the second half with the positive effects of the recovery in semiconductor market conditions.

In the Healthcare Business, while the market conditions in the fields of life science solutions and eye care solutions are expected to largely remain steady, we need to continue to closely monitor changes in customer behavior against the backdrop of political and economic trends in each country. There are also concerns over a tight supply and demand balance for some electronic components and a cost increase due to price surges.

In the Components Business, the Customized Products Business will likely be affected by a slowdown in EUV-related markets. Meanwhile, in the Industrial Solutions Business, the semiconductor-related markets are expected to recover in the second half and the factory automation market is expected to be in the correction phase for a certain period of time.

In the Digital Manufacturing Business, demand for larger, more productive equipment is expected to grow in the markets relevant to this business segment. In particular, the metal additive manufacturing market is expected to continue growing mainly in North America, led by the aerospace and defense fields.

Since the fiscal year ending March 31, 2025, the Group has integrated the Industrial Metrology Business Unit and the Digital Solutions Business Unit to newly establish the Industrial Solutions Business Unit, and has designated the reportable segment of the new business unit as the Component Business. As a result, the Industrial Metrology Business, which was classified under the Digital Manufacturing Business, is now classified under the Component Business.

Toward achieving Vision 2030, which is to become “a key technology solutions company in a global society where humans and machines co-create seamlessly,” the Group formulated the medium-term management plan (FY2022 – FY2025), and has operated business based on the plan. Although numeric targets in the plan are generally left unchanged, the Group will review and revise the earnings forecasts by business segment as well as the details of capital allocation to reflect changes in the business environment, curb M&A, and expand investments in organic growth. In addition, we will continue to work on our sustainability strategy that is linked with our business strategies, human resources development for achieving the medium-term management plan, and DX strategy for customers and employees. Moreover, we will seek to further enhance our shareholder return.

(5) Shareholder Return Policy and Dividends

The Company’s fundamental policy on shareholder returns is to distribute steady dividends that reflect the perspective of shareholders and simultaneously realize appropriate and flexible capital allocation from a medium to long-term perspective, while strengthening investments (including strategic investments, R&D, and capital expenditures) to ensure sustainable growth. Based on this policy, during the cumulative period of the current medium-term management plan for the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2026, the Company will return profits to shareholders at a target total return ratio of 40% or more.

For the fiscal year ended March 31, 2024, the year-end dividend is 25 yen per share, and the full-year dividend will be 50 yen per share including the interim dividend of 25 yen. The full-year dividend for the year ending March 31, 2025 is forecast to be 55 yen per share (including the interim dividend of 25 yen per share), an increase of 5 yen over the current fiscal year.

(6) Business and Other Risks

(i) Risk management systems and operations

For sustainable corporate development, the Group has established a Risk Management Committee to implement risk management based on the recognition that identifying, assessing, and controlling risk factors that may have a significant impact on corporate management and business continuity are critical issues.

The Risk Management Committee is chaired by the Chief Risk Management Officer (CRO), an officer in charge of risk management. The committee consists of members of the Management Committee and others, and the secretariat consists of the Administration Department and the Internal Control Promotion Section. Meetings are held twice a year on a regular basis and as needed. The committee strives to develop a system to appropriately manage risks surrounding the Group by, for example, identifying risks from a company-wide perspective, continuously monitoring priority target risks, and establishing a system that enables flexible support of the continuous monitoring.

The Risk Management Committee oversees all risks, while the Quality Committee, the Export Control Committee, and the Compliance Committee address risks requiring specialized measures. In addition, the Sustainability Committee, its Environmental Subcommittee, and the Supply Chain Subcommittee identify sustainability-related risks and deliberate on measures to address them group-wide.

(ii) Identification of risks and countermeasures

The Group conducts an annual Risk Identification Survey as a risk assessment to ascertain the risks faced by the Group. This survey, administered to all employees at or above the rank of department manager and to the presidents of domestic and overseas group companies, identifies, analyzes, and assesses company-wide important risks and monitors the status of measures to these risks. Based on the survey results, a risk map is created to express the scale of impact and probability of occurrence. The Risk Management Committee then identifies important risks and determines which issues must be strengthened.

The following is a list of principal themes that may significantly impact investors' decisions regarding risks involved in executing strategy, business, and other activities of the Group. These risks are not an exhaustive list of all risks to the Group, and the Group may be affected in the future by other risks that are not anticipated or are considered immaterial.

The forward-looking statements in the text are based on the Group's judgment as of the end of the current consolidated fiscal year.

(a) Risks related to business and management

- Risks

In the medium-term management plan, the Group has positioned Material Processing and Robot Vision as mid-term growth drivers for its strategic business under the Digital Manufacturing Business. As part of strategic investments, the Group has been expanding its business by, for example, making a public takeover offer for SLM Solutions Group AG (now Nikon SLM Solutions AG), a global provider of integrated metal additive manufacturing solutions based in Germany, and making it its consolidated subsidiary. However, if the growth of the related market is slower than expected, the business may not reach the expected scale by FY2025, the period of this plan.

Digital cameras are the leading products of the Imaging Products Business, which is one of the main businesses of the Group. The mirrorless camera market is seeing fierce competition. In addition, the business is adversely affected by rising prices and delays in procuring components, which may lead to future deterioration in market conditions.

The demand for FPD lithography systems managed by the Precision Equipment Business is expected to be stable in the display market. However, the recovery in demand for lithography equipment may be sluggish due to the continued contraction of capital investment.

Although the semiconductor market, the target market for semiconductor lithography systems, is expected to grow significantly over the medium- to long-term, demand for immersion lithography systems may drop depending on competitors' cutting-edge process development. In addition, the Group's profit may be affected by factors such as changes in capital investment plans by its major customers.

- Responses

In the Digital Manufacturing Business, the Group will promote the formation of new markets by offering unique value to the increasingly digitized manufacturing industry and introducing competitive new products to the market. In addition, the Group has a system that allows it to review and revise its strategies in a timely manner by closely monitoring market trends through regular monitoring by the Board of Directors and other relevant bodies.

The Imaging Products Business continues strengthening its earnings structure by optimizing production and sales aspects, reforming the supply chain and logistics, thoroughly reducing costs, strengthening digital marketing, and improving development efficiency.

In the FPD lithography systems field, the Group is expanding earnings and reducing total costs through new lithography systems and service businesses to secure a certain profit level, even in declining demand for lithography systems.

In the semiconductor lithography systems field, the Group will aggressively cultivate non-existing customers and expand the service business under a business strategy emphasizing profitability.

(b) Risks related to research and development

- Risks

Being subject to intense competition, the Group's core businesses are constantly required to develop new products by continuing to engage in highly advanced research and development. Therefore, it is necessary to continue to invest in product development, regardless of the fluctuation in the Group's profit. However, enterprise value may decline, and profit may decrease if the Group’s investments do not produce adequate results to enable the timely development and launch of new products or next-generation technologies, if the market does not accept the technologies developed by the Group, or if the Group's technologies are no longer needed due to drastic changes such as game-changing developments.

- Responses

The Group's Technology Strategy Committee clarifies the technological strategies that will lead to the development of new areas of focus and the improvement of the competitiveness of existing businesses and determines the direction of technological development and priority investment areas. While proactively responding to a wide range of social issues and needs, the committee will realize the long-term growth of the Group.

(c) Risks related to changes in regulations and systems

- Risks

As it develops its business globally, most of its production and sales activities are conducted outside Japan, and the ratio of overseas sales revenue to consolidated sales revenue is high. The Group must apply various laws and regulations, including import and export regulations, competition laws, labor laws, anti-corruption, and transfer price taxation, and fulfill its corporate social responsibility in many countries. These laws and regulations and what the Group must do to fulfill its social responsibility could change significantly. Such changes may adversely affect the Group business, such as increasing business activity costs, imposing constraints on its business, and posing reputation risk.

- Responses

While the Group organizes and manages risks through the Risk Management Committee, its three subordinate committees, the Quality Committee, the Export Control Committee, and the Compliance Committee, address risks requiring specialized knowledge. At the same time, the Sustainability Committee and its subordinate committees also monitor and address risks, especially those defined as materialities, from a sustainability point of view. Through such responses, the Group is working to further strengthen the system by collecting information on regulatory changes on a group-wide basis, providing feedback on the practical process based on such information, and formulating strategies based on the regulations.

(d) Risks related to M&A and strategic investments

- Risks

The Group conducts M&As and strategic investments to create new businesses, expand existing business areas, and realize business synergies. Suppose the Group cannot achieve the desired results due to significant changes in the market environment or an exodus of human resources from the target company. In that case, impairment losses on goodwill, marketable securities, and other assets may adversely affect its financial position.

- Responses

Based on its business strategy, the Group searches for M&A and strategic investment targets and conducts due diligence on the value and risks of the target companies. For post-acquisition and post-investment verification, the Investment Monitoring Committee, chaired by the CFO, periodically checks progress against the original objectives and revises the strategy course as necessary.

(e) Geopolitical risks

- Risks

As mentioned above, the Group's global operations have resulted in a high percentage of consolidated revenue from overseas, and the Group is highly dependent on overseas markets. Overseas business development may be affected by political problems, trade friction and disputes, and social turmoil due to riots, terrorism, wars, etc., in addition to overall trends in the world economy, which may cause significant obstacles or losses in business activities. In addition, sudden or significant fluctuations in foreign exchange rates could significantly impact the Group's earnings and financial position.

- Responses

In addition to the risk management by the Risk Management Committee, the Group monitors and responds to risks by the committees under the Group, the Sustainability Committee, and its subcommittees. Although it is difficult to predict the likelihood of such risks materializing and the level of their impact, as they depend on social conditions and other factors, the Group collects information. It analyzes their impact on its business and considers and implements responses. In addition, the Group conducts appropriate currency hedging based on the size of its sales and sales regions.

(f) Risks related to procurement

- Risks

In recent years, labor, raw material, and energy costs have fluctuated significantly due to various factors, including abnormal global weather, natural disasters, and geopolitical impacts on a global scale. In addition, our stakeholders have become more interested in social issues related to human rights, the labor environment, health and safety, and environmental issues such as decarbonization in the supply chain. As such, the Group faces increasing uncertainty and risks associated with the supply chain.

- Responses

The current uncertainty and volatility also continue to be high in component procurement and logistics. Therefore, the Group is working with its procurement partners to build a resilient supply chain by collaborating on quality and Environmental, Social, and Governance (ESG) perspectives.

The Group is also building strong relationships with its procurement partners. Through initiatives such as visualizing its supply chains, formulating and strengthening a business continuity plan (BCP), monitoring greenhouse gas emissions, and enhancing human rights due diligence, the Group has established a system that can flexibly respond to drastically changing business risks and social issues. The Group aims to reduce risks and achieve sustainable growth through these efforts.

(g) Environmental risks

- Risks

Abnormal weather, floods, droughts, and other natural disasters caused by climate change and the spread of infectious diseases could cause extensive damage to development and production sites and suppliers, affecting operations or delaying production and shipments. In addition, as the movement toward a decarbonized society accelerates, countries are introducing or considering introducing carbon taxes and other policies and regulations, and there is a risk that the cost of energy and raw materials will increase.

Environmental policies, laws, and regulations require compliance with standards, information disclosure, and other responses, which tend to become more stringent yearly. Insufficient response may cause enormous damage to the company's management, such as impact on production due to administrative penalties, surcharges, and loss of social credibility. If laws and regulations related to chemical substances are strengthened, obtaining necessary materials and sub-materials may become difficult.

- Responses

The Group considers environmental issues such as climate change, depletion of natural resources, waste, and pollution by hazardous chemicals to be materiality issues that affect the survival of the Group. The Sustainability Committee and related committees and subcommittees monitor risks and take various responses. The Group also conducts environmentally conscious management. Furthermore, the Group as a whole is working on reducing greenhouse gas emissions and formulating BCPs throughout the entire value chain, including energy conservation activities, renewable energy utilization, and the streamlining of development and production processes.

By establishing internal rules and regulations and providing training to those in charge, the Group is strengthening its management system, including the value chain. The Group is also working to keep abreast of changes in regulations promptly and striving to prevent environmental pollution by setting voluntary standards that are stricter than legal requirements.

(h) Risk of securing human resources

- Risks

The Group is supported by diverse human resources, such as employees who possess advanced technical expertise and other skills, and securing such human resources is becoming increasingly crucial to overcome intense competition in the market and achieve business growth. Failure to secure or develop talented personnel, or the departure of key personnel, may adversely affect its business activities, outflow of knowledge and expertise, and earnings and financial position. The risk of the outflow of human resources is exceptionally high in countries and regions with high labor mobility. If key personnel leave the Group and are challenging to replace, the Group's growth may be affected. In addition, due to the mass hiring around 1990 and the curtailment of new hiring that has occurred several times in the past, there is a risk of an aging population within the Group and a lack of mid-career and younger workers, which may prevent the proper handing down of technology, skills, and business know-how.

- Responses

The Group is strengthening the management foundation supporting its business under the medium-term management plan. Based on the concept of human capital management, the Group is executing measures to "acquire," "develop," and "leverage" human resources as the three pillars of its human resource strategy and putting more effort than ever into executing the recruitment strategy to acquire human resources to support the realization of the Group’s growth strategy. In addition, the Group has established a specific curriculum for developing and advancing human resources. It promotes transmission, standardization, and sharing of proprietary technologies and skills, as well as creating an environment and opportunities for diverse human resources to play active roles on a global scale.

(i) Risks related to information assets and cyber security

- Risks

The Group retains many information assets, including technical information and business partners' and customers' information. If a cyber-attack, intentional or negligent act, or disaster causes a severe information system failure, unauthorized use of personal information, or information security incident, the Group's corporate value may be damaged, and it may be subject to claims for compensation for damages. Violations of laws and regulations worldwide concerning protecting personal information or product security requirements could result in severe penalties.

In addition, the aging of internal systems, the increasing complexity and specialization of operations, and the end of support for core systems may lead to inefficiencies in operations with the rapid progress of digitalization.

- Responses

The Group has designated the Representative Director and President as the Chief Officer in charge of information management, including protecting personal information. It has established business processes that are compliant with the Information Security Management System (ISMS).

To maintain a high level of defense against cyber-attacks and detect and respond to incidents as early as possible, the Group has implemented various security measures and improved and strengthened its operational system to collectively monitor and respond to incidents on a global basis. In addition to improving the level of storage security, the Group is also improving internal rules for information handling and conducting employee training.

By promoting the core system renewal project, the Group will enhance business efficiency through digitalization, strengthen digital marketing, and improve its service platform.

(j) Risks related to intellectual property and litigation

- Risks

The Group acquires and retains many intellectual property rights during product development and licenses these rights to other companies. If a lawsuit is filed against the Group due to another company's unauthorized use of its intellectual property rights, the Group may incur significant litigation costs. On the other hand, the Group may receive an injunction against manufacturing and sales or a claim for damages from other companies, individuals, or other parties for infringement of intellectual property rights, which may adversely affect the Group's earnings and financial position.

- Responses

The Group has formulated an intellectual property strategy designed to generate growth in existing operations and create new business and is continuously promoting intellectual property activities per this strategy. The Group protects intellectual property such as patents, designs, and trademarks related to technologies and products created through research and development activities. By creating and obtaining rights to intellectual property with an eye to the future, in collaboration with each business unit and R&D division, the Group is working to establish a competitive advantage in the marketplace. In addition, the Group’s legal and intellectual property divisions and related divisions work together to investigate intellectual property rights of other companies as appropriate and ensure that the Group does not infringe on intellectual property rights of other companies.

(k) Risk related to disasters, infectious diseases, etc.

- Risks

Major disruptions or losses in business activities may occur due to disruptions in infrastructure such as water, power, and communication networks and logistics functions caused by natural disasters such as major earthquakes, fires, and floods (including those caused by abnormal weather conditions and weather fluctuations), or the spread of infectious diseases. In the event of catastrophic damage to the Group's development and manufacturing bases, suppliers, and other facilities, operations may be interrupted, and production and shipments may be delayed. If production and sales are restricted due to such damage, and significant costs are incurred in restoring operations, the Group's earnings and financial position may be adversely affected.

- Responses

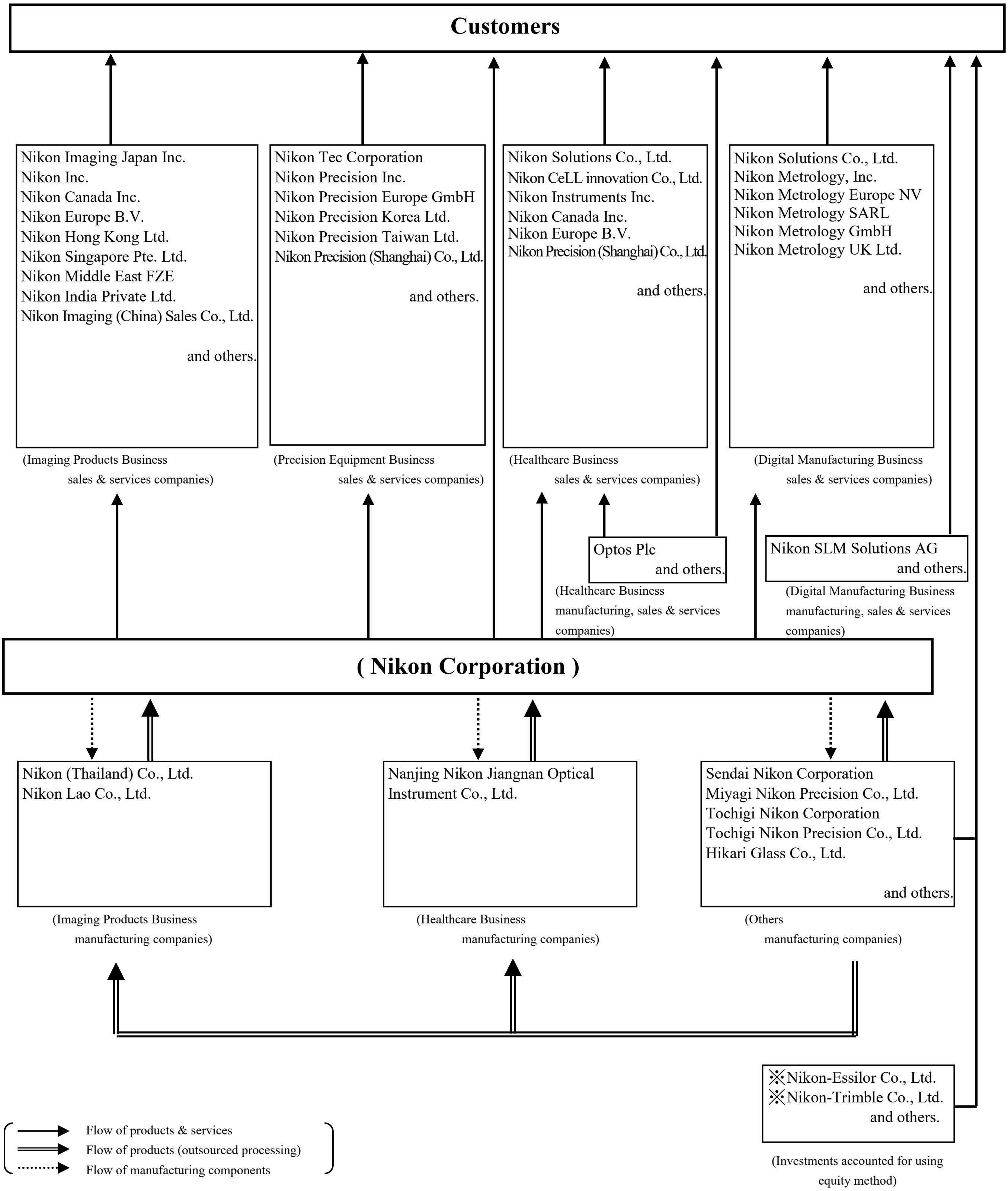
The Group has formulated and regularly reviews its BCP in preparation for large-scale disasters and outbreaks of infectious diseases. In anticipation of a large-scale earthquake, such as an earthquake directly under the Tokyo metropolitan area, the Group has re-examined and updated the BCPs of its primary business divisions and implemented measures for business continuity. In addition, the Group conducts various drills, including those at domestic group companies, to educate employees on how to act during a large-scale earthquake and safety confirmation and communication drills in anticipation of a disaster.

2. Status of Nikon Group

The Nikon Group is comprised of NIKON CORPORATION (the "Company"), its 81 consolidated subsidiaries, and 11 investments accounted for using equity method, running the Imaging Products Business, Precision Equipment Business, Healthcare Business, Components Business, Digital Manufacturing Business and others.

The structure of the Group is shown as below:

In the Components Business, NIKON CORPORATION is mainly responsible for production, sale and service.



(Note) Only principal subsidiaries, associated companies, and joint ventures are listed.

No symbol: Subsidiary, ※：Investments accounted for using equity method

3. Basic Policy on the Adoption of Accounting Standards

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) from the consolidated financial statements in the Annual Securities Report for the fiscal year ended March 31, 2017 to improve international comparability of financial information disclosed to the capital market and to strengthen the management foundation by unification of accounting standards within its group companies.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	Changes
ASSETS			
Current assets			
Cash and cash equivalents	211,337	206,644	(4,693)
Trade and other receivables	114,239	139,922	25,683
Inventories	277,281	285,239	7,958
Other current financial assets	1,242	15,908	14,666
Other current assets	13,781	19,627	5,845
Total current assets	617,880	667,340	49,459
Non-current assets			
Property, plant and equipment	101,553	133,428	31,875
Right-of-use assets	23,195	24,455	1,260
Goodwill and intangible assets	139,476	158,573	19,098
Retirement benefit asset	8,474	11,658	3,184
Investments accounted for using equity method	10,308	9,728	(580)
Other non-current financial assets	92,200	89,618	(2,583)
Deferred tax assets	56,654	51,471	(5,182)
Other non-current assets	528	840	312
Total non-current assets	432,387	479,771	47,384
Total assets	1,050,267	1,147,110	96,843

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	68,026	83,647	15,621
Bonds and borrowings	26,395	88,313	61,919
Income taxes payable	8,845	5,056	(3,789)
Advances received	99,836	71,875	(27,961)
Provisions	5,872	7,892	2,019
Other current financial liabilities	29,367	32,993	3,626
Other current liabilities	38,962	40,641	1,679
Total current liabilities	277,303	330,416	53,113
Non-current liabilities			
Bonds and borrowings	107,625	78,392	(29,233)
Retirement benefit liability	6,616	7,330	715
Provisions	5,372	8,286	2,914
Deferred tax liabilities	15,388	16,631	1,243
Other non-current financial liabilities	16,836	17,395	559
Other non-current liabilities	2,777	3,568	791
Total non-current liabilities	154,614	131,602	(23,011)
Total liabilities	431,917	462,019	30,102
EQUITY			
Share capital	65,476	65,476	–
Capital surplus	7,053	897	(6,156)
Treasury shares	(7,709)	(7,297)	412
Other components of equity	22,999	75,876	52,877
Retained earnings	527,148	548,843	21,695
Equity attributable to owners of parent	614,966	683,795	68,828
Non-controlling interests	3,384	1,297	(2,087)
Total equity	618,351	685,091	66,741
Total liabilities and equity	1,050,267	1,147,110	96,843

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

Consolidated Statement of Profit or Loss

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)		For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)		Changes
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)
Revenue	628,105	100.0	717,245	100.0	89,140
Cost of sales	(338,931)	(54.0)	(407,198)	(56.8)	(68,267)
Gross profit	289,174	46.0	310,047	43.2	20,873
Selling, general and administrative expenses	(231,228)		(268,056)		(36,828)
Other operating income	3,209		3,576		367
Other operating expenses	(6,247)		(5,792)		456
Operating profit	54,908	8.7	39,776	5.5	(15,132)
Finance income	5,529		8,260		2,731
Finance costs	(5,921)		(7,834)		(1,913)
Share of profit of investments accounted for using equity method	2,543		2,467		(76)
Profit before tax	57,058	9.1	42,669	5.9	(14,390)
Income tax expense	(13,775)		(10,535)		3,240
Profit for year	43,284	6.9	32,134	4.5	(11,150)
Profit attributable to:					
Owners of parent	44,944	7.2	32,570	4.5	(12,374)
Non-controlling interests	(1,660)		(436)		1,224
Profit for year	43,284	6.9	32,134	4.5	(11,150)
Earnings per share:					
Basic earnings per share (Yen)	125.46		94.03		
Diluted earnings per share (Yen)	124.77		93.53		

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Changes
Profit for year	43,284	32,134	(11,150)
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	(4,854)	14,831	19,684
Remeasurement of defined benefit plans	(484)	2,109	2,592
Share of other comprehensive income of investments accounted for using equity method	138	153	15
Total of items that will not be reclassified subsequently to profit or loss	(5,199)	17,093	22,292
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	22,188	42,478	20,291
Effective portion of cash flow hedges	243	(34)	(276)
Share of other comprehensive income of investments accounted for using equity method	(421)	53	474
Total of items that may be reclassified subsequently to profit or loss	22,010	42,498	20,488
Other comprehensive income, net of taxes	16,810	59,590	42,780
Total comprehensive income for year	60,094	91,724	31,630
Comprehensive income attributable to:			
Owners of parent	61,592	91,887	30,294
Non-controlling interests	(1,498)	(163)	1,336
Total comprehensive income for year	60,094	91,724	31,630

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Gain (loss) on financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	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 year	–	–	–	–	–	–
Other comprehensive income	–	–	–	(4,829)	(484)	(283)
Total comprehensive income for year	–	–	–	(4,829)	(484)	(283)
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(31)	(30,001)	–	–	–
Cancellation of treasury shares	–	(39,121)	39,121	–	–	–
Share-based payment transactions	–	(277)	566	–	–	–
Increase (decrease) by business combination	–	–	–	–	–	–
Incorporation of new subsidiaries	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	3,797	484	(136)
Total transactions with owners	–	(39,430)	9,686	3,797	484	(136)
As of March 31, 2023	65,476	7,053	(7,709)	8,305	–	(1,110)

As of April 1, 2023	65,476	7,053	(7,709)	8,305	–	(1,110)
Profit for year	–	–	–	–	–	–
Other comprehensive income	–	–	–	14,837	2,109	206
Total comprehensive income for year	–	–	–	14,837	2,109	206
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(3)	–	–	–
Cancellation of treasury shares	–	–	–	–	–	–
Share-based payment transactions	–	(139)	415	–	–	–
Increase (decrease) by business combination	–	–	–	–	–	–
Incorporation of new subsidiaries	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	(6,017)	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(4,177)	(2,109)	(154)
Total transactions with owners	–	(6,156)	412	(4,177)	(2,109)	(154)
As of March 31, 2024	65,476	897	(7,297)	18,965	–	(1,057)

(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 year	–	–	–	44,944	44,944	(1,660)	43,284
Other comprehensive income	22,001	243	16,648	–	16,648	162	16,810
Total comprehensive income for year	22,001	243	16,648	44,944	61,592	(1,498)	60,094
Dividends	–	–	–	(14,529)	(14,529)	(21)	(14,550)
Purchase and disposal of treasury shares	–	–	–	–	(30,032)	–	(30,032)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	289	25	313
Increase (decrease) by business combination	–	–	–	–	–	2,765	2,765
Incorporation of new subsidiaries	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	(206)	(206)
Transfer from other components of equity to retained earnings	–	–	4,145	(4,179)	(34)	34	–
Total transactions with owners	–	–	4,145	(18,708)	(44,307)	2,597	(41,710)
As of March 31, 2023	15,928	(125)	22,999	527,148	614,966	3,384	618,351
As of April 1, 2023	15,928	(125)	22,999	527,148	614,966	3,384	618,351
Profit for year	–	–	–	32,570	32,570	(436)	32,134
Other comprehensive income	42,199	(34)	59,317	–	59,317	274	59,590
Total comprehensive income for year	42,199	(34)	59,317	32,570	91,887	(163)	91,724
Dividends	–	–	–	(17,315)	(17,315)	(64)	(17,380)
Purchase and disposal of treasury shares	–	–	–	–	(3)	–	(3)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	277	(60)	216
Increase (decrease) by business combination	–	–	–	–	–	–	–
Incorporation of new subsidiaries	–	–	–	–	–	2	2
Changes in ownership interest in subsidiaries	–	–	–	–	(6,017)	(1,802)	(7,819)
Transfer from other components of equity to retained earnings	–	–	(6,440)	6,440	–	–	–
Total transactions with owners	–	–	(6,440)	(10,876)	(23,059)	(1,924)	(24,983)
As of March 31, 2024	58,127	(159)	75,876	548,843	683,795	1,297	685,091

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the year ended March 31 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31 2024 (from April 1, 2023 to March 31, 2024)
Cash flows from operating activities:		
Profit before tax	57,058	42,669
Depreciation and amortization	29,056	35,666
Impairment losses	4,389	2,716
Interest and dividend income	(4,179)	(5,610)
Share of (profit) loss of investments accounted for using equity method	(2,543)	(2,467)
Losses (gains) on sale of property, plant and equipment	(268)	217
Interest expenses	1,982	3,195
Decrease (increase) in trade and other receivables	(15,501)	(17,274)
Decrease (increase) in inventories	(28,844)	4,910
Increase (decrease) in trade and other payables	895	5,990
Increase (decrease) in advances received	(44,849)	(33,292)
Increase (decrease) in provisions	(564)	3,160
Others, net	10,663	2,351
Subtotal	7,295	42,231
Interest and dividend income received	6,960	8,836
Interest expenses paid	(1,769)	(3,022)
Income taxes refund (paid)	(12,471)	(17,278)
Net cash provided by (used in) operating activities	15	30,767
Cash flows from investing activities:		
Purchase of property, plant and equipment	(23,139)	(39,214)
Proceeds from sale of property, plant and equipment	381	763
Purchase of intangible assets	(9,884)	(16,001)
Purchase of investment securities	(4,781)	(1,404)
Proceeds from sale of investment securities	1,265	16,740
Acquisition of subsidiaries or other businesses	(76,877)	(2,289)
Proceeds from sale of subsidiaries or other businesses	8	—
Others, net	882	0
Net cash provided by (used in) investing activities	(112,146)	(41,405)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(9,625)	40,065
Proceeds from long-term borrowings	23,895	—
Repayments of long-term borrowings	(14,046)	(2,209)
Redemption of bonds	(3,767)	(10,331)
Repayments of lease liabilities	(8,045)	(11,089)
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(7,871)
Cash dividends paid	(14,522)	(17,310)
Cash dividends paid to non-controlling interests	(21)	(64)
Purchase of treasury shares	(30,001)	(3)
Others, net	(79)	(125)
Net cash provided by (used in) financing activities	(56,210)	(8,938)
Effect of exchange rate changes on cash and cash equivalents	9,401	14,883
Net increase (decrease) in cash and cash equivalents	(158,940)	(4,693)
Cash and cash equivalents at beginning of year	370,277	211,337
Cash and cash equivalents at end of year	211,337	206,644

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)
Not applicable

(Basis for Preparation of Consolidated Financial Statements)

(a) Scope of Consolidation

Number of consolidated subsidiaries: 81 companies

Principal subsidiaries:

Tochigi Nikon Corporation; Tochigi Nikon Precision Co., Ltd.; Sendai Nikon Corporation; Miyagi Nikon Precision Co., Ltd.; Nikon Imaging Japan Inc.; Nikon Solutions Co., Ltd.; Nikon (Thailand) Co., Ltd.; Nikon Imaging (China) Sales Co., Ltd.; Nikon Inc.; Nikon Precision Inc.; Nikon Instruments Inc.; Nikon Europe B.V.; Optos Plc, and others

The increase and decrease of the number of consolidated subsidiaries is as follows.

Increase: 3 companies (due to share acquisition and other reasons)
Decrease: 2 companies (due to merger and other reasons)

(b) Scope of Equity Method

Number of investments accounted for using equity method: 11 companies

Principal company names:

Nikon-Essilor Co., Ltd., Nikon-Trimble Co., Ltd. and others

The increase and decrease of the number of investments accounted for using equity method is as follows.

Decrease: 1 company (due to merger)

(c) Accounting Policies

The disclosure of the accounting policies has been omitted as there are no significant changes from the previous Annual Securities Report (submitted on June 29, 2023).

(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 provides products and services of industrial microscopes, measuring instruments, X-ray and CT inspections systems, and metal 3D printers.

(Regarding Revision of Reportable Business Segments)

As of April 1, 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 fiscal year ended March 31, 2023 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 year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	227,100	203,262	99,394	53,029	42,091	3,229	628,105	–	628,105
Intersegment	1,545	143	247	10,174	395	82,495	94,999	(94,999)	–
Total	228,644	203,405	99,641	63,203	42,486	85,724	723,104	(94,999)	628,105
Segment profit (loss)	42,213	24,552	11,582	22,076	(10,157)	2,659	92,926	(38,018)	54,908
Finance income									5,529
Finance costs									(5,921)
Shares of profit of investments accounted for using equity method									2,543
Profit before tax									57,058
Segment assets	105,177	193,030	117,377	41,632	145,548	50,735	653,499	396,768	1,050,267
Other items:									
Impairment losses	5	10	22	29	3,968	354	4,389	–	4,389
Depreciation and amortization	3,723	3,791	5,000	2,230	4,761	3,179	22,684	6,372	29,056
Increase in property, plant and equipment, right-of-use assets, goodwill and intangible assets	6,396	6,705	4,530	4,124	98,951	3,412	124,119	11,427	135,547

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 consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of (2,756) million yen and corporate profit (loss) of (35,262) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (21,700) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (13,562) 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.

Regarding segment assets, reconciliation is made between segment assets and assets reported in the consolidated statement of financial position. In addition, reconciliation of segment assets includes corporate assets of 410,475 million yen that is not attributed to any segments, and elimination of intersegment transactions of (13,707) million yen. Principal components of corporate assets are surplus funds (cash and cash equivalents) held by the Company and its consolidated subsidiaries; long-term investments (shares); deferred tax assets; and some fixed and right-of-use assets used in common.

For the year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	279,737	219,379	107,889	47,005	59,937	3,298	717,245	–	717,245
Intersegment	2,301	159	250	7,764	299	86,126	96,900	(96,900)	–
Total	282,038	219,538	108,139	54,769	60,236	89,425	814,145	(96,900)	717,245
Segment profit (loss)	46,542	15,179	5,388	16,829	(15,801)	4,447	72,586	(32,810)	39,776
Finance income									8,260
Finance costs									(7,834)
Shares of profit of investments accounted for using equity method									2,467
Profit before tax									42,669
Segment assets	125,199	186,244	131,811	48,020	165,887	50,270	707,431	439,679	1,147,110
Other items:									
Impairment losses	4	4	1	349	2,352	5	2,716	–	2,716
Depreciation and amortization	4,547	4,235	5,473	2,334	9,495	3,224	29,309	6,357	35,666
Increase in property, plant and equipment, right-of-use assets, goodwill and intangible assets	11,438	8,921	7,152	8,361	11,892	7,176	54,939	23,325	78,265

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 consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 2,977 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 (35,754) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (20,904) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (14,850) 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.

Regarding segment assets, reconciliation is made between segment assets and assets reported in the consolidated statement of financial position. In addition, reconciliation of segment assets includes corporate assets of 445,730 million yen that is not attributed to any segments, and elimination of intersegment transactions of (6,050) million yen. Principal components of corporate assets are surplus funds (cash and cash equivalents) held by the Company and its consolidated subsidiaries; long-term investments (shares); deferred tax assets; and some fixed and right-of-use assets used in common.

(3) Geographic Information

Revenue from external customers (Millions of yen)

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Japan	122,947	144,167
United States	159,757	169,635
Europe	106,814	149,411
China	129,042	123,177
Others	109,546	130,855
Total	628,105	717,245

(Note) Revenue is based on the geographic locations of customers, which are categorized either by country or region.
Except for Japan, the United States and China, the countries or regions are primarily categorized as follows:
1. Europe: The United Kingdom, France and Germany
2. Others: Canada, Asia other than Japan and China, Middle East, Oceania and Latin-America

Non-current assets (Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Japan	99,541	132,511
North America	14,319	17,337
Europe	140,028	154,874
China	3,372	3,365
Thailand	5,005	6,312
Others	2,487	2,897
Total	264,751	317,296

(Note) Non-current assets are based on the geographic locations of assets, which are categorized either by country or region.
Except for Japan, China and Thailand, the countries or regions are primarily categorized as follows:
1. North America: The United States and Canada
2. Europe: The United Kingdom, France and Germany
3. Others: Asia other than Japan, China and Thailand, Middle East, Oceania and Latin-America
Financial instruments, deferred tax assets and retirement benefit asset are not included in the above.

(4) Information about Major Customers

There was no customer group who contributed 10% or more to the consolidated revenue; therefore, the information is omitted.

(Impairment Losses of Non-Financial Assets)
The Group determines the impairment of assets by cash-generating units based on the business segments, in which the assets are grouped by the minimum unit that generate largely independent cash inflows. In regard to idle assets, the future prospects or sales expectations are considered when determining impairment by cash-generating units, in which the assets are grouped by individual asset or multiple assets. As a result of impairment assessment, if the recoverable amount is determined to be lower than the carrying amount, the carrying amount is reduced to the recoverable amount and the reduction is recognized as impairment loss. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use. The impairment losses are recognized in “Other operating expenses” in the consolidated statement of profit or loss.

For the year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
As a result of an impairment assessment, the Group recognized impairment losses of 2,716 million yen. Impairment losses by asset are as follows.

(Millions of yen)

	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Property, plant and equipment	220
Right-of-use assets	909
Intangible assets	1,237
Goodwill	349
Total	2,716

For the Digital Manufacturing Business, impairment losses of 2,352 million yen were recognized. Future cash flows in a manufacturing and sales subsidiary in Europe, Nikon Metrology NV, were no longer expected from assets for which development was decided to be discontinued, assets for which commercialization development was postponed, and other assets. Accordingly, the Group reduced the carrying amount of these assets to their recoverable amount and recognized impairment losses of 1,283 million yen. The recoverable amount was measured at value in use, and the value was set at zero. The Group also reduced the carrying amount of assets to be sold by a manufacturing and sales subsidiary in the United States, Morf3D Inc., to their recoverable amount, which was measured at fair value less costs of disposal based on their estimated sale value, and recognized impairment losses of 1,069 million yen.
As the initially anticipated earnings was no longer expected in a subsidiary in Japan, Exvision Corporation, under the Components Business, the Group assessed impairment of assets based on the revised future cash flow forecasts. As a result, impairment losses of 349 million yen were recognized, as the recoverable amount of the cash-generating unit was determined to be lower than the carrying amount of goodwill. The recoverable amount was measured at value in use.
For businesses other than the Digital Manufacturing Business and the Components Business, as a result of investigating the future use of non-current assets, the Company and certain foreign subsidiaries reduced the carrying amount of their idle assets with no prospect of specific use to their recoverable amount and recognized impairment losses of 14 million yen.

(Selling, General and Administrative Expenses)
Selling, general and administrative expenses mainly consist of the following items.

(Millions of yen)

	For the year ended March 31, 2023 (from April 1 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1 2023 to March 31, 2024)
Depreciation and amortization	13,949	19,198
Research and development expenses	67,585	71,141
Employee benefit expenses	66,048	79,013
Advertising and sales promotion expenses	18,131	23,267
Others	65,514	75,437
Total	231,228	268,056

(Earnings Per Share)

The basis for the calculation of basic earnings per share and diluted earnings per share attributable to owners of parent is as follows:

(Millions of yen, unless otherwise indicated)

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Basis for the calculation of basic earnings per share		
Profit for year attributable to owners of parent	44,944	32,570
Profit not attributable to ordinary equity holders of parent	–	–
Profit for year used in the calculation of basic earnings per share	44,944	32,570
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	358,234	346,385
Basic earnings per share (yen)	125.46	94.03
Basis for the calculation of diluted earnings per share		
Profit for year used in the calculation of basic earnings per share	44,944	32,570
Adjustments to profit for year		
Adjustment for potential shares issued by subsidiaries	–	–
Profit for year used in the calculation of diluted earnings per share	44,944	32,570
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	358,234	346,385
Increase in number of ordinary shares in respect of stock options (thousands of shares)	1,966	1,849
Weighted average number of dilutive ordinary shares outstanding during the period (thousands of shares)	360,200	348,234
Diluted earnings per share (yen)	124.77	93.53

Notes: 1. In the computation of basic earnings per share and diluted earnings per share, the number of the Company's shares held by the executive compensation BIP Trust is included in the number of treasury shares that are deducted from the weighted average number of ordinary shares outstanding during the period. For the fiscal years ended March 31, 2023 and March 31, 2024, the number of shares was 217,854 and 0, respectively.

2. For the fiscal years ended March 31, 2023 and March 31, 2024, as the stock options that the subsidiaries issued have no dilutive effect; therefore, they are not included in the calculation of diluted earnings per share.

(Contingent Liabilities)
(Litigation)
The Group is exposed throughout its 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 Group examines the possibility of recognizing a provision for the obligation arising from a contentious case or a lawsuit, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

(Contracts and Legal Compliance)
In response to a question raised that our consolidated subsidiary Optos Plc sold refurbished products and new products without distinction, we are conducting an internal investigation with the cooperation of the external organizations, as well as our own internal review. With respect to potential violations and breaches of legal, regulatory and contractual requirements in the U.S., we have set aside a provision of 1,541 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.

(Significant Subsequent Events)
(Business combination by acquisition)
The Company acquired 100% of the outstanding membership interests of RED.com, LLC (RED) on April 8, 2024, making it a wholly-owned subsidiary.

(1) Summary of Business Combination

(a) Name of Acquired Company and its Business Outline

Name of acquired company: RED.com, LLC
Business outline: Design, development, manufacture, sales, and provision of services of professional digital cinema cameras

(b) Primary Reasons for Business Combination

Since its establishment in 2005, RED has been at the forefront of digital cinema cameras, introducing industry-defining products such as the original RED ONE 4K to the cutting-edge V-RAPTOR [X] with its proprietary RAW compression technology. RED's contributions to the film industry have not only earned it an Academy Award but have also made it the camera of choice for numerous Hollywood productions, celebrated by directors and cinematographers worldwide for its commitment to innovation and image quality optimized for the highest levels of filmmaking and video production.

This agreement will merge the strengths of both companies. The Company's expertise in product development, exceptional reliability, and know-how in image processing, as well as optical technology and user interface along with RED's knowledge in cinema cameras, including unique image compression technology and color science, will enable the development of distinctive products in the professional digital cinema camera market.

The Company and RED will merge the strengths of both companies to expand the fast-growing professional digital cinema camera market while leveraging the business foundations and networks of both companies.

(c) Legal Form of Business Combination

Acquisition of equity interest for cash consideration

(d) Date of Business Combination

April 8, 2024

(e) Percentage of Voting Equity Interests Acquired

100%

(2) Acquisition Cost of the Acquired Company and Breakdown by Type of Consideration

(Millions of yen)

Item	Amount
Cash	13,167
Total acquisition cost (Note)	13,167

Note: Pursuant to the Membership Interest Purchase Agreement for the transaction, price adjustments will be made based on the amount to reflect any increase or decrease in working capital and other items up to the closing date.

As the initial accounting for the business combination has not been completed at this moment, detailed information on the accounting is not disclosed.