



Financial results for the 2nd quarter of the year ending March 31, 2021

November 5, 2020

1. Report on the status of management
2. Financial results for the 2nd quarter of the year ending March 31, 2021
3. Forecast for the year ending March 31, 2021

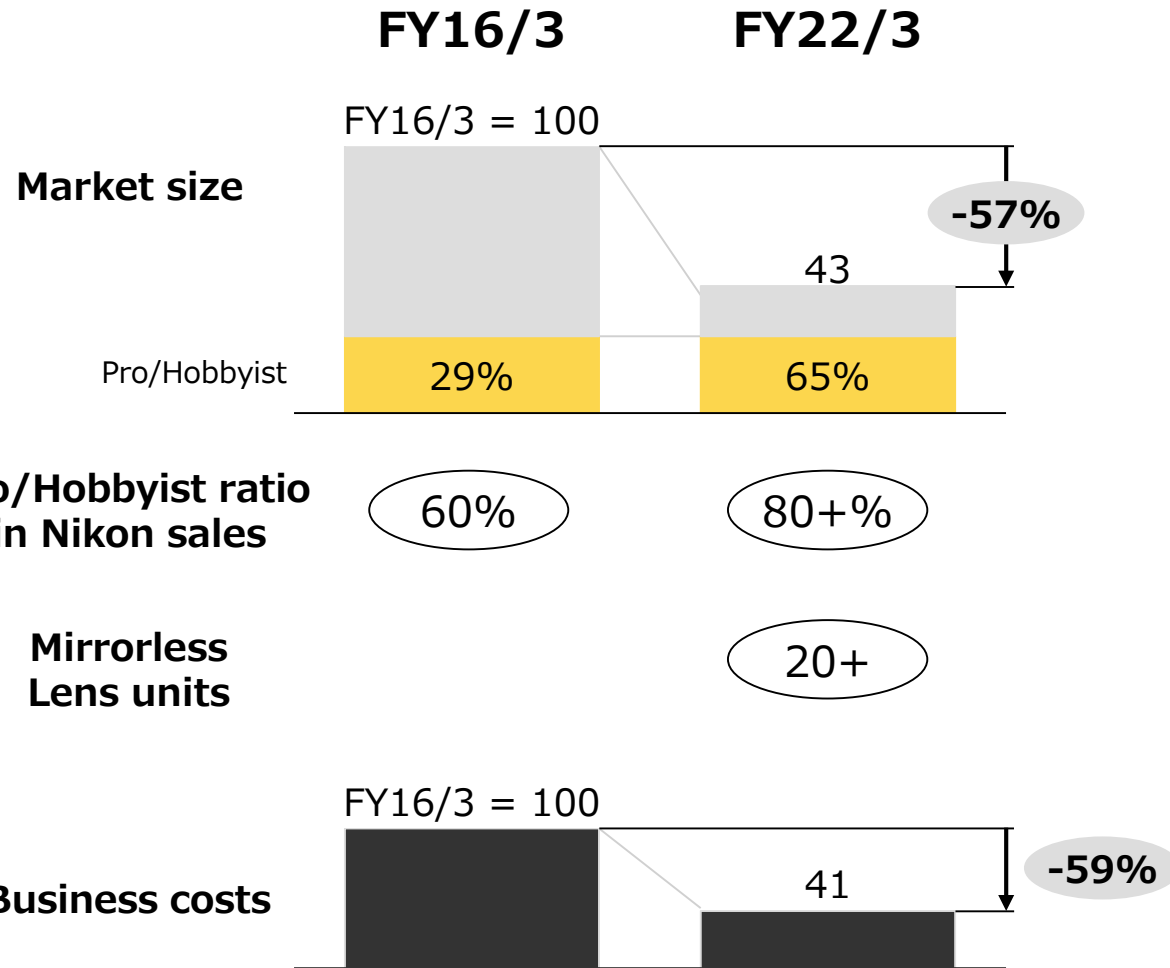
Management challenges and measures



External environment	Sluggish recovery in global economy amid many global risks including COVID-19.
Business performance	Despite remaining harsh management environment, the improvement trends compared to previous forecast
Impact of COVID-19	Address challenges, and promote localization and digitalization, on the assumption that impact of COVID-19 will continue.
Cost reforms	Reduce costs by ¥80.0B or more (Imaging Products Business: ¥63.0B + Headquarters and procurement costs: ¥18.0B), given future business scale.
Business operation	Imaging Products Business, accelerate shift to sustainable earnings model.
Secure stable earnings	Precision Equipment Business, strengthen earnings base given uncertainties on horizon in FY2023/3 and beyond.
Invest in growth	Prioritize allocation of capital into strategic investments to secure new core pillars of business and lead toward sustainable growth.

Complete restructuring by the end of FY2022/3 and make all businesses profitable

Imaging Products Business: Shift to a sustainable business model



Market environment assumptions
Pro/Hobbyist continue to be rock supporter layer post-COVID-19.

Direction for product planning and development
Focus on high-end models for pro/hobbyist.
Differentiate with large mount lenses.

Sales strategy focusing on profitability
Increase profitability by improving product mix and reviewing sales policies.

Optimize non-current costs structure
Achieve business cost reduction quicker than the pace of market shrinkage and consolidate production.

Enter new fields including BtoB
Actively leverage image processing, sensing technology, etc.

Turn back to a business unit making a profit even at the revenue below ¥150.0B through restructuring and expanding mirrorless camera and lens lineup as well as shifting to high-end products

Precision Equipment Business: Build a balanced earnings portfolio



Understanding of business environment

FPD Lithography business solid for a while.
Semiconductor Lithography business entering tough phase.

FPD Lithography Business

Demand for large-panel systems strong through next fiscal year.
Expanding share in small and mid-size panels.

Semiconductor Lithography Business

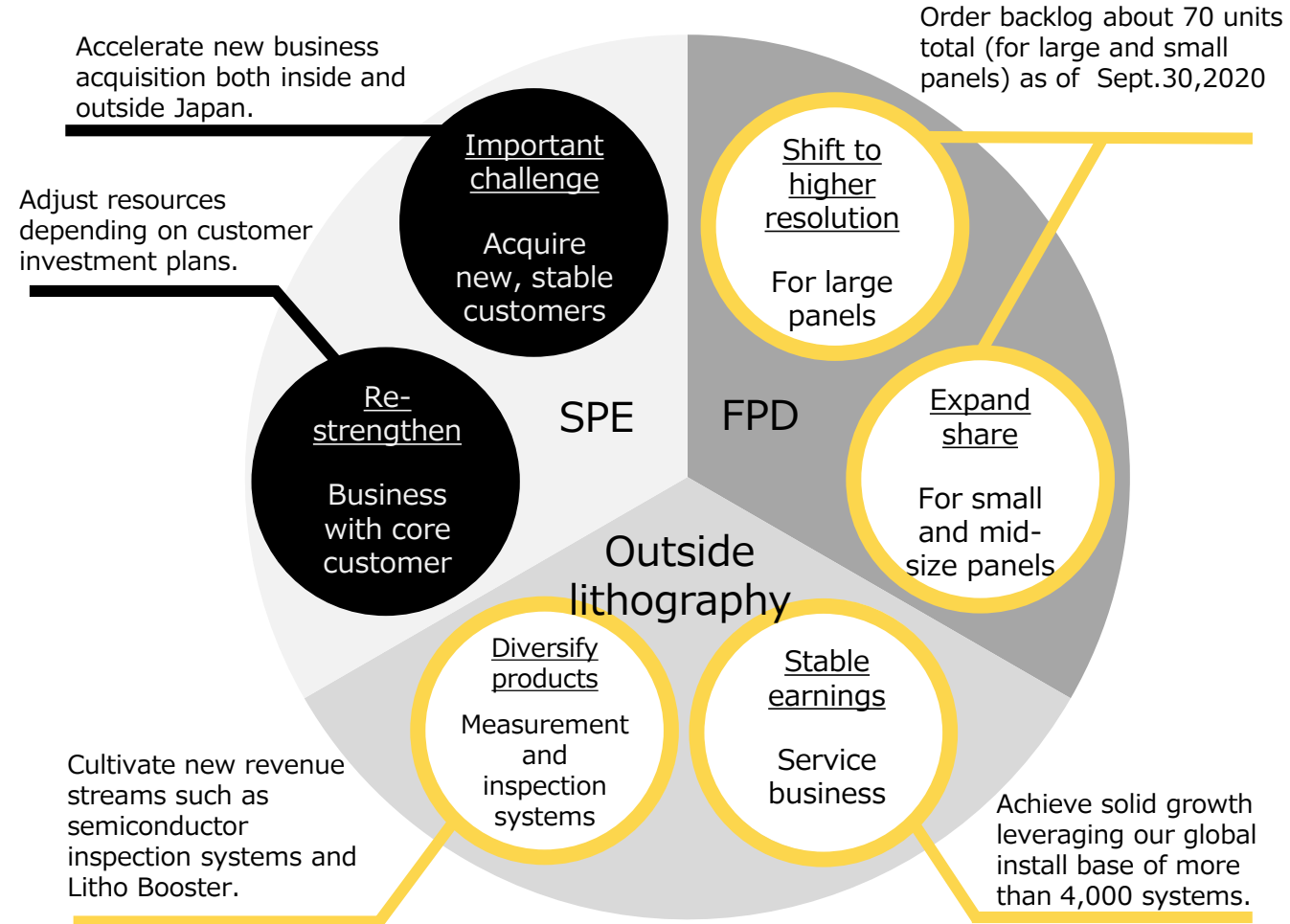
Remain agile in reviewing business operations to respond to trends
at core customer.

Diversify revenue streams

In addition to service business, expand into peripheral areas
including measurement and inspection system for applications
including EUV.

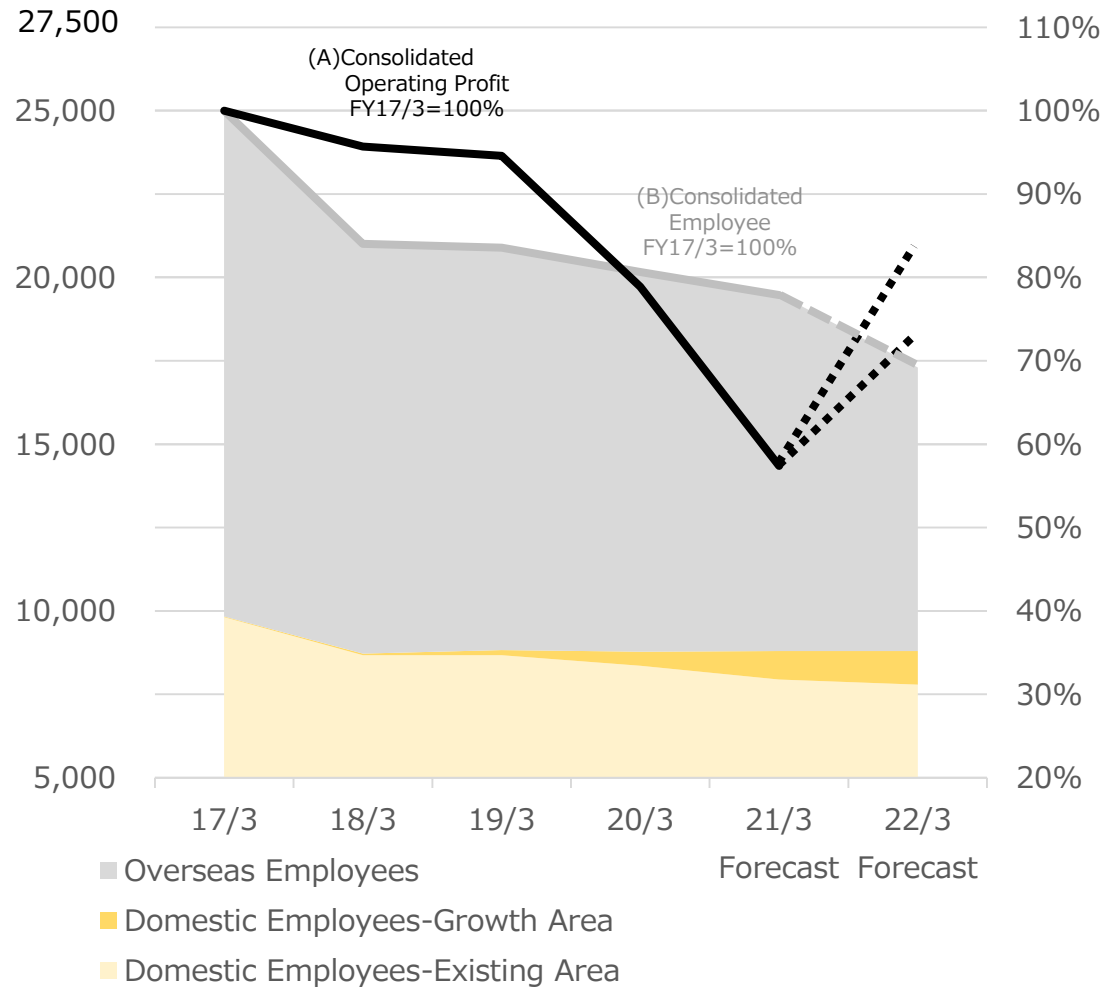
Establish solid business base

Post COVID-19, strengthen overseas support and advance
localization.



Diversify revenue streams besides FPD to strengthen ability to generate solid earnings

Optimization of headcount and shift of resources to growth area



Consolidated revenue
Revenue hits bottom this year and rises again next year and beyond

Consolidated headcount
Optimize to structure scaled to meet future revenue

Overseas headcount
Streamline through optimization of production structure and reorganization of sales companies

Domestic headcount
Maintain current levels and shift to growth area

Recover revenue and implement cost reforms including headcount optimization aiming for stable profitability in FY2022/3 and beyond



Return to sustainable growth



Realize sustainable growth through steadily solving management issues based on sound financial condition and management foundation

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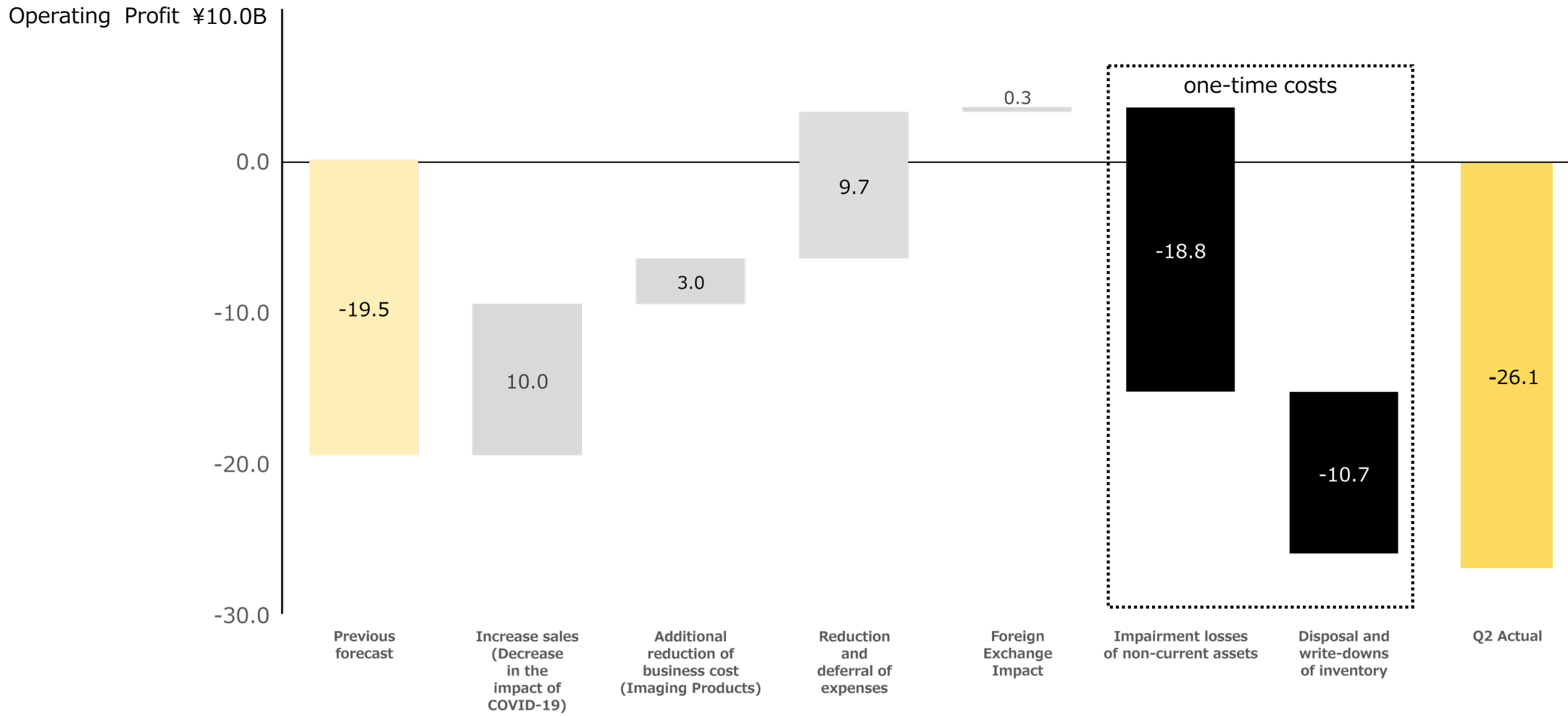
2nd quarter of the year ending March 31, 2021: Financial Highlights



Billions of yen	FY2020/3 (A)	Q2	FY2021/3 (B)	Q2	Change (B)-(A)
Revenue	148.1		110.9		-37.2
Operating Profit	8.2		-26.1		-34.3
% vs Revenue		5.5%		-23.5%	
Profit before income taxes	9.4		-19.6		-29.0
% vs Revenue		6.3%		-17.7%	
Profit attributable to owners of the parent	8.1		-18.0		-26.1
% vs Revenue		5.5%		-16.2%	
FCF	4.5		6.1		+1.6
Exchange rate :					Impact on Revenue
US \$	¥107		¥106		+0.1
EURO	¥119		¥124		Impact on Operating Profit +0.7

FCF improved. Operating Profit was positive ¥4.5B, excluding ¥29.6B in one-time costs (impairment losses of non-current assets, disposal and write-down of inventory) and ¥1.0B in restructuring relevant expenses

2nd quarter of the year ending March 31, 2021: Operating deficit breakdown



Q2 profit improved to positive in real terms. Meanwhile, large-scale impairment losses of non-current assets and, disposal and write-down of inventory were implemented to mitigate future risks

Note: Q2 Restructuring relevant expenses of Imaging Product Business mostly in line with plan at -¥1.0B (1H cumulative: ¥1.3B), of which -¥0.1B comprised impairment losses of non-current assets.

Summary for the 1H of the year ending March 31, 2021



1H Actual

- **Revenue:** **¥175.6B**
- **Operating profit:** **-¥46.6B**

YoY

- **Revenue:** **Down ¥115.4B**
- **Operating profit:** **Down ¥64.1B**
 - **Imaging Products:** Down ¥29.4B on impact of market shrinkage and COVID-19, as well as ¥15.6B in impairment losses of non-current assets.
 - **Precision Equipment:** Down ¥32.0B on impact of COVID-19 and ¥9.2B in disposal and write-down of inventory.

vs. previous forecast

- **Revenue:** **Surpassed by ¥10.6B**
- **Operating profit:** **Down ¥6.6B**
 - **Imaging Products:** Improved ¥8.2B excluding impairment losses of non-current assets as sales recovered more than expected amid COVID-19.
 - **Precision Equipment:** Resumption of FPD installation work progressing well. Improved ¥5.2B excluding disposal and write-down of inventory.
 - **Healthcare:** Improved ¥2.7B as sales beat forecast and expenses were controlled.
 - **Industrial Metrology & Others:** Improved ¥2.3B, excluding ¥3.2B impairment losses of non-current assets.

Note: Amounts in this statement are rounded down to the hundred millions of yen.

1H of the year ending March 31, 2021: Financial Highlights



Billions of yen	FY2020/3 1H (A)	Previous forecast(Aug. 6) (B)	FY2021/3 1H (C)	Change (C)-(A)	Change (C)-(B)
Revenue	291.0	165.0	175.6	-115.4	+10.6
Operating Profit % vs Revenue	17.5 6.0%	-40.0 -24.2%	-46.6 -26.5%	-64.1	-6.6
Profit before income taxes % vs Revenue	20.1 6.9%	-35.0 -21.2%	-38.8 -22.1%	-58.9	-3.8
Profit attributable to owners of the parent % vs Revenue	16.3 5.6%	-25.0 -15.2%	-31.5 -17.9%	-47.8	-6.5
FCF	3.8	—	-12.1	-15.9	—
Exchange rate :				Impact on Revenue	
US \$	¥109	¥106	¥107	-1.6	+2.0
EURO	¥121	¥117	¥121	Impact on Operating Profit	
				+0.4	+0.3

¥5.8B valuation on Berkeley Lights, Inc. (USA) shares reflected in profit before income taxes and profit attributable to owners of the parent

1H of the year ending March 31, 2021: Financial Highlights by Segments



Billions of yen		FY2020/3 1H (A)	FY2021/3 1H (B)	Change (B)-(A)
Imaging Products Business	Revenue	119.0	64.4	-46%
	Operating Profit	2.0	-27.4	-¥29.4B
Precision Equipment Business	Revenue	117.6	63.8	-46%
	Operating Profit	26.0	-6.0	-¥32.0B
Healthcare Business	Revenue	30.0	25.7	-14%
	Operating Profit	-1.2	-2.3	-¥1.1B
Industrial Metrology and Others	Revenue	24.2	21.7	-10%
	Operating Profit	1.8	-2.9	-¥4.7B
Corporate P/L non-attributable to any reportable segments	Revenue	—	—	—
	Operating Profit	-11.1	-7.8	+¥3.3B
Consolidated	Revenue	291.0	175.6	-40%
	Operating Profit	17.5	-46.6	-¥64.1B

Corporate P/L non-attributable to any reportable segments surpassed ¥5.4B YoY, excluding the gain from unused land sales of ¥3.8B and the loss from restructuring relevant expenses of ¥1.7B posted in previous year

Note: Corporate P/L non-attributable to any reportable segments includes elimination of intersegment transactions that amount to -¥1.7B for 1H of FY2020/3 and ¥0.4B for 1H of FY2021/3.

1H of the year ending March 31, 2021: Imaging Products Business



Billions of yen	FY2020/3 1H (A)	Previous Forecast (Aug.6) (B)	FY2021/3 1H (C)	Change (C)-(A)	Change (C)-(B)
Revenue	119.0	55.0	64.4	-54.6	9.4
Operating Profit	2.0	-20.0	-27.4	-29.4	-7.4
% vs Revenue	1.7%	-36.4%	-42.5%		
Digital Camera- Interchangeable Lens type (units sold: 1,000)	800	—	380	-420	—
Interchangeable Lens (units sold: 1,000)	1,310	—	610	-700	—
Compact DSC (units sold: 1,000)	500	—	120	-380	—

- **YoY:** Revenue and profit declined due to decreased sales volumes of DSLR cameras under the impact of COVID-19 and impairment losses on production equipment at production site in Thailand, etc. Mirrorless camera sales volumes increased compared to last year and the percentage of revenue from models targeting pro/hobbyist also increased steadily.
- **Vs. previous forecast:** Operating Profit deteriorated ¥7.4B on impairment losses of non-current assets (-¥15.6B). In real terms, business P/L improved ¥8.2B excluding the impairments through additional cost reductions in business costs as well as a better-than-expected market recovery from the impact of COVID-19.

1H of the year ending March 31, 2021: Precision Equipment Business



Billions of yen	FY2020/3 1H (A)	Previous Forecast (Aug.6) (B)	FY2021/3 1H (C)	Change (C)-(A)	Change (C)-(B)
Revenue	117.6	65.0	63.8	-53.8	-1.2
Operating Profit % vs Revenue	26.0 22.1%	-2.0 -3.1%	-6.0 -9.4%	-32.0	-4.0
FPD Lithography Systems (units)	18	—	5	-13	—
Semiconductor Lithography Systems New/Refurbished (units)	14/4	—	6/3	-8/-1	—

- **YoY:** Resumed FPD installations in July yet, only 5 systems were installed in 1H. Semiconductor systems sales volumes decreased substantially as our major customer is at their shifting point of investment. The business as a whole fell into the red as revenue declined and, in the Semiconductor Lithography Business, a write-down of inventory of ¥9.2B was taken due to converting non-current assets for strengthening development to realize miniaturization and new customer acquisitions.
- **Vs. previous forecast:** In real terms (excluding disposal and write-down of inventory), business P/L improved ¥5.2B as installations resumed steadily under COVID-19 in the profitable FPD business and some sales planned for 2H were pulled forward into 1H.

1H of the year ending March 31, 2021: Healthcare Business



Billions of yen	FY2020/3 1H (A)	Previous Forecast (Aug.6) (B)	FY2021/3 1H (C)	Change (C)-(A)	Change (C)-(B)
Revenue	30.0	22.0	25.7	-4.3	+3.7
Operating Profit	-1.2	-5.0	-2.3	-1.1	+2.7
% vs Revenue	-4.0%	-22.7%	-8.9%		

- **YoY:** Revenue decreased significantly for both biological microscopes and retinal diagnostic imaging systems in our largest market, the Americas, as a result of the COVID-19.
- **Vs. previous forecast:** Biological microscopes were mostly in line with plan as Europe made up for the decline in the Americas. Sales of retinal diagnostic imaging systems beat plan, driven by the results of systems for optometrists in the USA and the benefits from sales force enhancements in Europe. Loss halved in the 1H on revenue growth coupled with controlled expenses. Q2 operating profit was in the black.

1H of the year ending March 31, 2021: Industrial Metrology Business and Others



Billions of yen	FY2020/3 1H (A)	Previous Forecast(Aug.6) (B)	FY2021/3 1H (C)	Change (C)-(A)	Change (C)-(B)
Revenue	24.2	23.0	21.7	-2.5	-1.3
Operating Profit	1.8	-2.0	-2.9	-4.7	-0.9
% vs Revenue	7.4%	-8.7%	-13.4%		

- **YoY:** Revenue decreased in Industrial Metrology as customers reined in capital investments amid the COVID-19. The segment as a whole was in the red due to part of ¥3.2B impairment losses of non-current assets in Others mostly in domestic production facilities related to the Imaging Products.
- **Vs. previous forecast:** Sales were mostly in line with plan in Industrial Metrology, but fell short of plan in Others. Operating profit improved to ¥2.3B, excluding impairment losses of non-current assets, due to reined in expenses.

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Forecast for the year ending March 31, 2021



Revenue

- **Company total forecast: Revised upward ¥10.0B to ¥430.0B**
 - **Imaging Products:** Revised upward ¥10.0B, reflecting 1H performance.
 - **Healthcare:** Revised upward ¥3.0B, reflecting 1H performance.
 - **Industrial Metrology and Others:** Revised downward ¥3.0B, reflecting 1H results.

Operating profit

- **Company total: -¥75.0B (unchanged)**
 - **Imaging Products:** Revised downward ¥5.0B, reflecting ¥15.6B in impairment losses of non-current assets despite of better sales performance and further cost reductions in 1H .
 - **Precision Equipment:** Revised downward ¥9.0B, reflecting ¥9.2B in disposal and write-down of inventory.
 - **Healthcare:** Revised upward ¥1.0B on increased revenue.
 - **Industrial Metrology and Others:** Revised down ¥2.0B due to ¥3.2B impairment losses of non-current assets, etc.
 - **Corporate P/L non-attributable to any reportable segments:** Revised upward ¥15.0B due to the use of ¥20.0B special factor announced Aug.6, etc.

Profit attributable to owners of the parent

- **Company total forecast: -¥50.0B (unchanged)**

Shareholder returns

- **Annual dividend ¥20, interim ¥10 (unchanged)**

Forecast for the year ending March 31, 2021: Financial Highlights



Billions of yen	FY2020/3 (A)	Previous Forecast(Aug.6) (B)	New Forecast (Nov.5) (C)	Change (C)-(A)	Change (C)-(B)
Revenue	591.0	420.0	430.0	-161.0	+10.0
Operating Profit	6.7	-75.0	-75.0	-81.7	±0
% vs Revenue	1.1%	-17.9%	-17.4%		
Profit before income taxes	11.8	-70.0	-70.0	-81.8	±0
% vs Revenue	2.0%	16.7%	-16.3%		
Profit attributable to owners of the parent	7.6	-50.0	-50.0	-57.6	±0
% vs Revenue	1.3%	-11.9%	-11.6%		
EPS	¥19.93	-¥136.19	-¥136.19	-¥156.12	±0
Annual Dividends	¥40	¥20	¥20	-¥20	±0
Exchange rate :	US \$	¥109	¥106	Impact on revenue	
				-7.2	+2.0
				Impact on Operating Profit	
EURO	¥121	¥116	¥118	-1.0	+0.3

Note: EPS (Basic Earning per Share) = Profit attributable to owner of the parent / Average number of shares during the term
 Approx. 0.386B shares, an average over the number of shares at the end of FY2020/3, approx. 0.367B, and the expected number of shares at the end of FY2021/3.

FY2021/3 Full Year Forecast: Major Changes from August Forecast



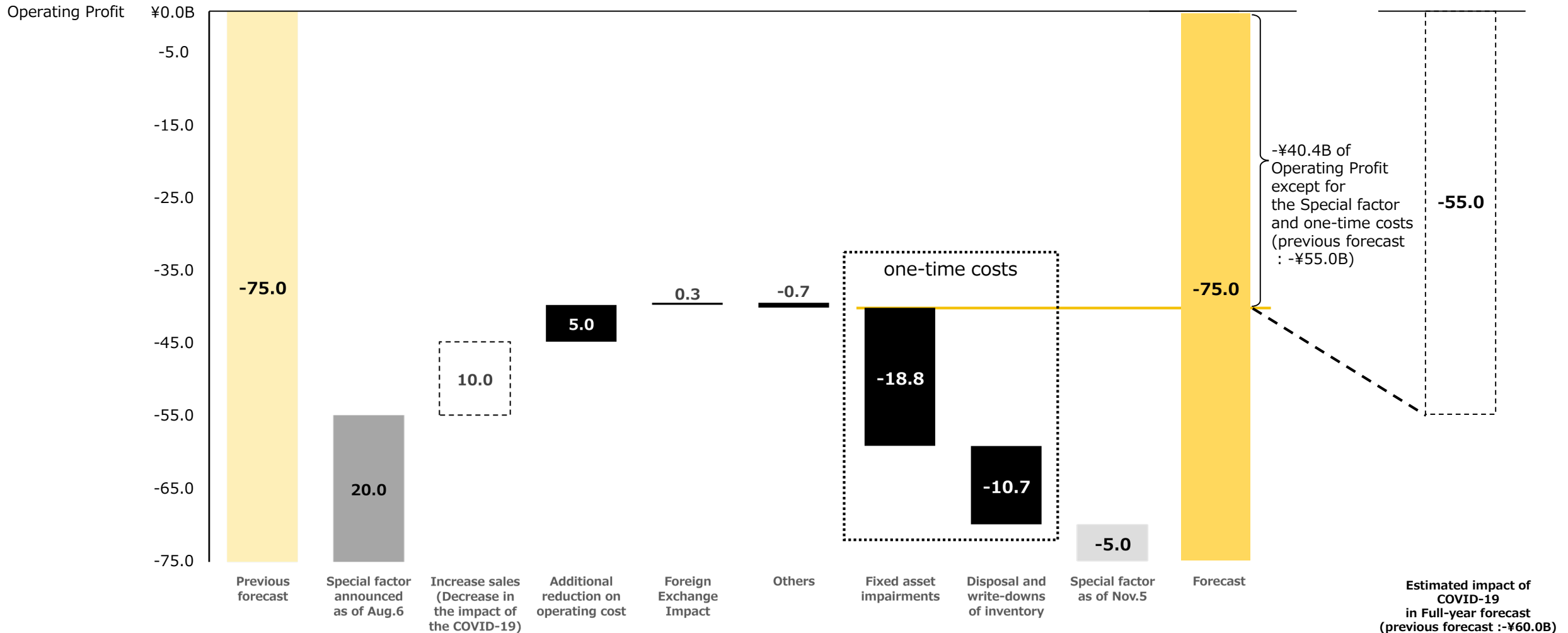
Unit: ¥Billion		Previous forecast (8/6)	Change in Imaging Products	Change in Precision Equipment	Change in other businesses	Total impact	Current forecast (11/5)
Revenue	Increase sales (Decrease in impact from COVID-19)		8.0	10.0	2.0	20.0	
	Delays in sales and foreign exchange, etc.		2.0	-10.0	-2.0	-10.0	
	Consolidated	420.0	10.0	0	0	10.0	430.0
Operating profit	Increase sales (Decrease in impact from COVID-19)		4.0	5.0	1.0	10.0	
	Additional reduction of business costs		5.0	0	0	5.0	
	Impairment losses of non-current assets		-15.6	0	-3.2	-18.8	
	Disposal and write-down of inventory		-0.4	-9.2	-1.1	-10.7	
	Other and decrease in special factor		2.0	-4.8	17.3	14.5	
Consolidated	-75.0	-5.0	-9.0	14.0	0	-75.0	

Decrease due to COVID-19 (Operating Profit)	:Imaging Products	¥4.0B	Amid COVID-19, sales of existing products steadily performed, beating previous forecast.
	Precision Equipment	¥5.0B	Resumption of FPD installations proceeding well. Sale of 4 FPD lithography systems pulled forward from next year.
	Other businesses	¥1.0B	Healthcare Business sales beat plan.
Additional reduction of business costs	:Imaging Products	¥5.0B	Increased from ¥15.0B to ¥20.0B this year and from ¥60.0B to ¥63.0B cumulatively.
Impairment losses of non-current assets	:Imaging Products	-¥15.6B	Impairment losses on production equipment inside and outside Japan, including the Thailand Plant.
	Other businesses	-¥3.2B	Impairment losses on equipment related to Imaging Products Business mostly in domestic production facilities.
Disposal and write-down of inventory	:Precision Equipment	-¥9.2B	Write-down of inventory converting non-current assets for strengthening development to realize miniaturization and new customer acquisitions

Note: Numbers excluding one-time costs are rounded to the first decimal point.

The impairment losses of non-current assets of Imaging Products Business of ¥15.6B include restructuring relevant expenses of ¥0.1B. (the total amount of restructuring relevant expenses of Imaging Products Business for 1H: ¥1.3B)

Forecast for the year ending March 31, 2021: Operating deficit breakdown



Actively address issues to realize profitability in all the businesses in next FY
 Operating profit of existing businesses improved from previous forecast excluding one-time costs

Note: One-time costs of approximately ¥29.6B posted in 2Q include impairment losses of non-current assets of ¥18.8B, and disposal and write-down of inventory of ¥10.7B.

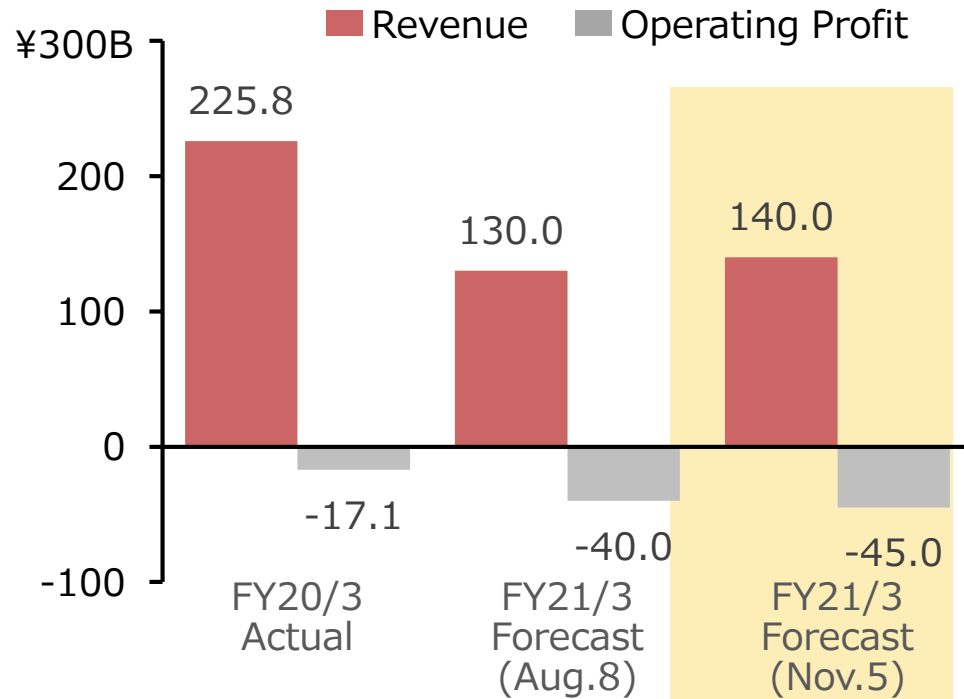
Forecast for the year ending March 31, 2021: Financial Highlights by Segments



Billions of yen		FY2020/3 (A)	Previous Forecast(Aug.6) (B)	New Forecast(Nov.5) (C)	Change (C)-(A)	Change (C)-(B)
Imaging Products Business	Revenue	225.8	130.0	140.0	-38.0%	+7.7%
	Operating Profit	-17.1 (-14.4)	-40.0 (-35.0)	-45.0 (-40.0)	-¥27.9B	-¥5.0B
Precision Equipment Business	Revenue	245.0	175.0	175.0	-28.6%	± 0 %
	Operating Profit	48.0 (48.0)	10.0 (10.0)	1.0 (1.0)	-¥47.0B	-¥9.0B
Healthcare Business	Revenue	62.0	57.0	60.0	-3.2%	+5.3%
	Operating Profit	-2.4 (-2.4)	-5.0 (-5.0)	-4.0 (-4.0)	-¥1.6B	+¥1.0B
Industrial Metrology and Others	Revenue	58.0	58.0	55.0	-5.2%	-5.2%
	Operating Profit	1.8 (1.8)	0 (0)	-2.0 (-2.0)	-¥3.8B	-¥2.0B
Corporate P/L non- attributable to any reportable segments	Revenue	—	—	—	—	—
	Operating Profit	-23.6 (-21.9)	-40.0 (-40.0)	-25.0 (-25.0)	-¥1.4B	+15.0B
Consolidated	Revenue	591.0	420.0	430.0	-27.2%	+2.4%
	Operating Profit	6.7 (11.2)	-75.0 (-70.0)	-75.0 (-70.0)	-¥81.7B	±¥0B

Note: Operating Profit figures in parentheses are the operating profit excluding restructuring relevant expenses.

Forecast for the year ending March 31, 2021: Imaging Products Business



• Revenue: Down ¥85.8B YoY

- Sales volumes decreased substantially due to market shrinkage and the impact of COVID-19. Reflecting 1H results, revenue has been revised up ¥10.0B, and sales volumes have been revised up 50k units for DCIL and 100k units for interchangeable lenses, compared to previous forecast. 2H sales volumes assumptions remain unchanged.
- This year 3 new models of full-frame mirrorless cameras for pro/hobbyist and 7 lenses for mirrorless cameras will be added, making the lineup of 18 lenses.

• Operating Profit: Down ¥27.9B YoY

- Revised down just ¥5.0B compared to previous forecast after booking ¥15.6B in impairment losses of non-current assets, thanks to increased revenue and additional reduction of business costs.
- Business cost reductions over the span of the mid-term management plan increased ¥3.0B to ¥63.0B. Business cost reductions in FY2020/3 amounted to ¥25.0B or more. This year, ¥5.0B in cuts have been added or pulled forward to bring the planned amount for FY2021/3 to ¥20.0B.
- Restructuring relevant expenses planned for this year will be about ¥5.0B, compared to ¥2.7B last year.

Digital Camera-Interchangeable Lens type (units:1,000)

Market Scale	7,920	4,800	5,000
Nikon	1,620	800	850

Interchangeable lenses (units:1,000)

Market Scale	13,370	8,000	8,300
Nikon	2,650	1,300	1,400

Compact DSC(units:1,000)

Market Scale	6,190	2,900	2,900
Nikon	840	250	250

Mid/long-term forecast for Imaging Products Business



Market environment assumptions

Market shrinkage continues (A)

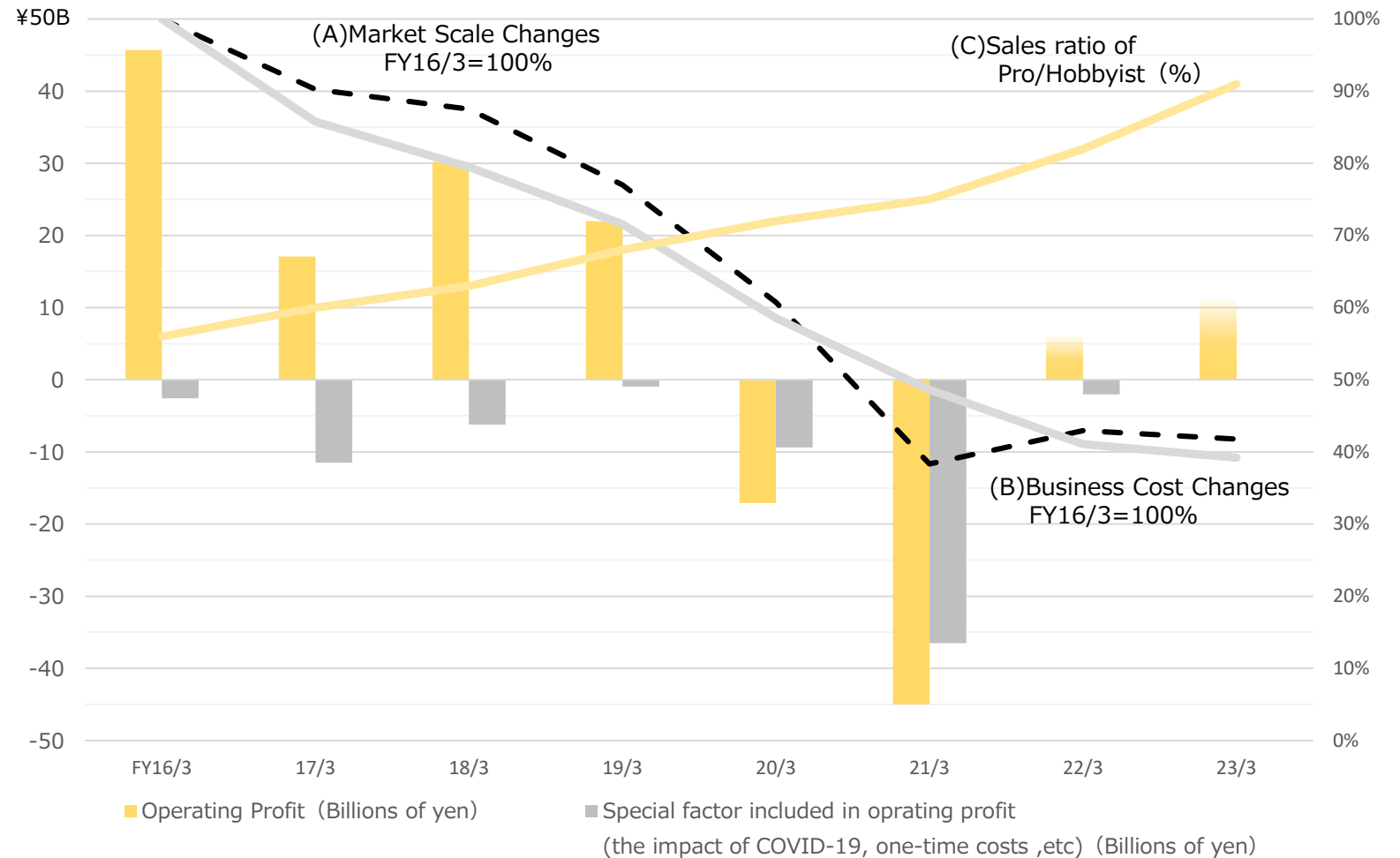
Optimize non-current costs structure

Reduce ¥63.0B of business costs at a pace that is quicker than market shrinkage (B)

Substantially lower the breakeven point through improving productivity, production consolidation, headcount optimization and impairment losses of equipment.

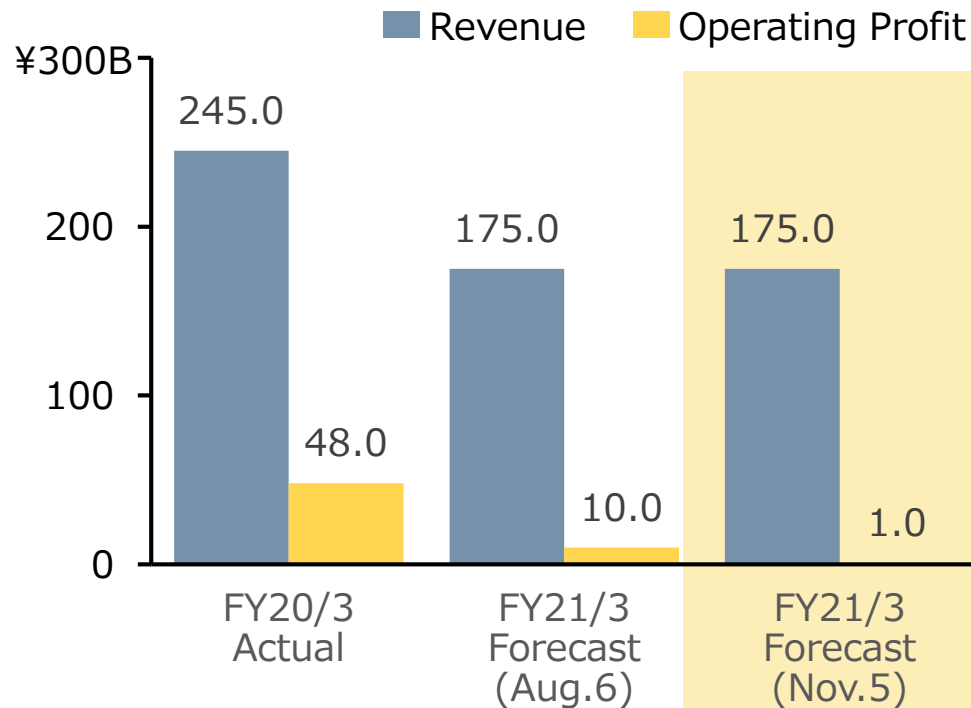
Qualitative improvement in revenue

Focus on pro/hobbyist(C) when product planning, development and sales



Shift to a structure that secures profits constantly even when revenue drops, through strengthening the business structure and diverting the sales and product mix

Forecast for the year ending March 31, 2021: Precision Equipment Business



• Revenue: Down ¥70.0B YoY

- FPD: Capex for small and mid-sized panels recovering. Capex for large panels are moving steadily.
- FPD: Some installations that had been paused since February resumed as of July. Restrictions remain on installation work; however, installations progressed, and sales volumes increased by 4 systems compared to previous forecast.
- Semiconductor: Sales volumes decreased substantially as our major customer is at their shifting point of investment and some customers delay delivery or order due to the impact COVID-19. Sales volumes decreased by 2 systems (pushed out to the next year) due to customer request.

FPD Lithography Systems (units)

Market Scale (CY19/20)	90	55	55
Nikon	27	18	22

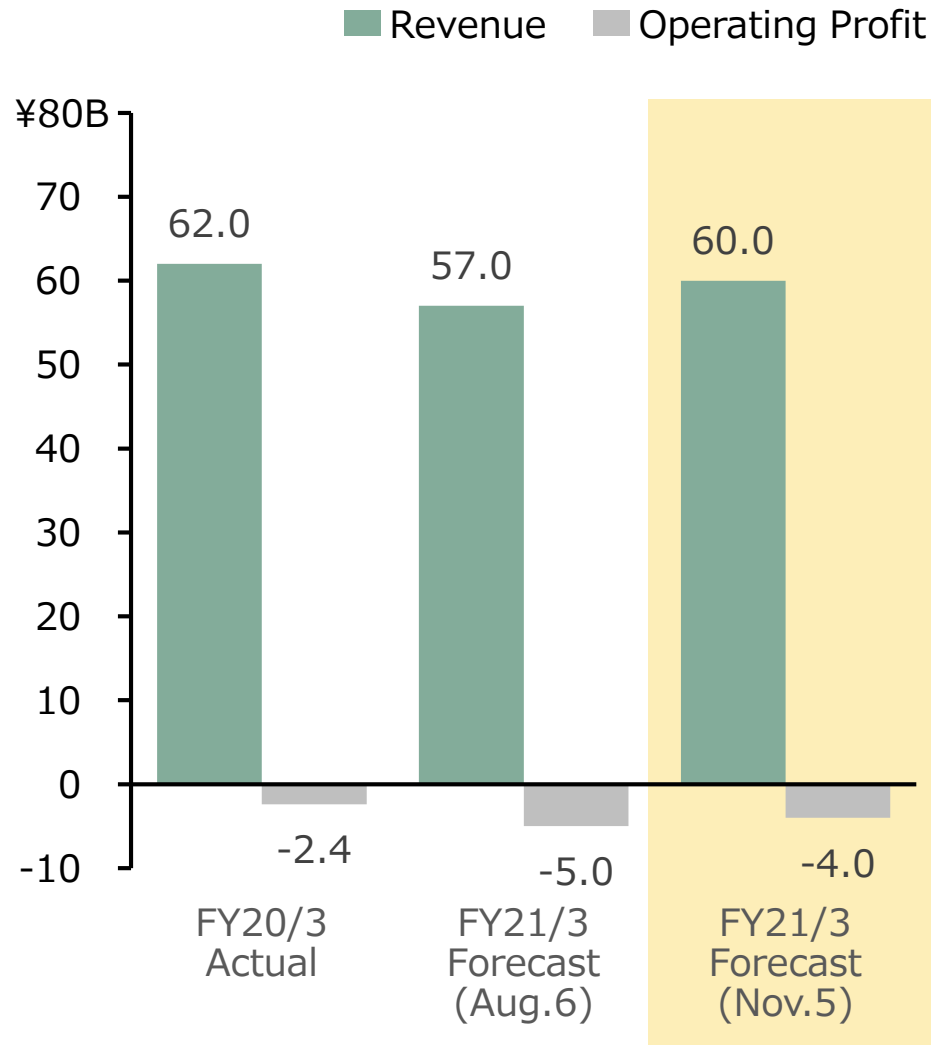
Semiconductor Lithography Systems (New/Refurbished, units)

Market Scale (CY19/20)	280	290	290
Nikon	34/11	19/10	17/10

• Operating Profit: Down ¥47.0B YoY

- The decline in profits will widen as the effect of declining revenue in FPD and Semiconductor couples with a substantial increase in R&D investment in growth areas.
- Revised down ¥9.0B, reflecting ¥9.2B in disposal and write-down of inventory, compared to previous forecast.

Forecast for the year ending March 31, 2021: Healthcare Business



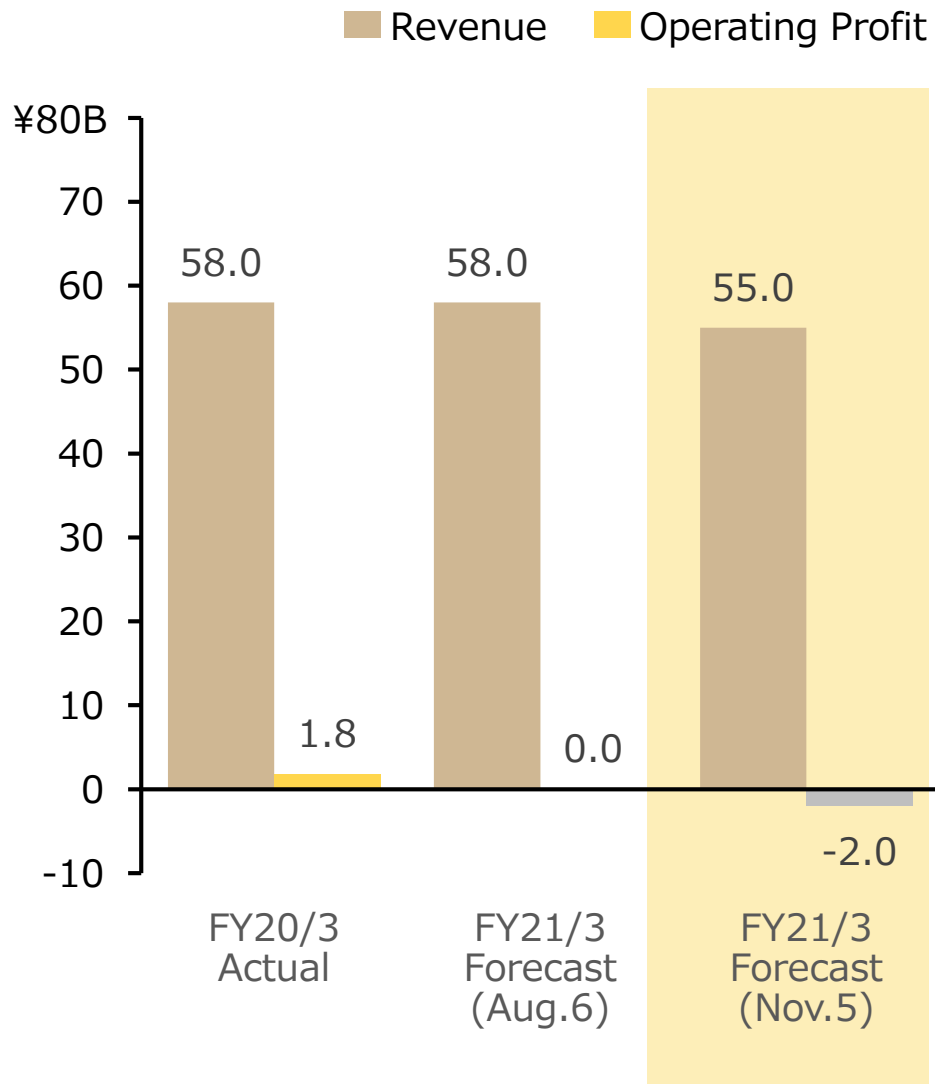
- **Revenue: Down ¥2.0B YoY**

- Large impact of declining sales in 1H outstrips a recovery in 2H as order-taking resumed in both biological microscopes and retinal diagnostic imaging systems. Revised upward ¥3.0B compared to previous forecast reflecting 1H performance.
- The contract cell manufacturing is progressing well on multiple projects. Next year, production will scale up; begin contributing to the performance.

- **Operating Profit: Down ¥1.6B YoY**

- Deficit is expanded YoY due to decline in revenue. Improved revenue compared to previous forecast help shrink deficit by ¥1.0B.
- Turning profitable for full year is delayed by a year due to the impact of COVID-19.

Forecast for the year ending March 31, 2021: Industrial Metrology Business and Others



• Revenue: Down ¥3.0B YoY

- Industrial Metrology Business is expected to see a recovery in orders in 2H. However, revenue will decrease substantially due to delays in recoveries of customer capex. related to electronics components and automotive.
- In Others, revenue in the Digital Solutions Business continues to grow on the business alliance with DMG MORI CO., LTD., collaboration with Velodyne LiDAR, Inc. including lidar sensor production and the components business. However, for the segment as a whole, revised downward forecasts ¥30.0B compared to the previous forecast, reflecting 1H results.

• Operating Profit: Down ¥3.8B YoY

- Posted impairment losses of non-current assets of ¥3.2B mostly in domestic production sites related to the Imaging Products Business.
- Downward revision stays within ¥2.0B on expense restraints in Industrial Metrology and Others.

