This is a translation of the original Japanese “Items Disclosed on Internet Concerning Notice of the 157th Annual General Shareholders’ Meeting” prepared for the convenience of non-Japanese speakers. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

(Translation)

Items Disclosed on Internet Concerning Notice of the 157th Annual General Shareholders’ Meeting

Pursuant to the relevant laws and regulations and the provisions of the Company’s Articles of Incorporation, among documents to be attached to this notice, matters to be described or presented in Subscription Rights to Shares and Framework to Ensure Fair Business Activity as part of the Business Report; Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements as part of Consolidated Financial Statements; and Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements as part of Non-Consolidated Financial Statements are posted on the Company’s website with the following URL: https://www.nikon.com/about/ir/stock_info/meeting/.

NIKON CORPORATION

Subscription Rights to Shares

(i) Subscription rights to shares held by the Company's Directors that were granted as remuneration for duties performed (as of March 31, 2021)

Issue number (date of issue)	Number of subscription rights to shares	Type and number of shares to be issued	Issue price per right (yen)	Exercise price per right (yen)	Exercise period	Status of holding [number of subscription rights to shares (number of holders)]	
						Directors (excluding Audit and Supervisory Committee Members)	Directors (Audit and Supervisory Committee Members)
5th issue (August 27, 2007)	21	2,100 shares of the Company's common stock	325,900	100	From August 28, 2007 to August 27, 2037	21 (2)	–
6th issue (November 25, 2008)	132	13,200 shares of the Company's common stock	73,400	100	From November 26, 2008 to November 25, 2038	101 (2)	31 (1)
7th issue (August 10, 2009)	71	7,100 shares of the Company's common stock	140,800	100	From August 11, 2009 to August 10, 2039	54 (2)	17 (1)
8th issue (July 14, 2010)	67	6,700 shares of the Company's common stock	152,700	100	From July 15, 2010 to July 14, 2040	51 (2)	16 (1)
9th issue (March 19, 2012)	111	11,100 shares of the Company's common stock	203,700	100	From March 20, 2012 to March 19, 2042	71 (2)	40 (1)
10th issue (August 23, 2012)	184	18,400 shares of the Company's common stock	172,600	100	From August 24, 2012 to August 23, 2042	134 (3)	50 (1)
11th issue (August 1, 2013)	242	24,200 shares of the Company's common stock	163,200	100	From August 2, 2013 to August 1, 2043	189 (3)	53 (1)
12th issue (August 1, 2014)	419	41,900 shares of the Company's common stock	118,300	100	From August 2, 2014 to August 1, 2044	346 (3)	73 (1)
13th issue (July 28, 2015)	491	49,100 shares of the Company's common stock	104,000	100	From July 29, 2015 to July 28, 2045	393 (3)	98 (1)
14th issue (July 29, 2016)	447	44,700 shares of the Company's common stock	121,300	100	From July 30, 2016 to July 29, 2046	350 (3)	97 (1)
15th issue (July 27, 2017)	226	22,600 shares of the Company's common stock	168,100	100	From July 28, 2017 to July 27, 2047	226 (3)	–
16th issue (April 23, 2018)	304	30,400 shares of the Company's common stock	164,400	100	From April 24, 2018 to April 23, 2048	304 (3)	–
17th issue (April 22, 2019)	778	77,800 shares of the Company's common stock	95,300	100	From April 23, 2019 to April 22, 2049	778 (3)	–
18th issue (April 17, 2020)	1,618	161,800 shares of the Company's common stock	37,400	100	From April 18, 2020 to April 17, 2050	1,618 (3)	–

Notes: 1. No subscription rights to shares have been granted to External Directors.
2. Subscription rights to shares held by Directors who are Audit and Supervisory Committee Members were granted when these individuals were Directors other than those who are Audit and Supervisory Committee Members or Officers.

(ii) Subscription rights to shares granted to employees, etc. as remuneration for duties performed during the fiscal year

The following subscription rights to shares were granted to Officers who do not concurrently serve as Directors.

Issue number (date of issue)	Number of subscription rights to shares	Type and number of shares to be issued	Issue price per right (yen)	Exercise price per right (yen)	Exercise period	Number of persons granted
18th issue (April 17, 2020)	3,120	312,000 shares of the Company's common stock	37,400	100	From April 18, 2020 to April 17, 2050	14

(iii) Other subscription rights to shares actually issued

None

Framework to Ensure Fair Business Activity

[Details of the Resolution]

We believe that the reinforcement of our company's corporate governance plays a pivotal role in achieving "a fair and transparent management deserving of stakeholders' confidence", and we intend to increase its effectiveness by improving the quality of our internal controls. We acknowledge that the achievement of effective and efficient business processes, the credibility of financial reports, the compliance with relevant laws and regulations, and the preservation of company's assets at our company and its subsidiaries (hereinafter the "Group") are the management's responsibility. Accordingly, we will prepare and refine a framework, including our internal regulations as well as our organization, to ensure fair business activity in compliance with the Japanese Companies Act and implementing regulations of the said Act.

(i) A framework to ensure that performance of duties of directors, etc. and employees of the Group is in compliance with relevant laws and regulations as well as the articles of incorporation

a. In order to permeate and establish awareness of corporate ethics, we have established the "Nikon Code of Conduct", which shows the Group's basic stance on corporate social responsibility and the standards of behavior to ensure sensible conduct by directors, officers and employees of the Group, based on a high level of morality, pursuant to relevant laws and regulations as well as internal regulations.

b. Putting special emphasis on a social responsibility-oriented management, we established the "CSR Committee", which aims at fostering, educating as well as disseminating CSR awareness. Established as its sub-committee, the "Business Conduct Committee" regularly performs its function in order to ensure legitimate, fair, and sound corporate behavior.

c. Regarding elimination of anti-social forces and groups, we have defined our basic approach in the "Nikon Code of Conduct". Additionally, we are establishing a system to liaison with attorneys and police forces, to take steadfast action as an organization.

d. The "Basic Policy on internal control over financial reporting" has been established to ensure credibility of financial reporting by the Group. Frameworks to enable the foregoing are being prepared and improved.

e. Internal Audit Department has been established as an independent organization. This Department examines whether operations within the Group are conducted in compliance with relevant laws and regulations as well as internal regulations, and when necessary, makes recommendations as to how such operations can be improved.

f. Structures are established and administered in order to fully implement compliance by the Group and prevent or correct behaviors that violate social regulations or corporate ethics. The "Code of Conduct Hotline" is being created as the report/consultation system in this respect.

(ii) A framework to ensure an efficient performance of duties, etc. by directors of the Group

a. At our company and domestic subsidiaries, the executive officer system provides a clear definition of the authority and responsibility in performance of an officer's duty, resulting in quick decision-making as well as an efficient performance of the officer's duty.

b. Rules of authority clearly define the scope of authority and responsibility for each post as well as each organization within the Group and are administered, to ensure organized and efficient performance of duties.

c. Meeting structures such as the “Executive Committee”, as well as other committees and meeting bodies are established and are administered at our company to enable efficient decision-making and performance of duties for the Group by directors of our company. Among such organizations, the Executive Committee primarily consists of full-time directors, deliberates about and resolves major issues regarding management, general internal controls, and guidelines about general operations of the company’s business, in accordance with the basic direction of management as determined by the Board of Directors. Major issues are reported to the Executive Committee by each department.

d. In accordance with our corporate philosophy of “Trustworthiness & Creativity”, management targets of the Group are defined within annual plans as well as within the Medium Term Management Plans, and implemented as specific measures. In order to achieve annual targets, management of operations is carried out through divisional organization. A meeting is regularly held to examine business issues and responses to them. The achievement level of annual targets is evaluated and validated based on the “Achievement Evaluation System”.

(iii) A framework aimed at preservation and control of information relating to the performance of duties by directors of our company

a. Information regarding resolutions, decisions, and reports pertaining to performance duties by directors of our company are preserved in documentary format and until such time as provided in the “Regulations of the Board of Directors”, the “Regulations of the Executive Committee”, and the “Nikon Group Information Management Rules”. The information control system is designed to allow access, when needed, from directors, as well as accounting auditors.

b. As for security of information, Information Security Department controls centralized management for information management within the Group and manages coordination and reinforcement of an information management framework within the Group. Further, the common rules in the Group are being established and these rules intend to make definitions of the access level per category and relevance, password control, measures for preventing leaks, manipulations and destructions of proprietary information and other matters generally and thoroughly known by directors, officers and employees within the Group.

(iv) A framework including rules concerning risk of the Group loss management

a. In accordance with our recognition of identification, assessment, and control of risk factors potentially affecting operations and business continuity as critical issues, we have established the “Risk Management Committee” and are developing a framework to appropriately control risks surrounding the Group by ascertaining risks based on expert knowledge in committees, including the “CSR Committee,” the “Business Conduct Committee,” the “Environmental Committee,” the “Export Control Committee,” and the “Quality Committee,” and establishing rules to address each risk and ensuring compliance with these rules.

b. A framework is in place whereby Internal Audit Department audits the status of risk control by the above committees, evaluates its effectiveness, and reports to the Board of Directors through the representative director when necessary, so that the Board of Directors can implement corrective measures.

(v) A framework regarding reporting to our company of matters related to performance of duties by directors of subsidiaries

A framework is being placed for important matters at subsidiaries to be reported and decided upon by our company in compliance with the “Decision and Reporting Rules for Subsidiaries”.

(vi) Implementation of matters concerning employees assisting the Audit and Supervisory Committee of our company, matters concerning these employees’ independence from other directors (excluding directors who are Audit and Supervisory Committee members), and a framework to ensure effectiveness of instructions given to these employees by the Audit and Supervisory Committee

a. Several employees are appointed as dedicated assistants to the Audit and Supervisory Committee who act in obedience to orders of the Audit and Supervisory Committee of our company in order to ensure an efficient procedure of the Audit and Supervisory Committee as well as to ensure the increased effectiveness of the audit.

b. Orders given by the Audit and Supervisory Committee to the assistants, transfer of the assistants, and evaluation of the assistants’ performance are ensured to be independent of officers who assume executive responsibilities.

(vii) A reporting framework for directors of the Group to the Audit and Supervisory Committee of our company, for other reporting to the Audit and Supervisory Committee of our company, and to ensure that reporting parties do not receive negative treatment as a result of such reports

a. An Audit and Supervisory Committee member of our company has the authority to attend major meetings. This ensures that the Audit and Supervisory Committee members have opportunities to constantly understand the status of operations and the decision-making process of the Group.

b. A framework is being developed to ensure appropriate and effective reporting to the Audit and Supervisory Committee of our company regarding facts that can potentially cause damage to our company, information obtained through the reporting/consultation system concerning corporate compliance, or items to be reported at the Audit and Supervisory Committee as previously agreed with directors.

c. Internal Audit Department reports the status of internal audit as well as the results of the audit to the Audit and Supervisory Committee of our company. The Audit and Supervisory Committee of our company maintains close coordination with Internal Audit Department by measures including requesting, if necessary, further investigations by Internal Audit Department.

d. We ensure that parties who make reports to the Audit and Supervisory Committee of our company do not receive negative treatment, including provisions in place within the “Confidentiality Rules of the Code of Conduct Hotline” to forbid retaliation against parties that make reports to the “Code of Conduct Hotline”, the report/consultation system.

(viii) Matters regarding policies related to processing expenses or liabilities arising from performance of duties by Audit and Supervisory Committee members of our company

Expenses related to the duties of Audit and Supervisory Committee members of our company are budgeted annually to a certain amount by request of Audit and Supervisory Committee, and for necessary expenses, our company makes payments that are in excess of the budget, pursuant to laws and regulations. Additionally, our company also makes payments, as required, for expenses required to appoint outside specialists.

(ix) A framework to ensure effective audit by the Audit and Supervisory Committee of our company

a. While ensuring independence of the Audit and Supervisory Committee of our company from management functions, this framework enables Audit and Supervisory Committee members of our company to hold regular meetings with the representative director in order to exchange opinions regarding issues to be dealt with by the company, or important tasks pertaining to audits, and to make necessary requests, consequently deepening the mutual understanding between them.

b. The Audit and Supervisory Committee of our company hold regular meetings with accounting auditors, to actively exchange opinions and information.

[Outline of Operational Status]

(i) Status of compliance

- The Group strove to engage in awareness building activities for all directors, officers and employees to embrace "Nikon Code of Conduct."
- The Group conducted an awareness survey in the Group companies in Japan and overseas and gave feedback on the survey results to each workplace as well as providing guidance for improvement as needed.
- The Group provided education related to competition laws and bribery prevention both in Japan and overseas in efforts to strengthen compliance.
- The Group reported on the status of compliance promotion activities such as various compliance education programs and the awareness survey, etc. to the Business Conduct Committee and gave feedback to each division to improve and enhance the compliance awareness.
- The Group strove to spread the Code of Conduct Hotline, while appropriately handling matters reported to the Hotline.

(ii) Status of risk management

- The Risk Management Committee was held twice a year within the Group.
- The Group performs risk assessment, and creates a "risk map" based on the result. "Risk map" displays the impact scale and event probability of risks. For items assessed as high risk, the Group considers counter measures with each division and makes effort to reduce the risk.
- The Group has established a risk management system to improve the Group's internal controls. The Group collects and analyzes risk information derived from issues raised by audits of Internal Audit Department, and monitors the status of improvement.

The results of these activities were reported to the Board of Directors.

(iii) Status of group management

- Regarding management of the Group as a whole, it has established a framework in which subsidiaries report significant matters to the Group, which will be authorized by the Group, in accordance with the "Regulations of the Executive Committee" and the "Decision and

Reporting Rules for Subsidiaries," etc. The Group has been conducting operations along with the framework.

- Each Group company develops and operates with decision-making standards in accordance with "Decision and Reporting Rules for Subsidiaries" and the laws and regulations of each country.

- Regarding preservation and control of information, the Group carries them out in accordance with the "Nikon Group Information Management Rules" and other internal regulations.

(iv) Execution of duties by Audit and Supervisory Committee Members

- Audit and Supervisory Committee Members attend important meetings such as "Executive Committee," understand the status of management, and check the process and content of decision making.

- Audit and Supervisory Committee Members audit each division, subsidiary, etc., and check the development and operational status of the internal control system.

- Audit and Supervisory Committee Members regularly exchange opinions with the Representative Directors, share auditing issues, and request corrections as needed.
  Audit and Supervisory Committee Members have the periodical opportunity to exchange opinions with the Internal Audit Department in charge of internal audits and Accounting Auditors to strengthen cooperation. Audit and Supervisory Committee Members also strive to conduct effective audits by sharing information with each division as needed.

Consolidated Statement of Changes in Equity

(From April 1, 2020 to March 31, 2021)

(Million 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	Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2020	65,476	46,369	(17,639)	1,108	–	(964)
Profit (loss) for year	–	–	–	–	–	–
Other comprehensive income	–	–	–	23,998	1,235	140
Total comprehensive income for year	–	–	–	23,998	1,235	140
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(1)	–	–	–
Cancellation of treasury shares	–	–	–	–	–	–
Share-based payment transactions	–	51	110	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(11,934)	(1,235)	(48)
Total transactions with owners	–	51	109	(11,934)	(1,235)	(48)
As of March 31, 2021	65,476	46,419	(17,529)	13,172	–	(873)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity						
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total	Retained earnings	Total		
As of April 1, 2020	(39,699)	53	(39,502)	485,948	540,652	1,108	541,760
Profit (loss) for year	–	–	–	(34,497)	(34,497)	(13)	(34,509)
Other comprehensive income	13,495	(282)	38,587	–	38,587	91	38,678
Total comprehensive income for year	13,495	(282)	38,587	(34,497)	4,090	78	4,168
Dividends	–	–	–	(7,343)	(7,343)	(43)	(7,386)
Purchase and disposal of treasury shares	–	–	–	–	(1)	–	(1)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	161	–	161
Changes in ownership interest in subsidiaries	–	–	–	–	–	24	24
Transfer from other components of equity to retained earnings	–	–	(13,218)	13,243	26	(26)	–
Total transactions with owners	–	–	(13,218)	5,901	(7,157)	(45)	(7,202)
As of March 31, 2021	(26,204)	(228)	(14,133)	457,352	537,585	1,141	538,726

Notes to Consolidated Financial Statements

(Significant Basis for Presenting Consolidated Financial Statements)

1. Standards for Preparing Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (the "Group") are prepared in accordance with the International Financial Reporting Standards ("IFRS"), pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. In the accompanying consolidated financial statements, certain disclosure items required by IFRS are omitted pursuant to the latter part of the said paragraph.

2. Scope of Consolidation

Number of consolidated subsidiaries	:	79 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: Nil

Decrease: 3 companies (Merger or other reasons)

3. Scope of Equity Method

Number of associates accounted for using the equity method and joint ventures	:	16 companies
Principal associates and joint ventures	:	Nikon-Essilor Co., Ltd., Nikon-Trimble Co., Ltd., and others

4. Matters regarding the Accounting Policies

(1) Valuation basis and method for financial instruments

1) Non-derivative financial assets

(i) Initial recognition and measurement

Financial assets other than derivative financial instruments are classified as those measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The classification is determined at the initial recognition.

a) Financial assets measured at amortized cost

The Group classifies its financial assets as those measured at amortized cost only if both of the following conditions are met:

- the financial asset is held within a business model with an objective of collecting contractual cash flows, and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value, including transaction costs that are directly attributable to the acquisition. The carrying amount of financial assets measured at amortized cost is calculated by the effective interest method in subsequent measurement.

b) Financial assets measured at fair value through other comprehensive income

For certain equity instruments held primarily for the purpose of maintaining or strengthening the business relationship with investees, the Group designates these instruments mainly as fair value through other comprehensive income at initial recognition.

Financial assets measured at fair value through other comprehensive income are initially measured at fair value, and subsequent changes in fair value are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred to retained earnings.

c) Financial assets measured at fair value through profit or loss

Financial instruments that are not designated as those measured at fair value through other comprehensive income and debt instruments that do not meet the criteria for those measured at amortized cost are classified as those measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially measured at fair value and subsequent changes in fair value are recognized in profit or loss.

(ii) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another party.

(iii) Impairment of financial assets measured at amortized cost

Allowance for doubtful accounts in respect of financial assets measured at amortized cost is recognized for expected credit losses.

At the end of each reporting period, the Group evaluates whether there has been a significant increase in credit risk of a financial asset since initial recognition. Specifically, if the credit risk of a financial asset has not significantly increased since initial recognition, an allowance for doubtful account is measured at an amount equal to the 12-month expected credit losses. However, if the credit risk has significantly increased since initial recognition, it is measured at an amount equal to the expected credit losses over the remaining term of the financial asset. An allowance for doubtful account for trade receivables without any significant financing components is measured at an amount equal to the lifetime expected credit losses since initial recognition.

Whether the credit risk has significantly increased or not depends on changes in default risk. The following factors are considered to determine if there has been a change in default risk:

- Financial condition of debtors
- Actual credit losses occurred in prior years
- Overdue information in prior years

Provision or reversal of allowance for doubtful accounts is recognized in profit or loss.

2) Non-derivative financial liabilities

Financial liabilities other than derivative financial instruments are classified as either those measured at amortized cost or at fair value through profit or loss. The classification is determined at initial recognition.

(i) Initial recognition and measurement

a) Financial liabilities measured at amortized cost

The Group classifies its financial liabilities other than those measured at fair value through profit or loss as those measured at amortized cost.

Financial liabilities measured at amortized cost are initially measured at fair value less any directly attributable transaction costs. Subsequent to the initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method whereby interest expenses are recognized as “Finance costs” in the consolidated statement of profit or loss.

b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are initially measured at fair value and subsequent changes in fair value are recognized in profit or loss.

(ii) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation is discharged, canceled, or has expired.

3) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, including foreign exchange forward contracts, interest rate swaps, cross currency swaps, and currency options, to manage its exposure to foreign exchange rate and interest rate risks.

The Group does not enter into or trade derivative financial instruments for speculative purposes.

At the beginning of a hedge transaction, the Group documents the relationships between hedging instruments and hedged items, along with its risk management objectives and strategies for undertaking various hedge transactions. Furthermore, the Group evaluates whether a hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item on an ongoing basis during the period specified for hedging.

Derivatives are initially recognized at the fair value on the date when the derivative contracts are entered into, and are subsequently remeasured to their fair values at the end of each reporting period.

Changes in fair value of derivatives subsequent to initial recognition are accounted for as follows:

(i) Fair value hedges

Changes in fair value of derivatives as a hedging instrument are recognized in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the significantly ineffective portion is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or when the hedged forecast transaction for a non-financial asset or a nonfinancial liability becomes a firm commitment for which fair value hedge accounting is applied, the gain or loss previously recognized in other comprehensive income and accumulated in equity is directly transferred from equity and included in the initial costs or other carrying amount of the asset or liability. For other cash flow hedges, amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same period or periods when the hedged forecast cash flows affect profit or loss. However, if the amount is a loss that is not expected to be recoverable partially or entirely in the future, the amount that is expected to be unrecoverable is reclassified immediately to profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated, or exercised; or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified to profit or loss when the transaction of the hedged item is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately to profit or loss.

(2) Valuation basis and method for inventories

Inventories are measured at the lower of cost and net realizable value. Costs of inventories are mainly calculated by the average method and comprise all costs of purchasing and processing as well as other costs incurred in bringing the inventories to their present location and condition. Fixed and variable overhead costs are allocated appropriately and included in the processing costs.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(3) Valuation basis, method and depreciation method for property, plant and equipment, intangible assets (excluding goodwill) and leases

1) Property, plant and equipment

The Group applies the cost model for measurement of property, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment, except for land and construction in progress, are depreciated using the straight-line method over the depreciable amount, which is determined as the costs less their residual values, over the estimated useful lives from the date when they are available for their intended use.

The estimated useful lives of property, plant and equipment are mainly as follows:

Buildings	30 to 40 years
Machinery and equipment	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period.

2) Intangible assets

The Group applies the cost model for subsequent measurement of intangible assets. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

(i) Intangible assets acquired separately

Intangible assets acquired separately are measured at cost at initial recognition.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are measured at their fair value at the acquisition date.

(iii) Internally-generated intangible assets

Expenditures on research activities are recognized as expenses in the period in which they are incurred. Expenditures on development (or in the development phase of an internal project) are recognized as assets only if all of the following have been demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) the intention to complete the intangible asset and use or sell it;

(c) the ability to use or sell the intangible asset;

(d) how the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The other expenditures are recognized as expenses as incurred.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above.

Intangible assets with finite useful lives are amortized by the straight-line method over their estimated useful lives from the date when they are available for their intended use. Amortization methods, useful lives, and residual values are reviewed at the end of each reporting period.

The estimated useful lives of intangible assets are as follows:

Technology-related assets	13 years
Software	5 years

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortized, and are tested for impairment at least annually, and whenever there is an indication that the intangible asset may be impaired.

3) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified underlying asset for a period of time in exchange for consideration.

(i) Leases (the Group as lessee)

The Group recognizes a right-of-use asset and a lease liability at the commencement date of a lease.

A right-of-use asset is initially measured at cost at the commencement date. After the commencement date, the right-of-use asset is subsequently measured applying a cost model and presented at cost less any accumulated depreciation and any accumulated impairment losses. A right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

A lease liability is initially measured at the present value of the lease payments that are not made at the commencement date. After the commencement date, the lease liability is subsequently measured to reflect interest on the lease liability and the lease payments made. In cases of a contract modification, the lease liability is remeasured, and a corresponding adjustment is made to the right-of-use asset. A lease liability is included in “Other current financial liabilities” and “Other non-current financial liabilities” in the statement of financial position.

Lease payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

(ii) Leases (the Group as lessor)

The Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease.

a) Finance leases

Assets held under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease.

b) Operating leases

Operating lease payments received are recognized as income on a straight-line basis over the lease terms.

4) Impairment of non-financial assets and investments accounted for using the equity method

At the end of each reporting period, the Group assesses whether there is any indication that non-financial assets may be impaired.

If any impairment indication exits, the recoverable amount of the asset is estimated. However, goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment at least annually regardless of whether there is any indication of impairment.

In addition, the carrying amount of the entire investments accounted for using the equity method is tested for impairment as a single asset when there is objective evidence of impairment.

The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs of disposal or value in use. When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit or the group of cash-generating units to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Since corporate assets do not generate separate cash inflows, the recoverable amount of an individual corporate asset cannot be determined. If there is an indication that a corporate asset may be impaired, the recoverable amount is determined for the cash-generating unit or the group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of this cash-generating unit or group of cash-generating units, unless the asset has been determined to be disposed of.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized.

When there are indications that an impairment loss recognized in prior periods may no longer exist or may have decreased since the last recognition of the impairment loss, the impairment loss recognized in prior years for an asset or a cash-generating unit other than goodwill is reversed. The reversal of an impairment loss is recognized to the extent where the carrying amount of the asset or the cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the cash-generating unit in prior years.

5) Non-current assets held for sale

A non-current asset (or a disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An asset is classified as held for sale only when the asset (or the disposal group) is available for immediate sale, and when management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated or amortized.

(4) Accounting criteria for significant provisions

Provisions are recognized when the Group has a present legal or constructive obligation arising as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligations at the end of each reporting period.

When the impact of the time value of money is material, provisions are stated at the present value of the estimated future cash flows which is discounted using a pre-tax rate reflecting the time value of money and the specific risks of the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as "Finance costs."

1) Provision for product warranties

The Group recognizes and measures the provision for future product warranties based on actual sales recorded and warranty costs incurred in prior years, whereby repair expenses can be covered for products sold in the period that the Group guarantees to provide free repair services in the contracts. The Group estimates that the outflows of the expected economic benefits will occur within a one-year period from the end of each fiscal year.

2) Asset retirement obligations

The Group recognizes and measures the provisions for asset retirement obligations based on past experiences, whereby the Group incurred an obligation for the restoration of leased premises, such as office buildings, and for the removal of harmful substances related to property, plant and equipment. The Group expects that the majority of the payments of these obligations will be made after one year from the end of each fiscal year.

(5) Method for accounting of post-employment benefits

1) Post-employment benefits

The Group has defined benefit pension plans and defined contribution pension plans as post-employment benefit plans.

The primary defined benefit plans adopted by group entities in Japan are contract-type defined benefit corporate pension plans and a retirement lump sum payment plan. Certain group entities in Japan have joined the Smaller Enterprise Retirement Allowance Mutual Aid Scheme. Certain overseas group entities have adopted defined benefit plans and defined contribution plans.

(i) Defined benefit plans

The present value of defined benefit obligations, relevant current service cost as well as past service costs of each plan, are determined using the projected unit credit method. The present value is measured at the discounted expected future payments. The discount rate is determined by reference to market yields at the fiscal yearend on high quality corporate bonds for the corresponding period in which the retirement benefits are to be paid.

The net retirement benefit liability or asset is recognized as a liability or an asset in the consolidated financial statements, and is measured at the present value of defined benefit obligation net of the fair value of plan assets (including the effect of the asset ceiling of defined benefit plans and adjustment for minimum funding requirements, if necessary).

Current service cost and net interest expense or income on the net retirement benefit liability (or asset) are recognized in profit or loss. Remeasurements of the defined retirement benefit plans are recognized in other comprehensive income in the period when they occur and transferred immediately to retained earnings. Past service cost is recognized in profit or loss as incurred.

(ii) Defined contribution plans

Contributions to defined contribution retirement plans are recognized as expenses in the period in which the associated services are rendered by employees.

2) Other long-term employee benefits

Liabilities recognized in respect of other long-term employee benefits, such as long-term paid absences, are measured at the present value of the estimated future benefits that are expected to be paid by the Group in exchange for the services rendered by employees up to the reporting date.

3) Short-term employee benefits

Short-term employee benefits are recognized as expenses when the associated services are rendered by employees at undiscounted amounts.

A liability is recognized for the expected benefit payments when the Group has a present legal or constructive obligation to pay for employee benefits as a result of the services rendered by employees, and when a reliable estimate can be made for the obligation.

(6) Foreign currencies

1) Functional currency and presentation currency

The separate financial statements of each group entity are presented in its functional currency, the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

2) Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the spot exchange rate at the date of the transaction or at the foreign exchange rate that approximates the spot exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate as of the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency at the exchange rate at the date of the transaction. Non-monetary items measured at fair value that are denominated in foreign currencies are translated into the functional currency at the exchange rate at the date when the fair value is measured. Exchange differences arising from the translation or settlement are recognized in “Finance income” and “Finance costs” in the consolidated statement of profit or loss, except for those recognized in other comprehensive income.

3) Foreign operations

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations including goodwill and fair value adjustments arising from the acquisition of foreign operations are translated into Japanese yen using the exchange rate at the end of each reporting period. Income and expenses are translated into Japanese yen at the average exchange rate for the period unless exchange rates fluctuate significantly during that period. Exchange differences on translation of foreign operations are initially recognized in other comprehensive income and accumulated in “Other components of equity.” If a foreign operation is disposed of, the exchange differences of the foreign operation accumulated in “Other components of equity” are transferred from equity to profit or loss when the gain or loss on the disposal is recognized.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are accounted for as assets and liabilities of the foreign operation and translated at the exchange rate at the end of each reporting period.

(7) Goodwill

Goodwill is recognized as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree; over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized and has been allocated to cash-generating units or groups of cash-generating units.

Goodwill is tested for impairment at least annually regardless of whether there is any indication of impairment. If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized.

(8) Income taxes

Income taxes for the year comprise current and deferred income tax expenses. Income tax expenses are recognized in profit or loss except to the extent that they arise from items recognized in other comprehensive income or directly in equity, or from a business combination.

Current tax expense is measured at the expected tax payable or tax receivable on taxable income for the year due to or due from the tax authorities, applying the tax rates and tax laws and regulations that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense is determined based on the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax bases at the end of the reporting period. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, and unused tax credits to the extent it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses, and unused tax credits can be utilized. Deferred tax liabilities are recognized for taxable temporary differences, in principle.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws and regulations that have been enacted or substantively enacted by the end of the reporting period.

(9) Other significant matters for preparing consolidated financial statements

1) Accounting for consumption taxes and others

Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.

2) Application of consolidated declaration system

The consolidated declaration system that the Company and certain overseas consolidated subsidiaries are consolidated taxpayers is applied.

(Notes on Accounting Estimates)

In the preparation of consolidated financial statements, the reported amounts of assets, liabilities, income and expenses are affected by the management's selecting the application of accounting policies and estimates. The assumptions on which the estimates are calculated are based on historical experience, available information and other factors that are reasonably assessed at the end of the reporting period according to management's best judgments. Accounting estimates are based on assumptions that take into consideration factors such as the economy, market, and consumption trends, in addition to the changes in demand and supply in the industries each business of the Group belongs to. However, future results may differ from these estimates and associated assumptions.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period of the revision and future periods. While the influence of COVID-19 is unpredictable as it is uncertain at this moment when COVID-19 will be contained, it is assumed that the influence will continue to some extent into the next fiscal year but will wane.

The following are the key estimates and associated assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the subsequent reporting period. For details, please refer to the matters regarding each accounting policy and the consolidated statement of financial position.

- Significant assumptions used in the calculation of the expected discounted cash flows for the impairment test of non-financial assets

  See 4. Matters regarding the Accounting Policies, (3) Valuation basis, method and depreciation method for property, plant and equipment, intangible assets (excluding goodwill) and leases in Significant Basis for Presenting Consolidated Financial Statements.

  See 4. Matters regarding the Accounting Policies, (7) Goodwill in Significant Basis for Presenting Consolidated Financial Statements.

  See Impairment loss on non-financial assets in Other notes.

- Recoverability of deferred tax assets

  See 4. Matters regarding the Accounting Policies, (8) Income taxes in Significant Basis for Presenting Consolidated Financial Statements.

(Notes to Consolidated Statement of Financial Position)

1. Accumulated Depreciation on Assets (including Accumulated Impairment Loss)

Accumulated depreciation of property, plant and equipment	353,809 million yen

2. Contingent Liabilities

(1) Guarantee obligations

Guarantees for bank borrowings, etc., such as employees' mortgage loans	84 million yen

(2) Litigation

The Company and its group companies are exposed throughout their business activities to the possibility of being involved in a contentious case, becoming a defendant in a lawsuit, and being the object of inquiries by government agencies, in Japan and overseas. The Company and its group companies examine the possibility of recognizing a provision for the obligation arising from a contentious case or a lawsuit, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

In regard to any other cases, no significant impact on the Company's consolidated performance and financial position is expected at this point in time.

3. Allowance for Doubtful Accounts Directly Deducted from Assets

Trade and other receivables	1,441 million yen
Other financial assets	6 million yen

(Notes to Consolidated Statement of Profit or Loss)

1. Loss on abandonment and valuation of inventories

As a result of closely examining expected utilization in the future and taking measures including facility conversion, the Group recorded loss on abandonment and valuation of inventories of 25,392 million yen for assets whose net realizable value falls below the carrying amount.

2. Selling, General and Administrative Expenses

Selling, general and administrative expenses mainly consist of the following items:

	Amount (Million yen)
Depreciation and amortization	11,827
Research and development expenses	58,789
Employee benefit expenses	51,804
Advertising and sales promotion expenses	11,965
Others	46,954
Total	181,339

3. Restructuring Costs

For the year ended March 31, 2021, restructuring costs of 4,343 million yen are recognized under “Other operating expenses” as the table below.

For the Imaging Products Business, restructuring costs of 3,527 million yen are recognized due to factors such as additional retirement benefits that ensued following the reorganization of production and sales bases and the optimization of personnel in order to shift to a sustainable business model.

For the Industrial Metrology and Others, restructuring costs of 817 million yen are recognized, due to factors such as additional retirement benefits that ensued the reorganization of production bases.

	Amount (Million yen)
Additional retirement benefits	2,743
Expenses related to outside specialists	1,026
Impairment losses	123
Others	452
Total	4,343

4. Land Improvement Costs

Expenses of 1,398 million yen incurred by Hikari Glass Co., Ltd., a consolidated subsidiary, for improvement of its own land located in Yotsukaido City, Chiba Prefecture were included in other operating expenses.

5. Gain on Valuation of Securities

Gain on valuation of securities of 5,796 million yen was recognized as a result the initial public offer of Berkeley Lights, Inc. (Headquartered: United States of America), one of the Group's investees. Consequently, the Group recorded gain on valuation of securities of 7,686 million including the above gain and included it in "Finance income."

(Notes to Consolidated Statement of Changes in Equity)

1. Type and Total Number of Shares Issued and Treasury Shares

(Shares)

	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Shares issued				
Ordinary shares	378,336,521	–	–	378,336,521
Total	378,336,521	–	–	378,336,521
Treasury shares				
Ordinary shares	11,216,862	1,211	70,300	11,147,773
Total	11,216,862	1,211	70,300	11,147,773

Notes:
1. The number of treasury shares at the beginning and end of the current fiscal year includes 576,900 shares of the Company held by the Executive Compensation BIP Trust.
2. The increase in the number of ordinary treasury shares during the current fiscal year of 1,211 shares is due to purchase of shares of less than one unit.
   The decrease in the number of ordinary treasury shares during the current fiscal year of 70,300 shares is due to a decrease of 70,200 shares arising from the exercise of stock options and a decrease of 100 shares due to an additional purchase request of shares of less than one unit.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends paid (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Shareholders' Meeting on June 26, 2020	Ordinary shares	3,677	10.00	March 31, 2020	June 29, 2020
Meeting of the Board of Directors on November 5, 2020	Ordinary shares	3,677	10.00	September 30, 2020	December 1, 2020

Notes:
1. The amount of dividends resolved at the general meeting of shareholders held on June 26, 2020 included the dividends for the shares held by the Executive Compensation BIP Trust of 6 million yen.
2. The amount of dividends resolved at the Board of Directors' meeting held on November 5, 2020 included the dividends for the shares held by the Executive Compensation BIP Trust of 6 million yen.

(2) Dividends of which the record date is attributable to the current fiscal year but to be effective in the following fiscal year

The Company plans to resolve the following dividend at the Annual General Shareholders' Meeting which will be held on June 29, 2021.

Resolution	Type of shares	Total dividends paid (Million yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Shareholders' Meeting on June 29, 2021	Ordinary shares	3,678	Retained earnings	10.00	March 31, 2021	June 30, 2021

Note: The amount of dividends to be resolved at the general meeting of shareholders to be held on June 29, 2021 includes the dividends for the shares held by the Executive Compensation BIP Trust of 6 million yen.

3. Share Acquisition Rights and Others

The following are the type and number of shares to be issued upon the exercise of the share acquisition rights as of the consolidated balance sheet date, excluding share acquisition rights for which the first day of the exercise period has not yet arrived.

Ordinary shares	1,854,400 shares

(Financial Instruments)

1. Matters Related to Financial Instruments

(1) Capital management

Under the premise that a certain level of financial stability is maintained, the Group decides its capital management policies to realize the maximization of corporate value by emphasizing operational efficiency of invested capital and utilizing funds for investments (in capital investment, research and development, M&A, and others) that provides expected revenue exceeding its capital cost to enable sustainable growth. At the same time, the policy seeks to meet the demands of shareholders by providing stable returns to shareholders. In order to maintain or adjust the capital structure, necessary funds will be raised basically through cash flows from operating activities generated from maintaining and enhancing the Group’s earnings power, in addition to borrowing from banks and the issuance of corporate bonds and so on, which will be carried out if needed.

(2) Financial risk management objectives

Financial instruments held by the Group are exposed to various risks comprising market risks (i.e., foreign currency risk, interest rate risk, and stock price risk), credit risk, and liquidity risk. To mitigate such various risks, the Group has implemented measures according to the nature and size of the transaction and geographical characteristics.

(3) Market risk management

The Group is exposed to market risk of changes in foreign currency exchange rates and in the price of equity instruments.

The Group uses derivative financial instruments such as forward exchange contracts to hedge these risks. Derivatives are held or issued based on the Group’s management rules for the exposure to foreign currency translation risk, interest rate risk, price risk, derivatives or other financial instruments. Appropriate operation based on the Group’s management rules is being continuously monitored by internal auditors.

1) Foreign currency risk

Trade receivables denominated in foreign currencies arising from the expansion of the Group’s business worldwide are exposed to foreign currency fluctuation risk. Some trade payables, such as notes and accounts payable mainly arising from imports of materials, are denominated in foreign currencies and are also exposed to foreign currency fluctuation risk. However, the amounts of such payables are within the range of outstanding accounts receivable denominated in the same foreign currencies. Thus, the Group principally enters into forward exchange contracts mainly to hedge the position after offsetting foreign currency-denominated trade payables. Hedging transactions that qualify for hedge accounting are accounted for by applying hedge accounting. Depending on the foreign currency market condition, forward exchange contracts within nine-month maximum contract terms are made against the expected amount of foreign currency denominated trade receivables that are deemed certain to arise based on forecast transactions of imports and exports.

2) Interest rate risk

The Group is exposed to interest rate risk arising from the borrowings with both fixed and floating interest rates.

Most of the interest-bearing liabilities consist of bonds and borrowings at fixed interest rates. For floating-rate borrowings, the Group has entered into interest rate swap contracts to hedge exposures to achieve an effect of fixed-rate borrowings.

3) Other price risks

Investments in securities are exposed to share price risk. The Group regularly obtains information on current market prices or the financial condition of the issuer (counterparty) and reviews the status of the securities held by the Group on an ongoing basis taking into consideration the relationship with the counterparty.

(4) Credit risk management

The Group is exposed to credit risk (i.e., a risk that counterparty will default on its contractual obligations of a financial asset held by the Group resulting in a financial loss to the Group) arising from trade and other receivables, including notes receivables, accounts receivables, lease receivables, and other receivables.

Trade receivables, including notes, accounts, and lease receivables, are exposed to customers' credit risk. With respect to this risk, the Group manages due dates and account balance by each customer in accordance with the settlement conditions, and it also obtains the information about doubtful accounts that are mainly caused by deterioration in the financial conditions of customers at an early stage so as to mitigate credit risk. In addition, the Group also mitigates credit risk by utilizing advances and transaction credit insurance according to the nature of transaction contents, trade size, and the creditworthiness of customers. Credit risk is not concentrated on certain specific customers.

Other receivables are also exposed to the credit risk of counterparties, but they are generally settled in a short period of time.

Derivatives are exposed to credit risk arising from default by counterparties. With respect to the execution and management of derivatives transactions, the Group operates the transactions according to internal rules for trade authorization, and enters into derivatives transactions only with highly rated financial institutions to mitigate credit risk.

(5) Liquidity risk management

Trade and other payables, borrowings, and other financial liabilities are exposed to liquidity risk that they cannot be paid for on due dates.

The Group manages its liquidity risk by monitoring the liquidity on hand and by maintaining and ensuring appropriate cash reserves according to conditions using a medium- and long-term cash management system, which is updated on a regular basis.

In addition, the Group has established a global cash management system to work on reducing liquidity risk by managing its group wide cash, including cash reserves held by the domestic and overseas subsidiaries, in a centralized and efficient manner.

2. Fair Values of Financial Instruments

(1) Method of fair value measurement

The fair value measurement in respect of major financial assets is as follows:

1) Derivatives

Foreign exchange forward contracts, interest rate swaps, currency swaps, and currency options, which are classified as derivative assets and liabilities, are measured at fair value using appropriate valuation techniques with reference to market prices provided by financial institutions, etc. with which the contract is entered into and to other available information.

2) Shares

Shares with active markets are measured at fair value using quoted market prices in the stock exchange. Regarding the shares that do not have active markets, fair values are measured using the market approach or the income approach that is determined by discounted future cash flows using other unobservable inputs.

3) Bonds and borrowings

Fair value of bonds is calculated based on quoted market prices. Fair value of long-term borrowings is calculated by discounting future cash flows at an interest rate equal to an appropriate index, such as the yield of government bonds, plus credit spread.

(2) Carrying amounts and fair values

The carrying amount and the fair value of financial assets and liabilities are as follows.

Other than bonds and long-term borrowings, financial assets and liabilities measured at amortized cost whose fair value is equal or approximate to their carrying amount are not included.

(Million yen)

	As of March 31, 2021	
	Carrying amount	Fair value
Financial liabilities		
Bonds	39,874	40,170
Long-term borrowings	84,249	84,738
Total	124,123	124,908

(Note) Current portion of bonds and borrowings is included.

(Notes to Per-Share Information)

1. Equity per Share attributable to Owners of Parent 1,464.06 yen

(Note) On computation of equity per share attributable to owners of parent, the Company's shares held by the Executive Compensation BIP Trust (576,900 shares as of March 31, 2021) were included in the number of treasury shares, which was excluded from the number of shares issued as of the term-end.

2. Basic Loss per Share (93.96) yen

(Note) On computation of basic loss per share, the Company's shares held by the Executive Compensation BIP Trust (576,900 shares for the year ended March 31, 2021) were included in the number of treasury shares, which was excluded from the calculation of average shares outstanding.

(Notes to Significant Subsequent Events)

Not applicable

(Other Notes)

Impairment loss on 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 assets or multiple assets. As a result of 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.”

For the year ended March 31, 2021, the Group assessed impairment of assets based on future cash flow forecasts that take into consideration future trends in the medium- to long-term business environment as well as the impact of the spread of COVID-19 and other various factors on business operations. As a result, impairment losses of 26,054 million yen are recognized. Impairment losses by asset are as follows.

	Amount (Millions of yen)
Property, plant and equipment	21,014
Right-of-use assets	1,672
Intangible assets	2,536
Goodwill	429
Others	403
Total	26,054

For the Imaging Products Business, impairment losses of 16,513 million yen are recognized. After adjusting future cash flow forecasts to reflect the rapid shrinkage of the digital camera market in the first half of the fiscal year due to the spread of COVID-19, the Group conducted an impairment assessment based on reviewed future cash flow forecasts that also considers the COVID-19-related impact on other imaging-related businesses. As a result, mainly at a manufacturing subsidiary in Thailand, the Company and a manufacturing and sales subsidiary in the U.K., the recoverable amount of non-current assets including goodwill by cash-generating unit has been determined to be lower than the carrying amount. Therefore, impairment losses of 16,359 million yen are recognized. The impairment losses include goodwill impairment of 429 million yen related to Mark Roberts Motion Control Limited, a manufacturing and sales subsidiary in the U.K. In addition, as a result of investigating the future use of non-current assets, a consolidated subsidiary has reduced the carrying amount of their idle assets with no prospect of specific use to its recoverable amount and recognized impairment losses of 154 million yen.

For the Precision Equipment Business and the Healthcare Business, impairment losses of 3,796 million yen and 2,459 million yen are recognized, respectively. The Group assessed impairment of assets based on future cash flow forecasts that take into consideration the impact of the spread of COVID-19 and other factors on business operations. As a result, at the Company, the recoverable amount of the cash-generating unit has been determined to be lower than the carrying amount, and therefore, impairment losses of 3,796 million yen and 2,246 million yen are recognized in the

Precision Equipment Business and the Healthcare Business, respectively. In addition, as a result of investigating the future use of non-current assets, consolidated subsidiaries have reduced the carrying amount of their idle assets with no prospect of specific use to its recoverable amount and recognized impairment losses of 213 million yen in the Healthcare Business.

For the Industrial Metrology and Others, impairment losses of 3,286 million yen are recognized. After reviewing the future plan of the Imaging Products Business considering the rapid shrinkage of the digital camera market in the first half of the fiscal year due to the spread of COVID-19, the Group conducted an impairment assessment based on future cash flow forecasts that incorporates the revised future plan. As a result, at a consolidated subsidiary in Japan which mainly handles imaging-related parts, the recoverable amount of non-current assets by cash-generating unit has been determined to be lower than the carrying amount, and therefore, impairment losses of 2,630 million yen are recognized. In addition, as a result of investigating the future use of non-current assets, the Company has reduced the carrying amount of idle assets with no prospect of specific use to its recoverable amount and recognized impairment losses of 656 million yen.

Out of the total impairment losses of 26,054 million yen, the impairment loss of 123 million yen in the Imaging Products Business is recognized as restructuring costs in the consolidated statement of profit or loss. For more information about restructuring costs, please refer to Note 3 “Restructuring Costs” in the Notes to Consolidated Statement of Profit or Loss.

All amounts have been rounded to the nearest million yen.

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity									
		Capital surplus	Retained earnings							
				Other retained earnings						
	Share capital	Legal capital surplus	Legal retained earnings	Reserve for research and development	Reserve for tax purpose reduction entry of replacement assets	Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	65,476	80,712	5,565	2,056	6,416	3,634	111,211	5,587	(17,639)	263,019
Changes of items during period										
Provision of reserve for tax purpose reduction entry of replacement assets					2,212			(2,212)		–
Reversal of reserve for tax purpose reduction entry of replacement assets					(2,552)			2,552		–
Reversal of reserve for tax purpose reduction entry						(216)		216		–
Dividends from surplus								(3,677)		(3,677)
Dividends from surplus (Interim dividends)								(3,677)		(3,677)
Profit for year								60,771		60,771
Purchase of treasury shares									(1)	(1)
Disposal of treasury shares								(20)	110	90
Net changes of items other than shareholders' equity										
Total changes of items during period	–	–	–	–	(341)	(216)	–	53,953	109	53,506
Balance as of March 31, 2021	65,476	80,712	5,565	2,056	6,076	3,419	111,211	59,541	(17,529)	316,525

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2020	11,835	60	11,895	1,934	276,848
Changes of items during period					
Provision of reserve for tax purpose reduction entry of replaced property					–
Reversal of reserve for tax purpose reduction entry of replaced property					–
Reversal of reserve for tax purpose reduction entry					–
Dividends from surplus					(3,677)
Dividends from surplus (Interim dividends)					(3,677)
Profit for year					60,771
Purchase of treasury shares					(1)
Disposal of treasury shares					90
Net changes of items other than shareholders' equity	12,032	(319)	11,713	87	11,800
Total changes of items during period	12,032	(319)	11,713	87	65,306
Balance as of March 31, 2021	23,867	(259)	23,608	2,021	342,155

Notes to Non-Consolidated Financial Statements

1. Matters related to Significant Accounting Policies

(1) Valuation basis and method for securities

- Held-to-maturity debt securities	Stated at amortized cost.
- Investments in subsidiaries and associated companies	Stated at cost determined by the moving-average method.
- Available-for-sale securities	Available-for-sale securities with market value are stated at fair value based on quoted market prices at the balance sheet date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of equity, and the cost of the securities sold is calculated by the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. The Company records investments in limited liability investment partnerships and in other similar partnerships (deemed "securities" under the provisions set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement.
(2) Valuation basis and method for derivatives	Stated at fair value.
(3) Valuation basis and method for inventories	Generally, work in process is stated at cost determined by the specific identification method, and other inventories are stated at cost determined by the average method. Inventories with lower profitability are written down.

(4) Depreciation method for non-current assets	
- Property, plant and equipment (excluding leased assets)	The straight-line method is applied.
- Intangible assets (excluding leased assets)	The straight-line method is applied.
- Leased assets	Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.
(5) Accounting for deferred assets	Bond issuance expenses are expensed as paid.
(6) Accounting criteria for allowances and provisions	
- Allowance for doubtful accounts	To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectability for specific accounts.
- Provision for product warranties	The Company mainly provides for the cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period. The provision is measured at estimated cost based on the past experience ratio or measured separately when the product warranty expense can be separately estimated.
- Provision for retirement benefits	The Company accounts for the provision for employees' retirement benefit based on the projected retirement benefit obligations and pension assets at the balance sheet date. Prior service cost is amortized on a straight-line basis over 10 years (a certain period within the average remaining service period of employees) from the period in which the prior service cost accrues, and actuarial gains and

	losses are amortized on a straight-line basis over 10 years (a certain period within the average remaining service period of employees) from the period immediately following the period in which the actuarial gains and losses arise. When calculating retirement benefit obligations, the benefit formula basis is used to allocate estimated retirement benefits in the period up to the end of the current fiscal year. When the amount of projected pension assets falls below the amount of projected retirement benefit obligations after adjusting for any unrecognized actuarial difference and unrecognized prior service cost, the difference is posted as provision for retirement benefits. When it is in excess, the excess amount is posted as prepaid pension cost.
- Provision for loss on business of subsidiaries and associates	To cover probable losses on business of subsidiaries and associates, the Company provides for an estimated excess amount of loss over investments in capital of, and loans receivable from, subsidiaries and associates to be incurred by the Company.
(7) Translation basis of assets and liabilities denominated in foreign currencies into Japanese yen	Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date, and the translation adjustment is recognized in the non-consolidated statement of income.
(8) Hedge accounting	
a. Method for hedge accounting	Deferral hedge accounting is applied.
b. Hedging instruments and hedged items	Hedging instruments are foreign exchange forward contracts, currency options, cross currency swaps, and interest rate swaps.

	Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transactions, bonds payable, and loans payable.
c. Hedging policy	Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal rules that regulate the authorization, transaction limit, and others related to derivative transactions.
d. Method for assessment of hedge effectiveness	The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others.
(9) Accounting for consumption taxes and others	Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.
(10) Application of consolidated declaration system	The Company applies the consolidated declaration system. Concerning items which transitioned to the group tax sharing system and those for which the non-consolidated tax payment system was reviewed in line with the transition to the group tax sharing system, which has been established under the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), the Company will not apply the provisions of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28 of February 16, 2018), in accordance with Paragraph 3 of “Treatment of Tax Effect Accounting for the Transition from the Consolidated Declaration System to the

Group Tax Sharing System" (PITF No. 39 of March 31, 2020). As a result, the amounts of deferred tax assets and deferred tax liabilities are reported based on the provisions of the tax act before the amendment.

2. Changes in Presentation Method

Change due to application of "Accounting Standard for Disclosure of Accounting Estimates"

The Company has started applying "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 issued on March 31, 2020) from the current fiscal year and provides "Notes on Accounting Estimates" in the notes to non-consolidated financial statements.

3. Notes on Accounting Estimates

In the preparation of non-consolidated financial statements, the reported amounts of assets, liabilities, income and expenses are affected by the management's selecting the application of accounting policies and estimates. The assumptions on which the estimates are calculated are based on historical experience, available information and other factors that are reasonably assessed at the end of the reporting period according to management's best judgments. Accounting estimates are based on assumptions that take into consideration factors such as the economy, market, and consumption trends, in addition to the changes in demand and supply in the industries each business of the Group belongs to. However, future results may differ from these estimates and associated assumptions.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period of the revision and future periods. While the influence of COVID-19 is unpredictable as it is uncertain at this moment when COVID-19 will be contained, it is assumed that the influence will continue to some extent into the next fiscal year but will wane.

The following are the key estimates and associated assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the subsequent reporting period. For details, please refer to Notes on Accounting Estimates as part of the consolidated financial statements and the non-consolidated balance sheet.

- Recoverability of deferred tax assets
- Impairment of non-current assets

4. Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 175,816 million yen

(2) Guarantees of indebtedness

(Million yen)

Guarantee	Guaranteed amount	Content of guarantee of indebtedness
141 employees	84	Mortgage and others
Subsidiaries	2,259	Loans payable and others
Total	2,342	

(3) Monetary receivables and payables to affiliated companies

Short-term monetary receivables 38,416 million yen

Long-term monetary receivables 5,374 million yen

Short-term monetary payables 77,807 million yen

(4) Monetary payables to Directors

Long-term monetary payables 33 million yen

5. Notes to Non-Consolidated Statement of Income

(1) Transactions with affiliated companies

Operational transactions

Sales to affiliated companies 170,093 million yen

Purchase from affiliated companies 129,833 million yen

Other transactions 40,782 million yen

(2) Gain on sales of land

Gain on sales of land of 100 million yen was recorded in extraordinary income. This was due to the sale of idle land at Motoishikawacho, Mito City, Ibaraki Prefecture, Japan.

(3) Impairment loss

1) Assets for which impairment loss is recognized

The Company recorded impairment loss of assets for business use and idle assets of 8,820 million yen in extraordinary losses. As a result of estimating future cash flows based on the future plan, which reflects the impact of the spread of COVID-19 and other factors on business operations, the carrying amount of operating assets with no prospect for return of investment was reduced to the recoverable amount. Accordingly, the Company recorded impairment losses of 1,789 million yen on the Imaging Products Business, 3,645 million yen on the Precision Equipment Business, 2,246 million yen on the Healthcare Business, and 506 million yen on the Industrial Metrology and Others Business in extraordinary losses.

In addition, as a result of reviewing current status of utilization and future prospect of non-current assets held by the Company, the carrying amount of idle assets with no prospect for future use was reduced to the recoverable amount, and an extraordinary loss of 634 million yen was recorded as impairment loss.

The main components of the impaired non-current assets were tools, furniture and fixtures of 1,789 million yen, machinery and equipment of 1,667 million yen, software of 1,846 million yen, patent right of 289 million yen, construction in progress of 2,589 million yen, and other of 640 million yen.

Use	Type	Location	Amount (Million yen)
Operating assets	Tools, furniture, fixtures, etc.	Kumagaya City, Saitama Pref., etc.	8,186
Idle assets	Machinery and equipment, etc.	Higashiomi City, Shiga Pref., etc.	634

2) Method for grouping assets

The assets are grouped by the minimum unit that generates largely independent cash flows.

3) Method for measuring recoverable amount

The recoverable amount of each asset group was measured at net selling or value in use whichever is higher. The net selling value is reasonably determined based primarily on the assessed value of relevant non-current assets.

(4) Restructuring expenses

The Company has implemented restructuring in the Imaging Products Business in order to shift to a sustainable business model. As a result, restructuring expenses of 687 million yen were recorded in extraordinary losses. A major component of restructuring expenses is consulting expenses of 649 million yen.

(5) Gain on sales of investment securities

The Company recorded gain on sales of investment securities of 23,639 million yen in extraordinary income as a result of selling shares of Berkeley Lights, Inc. held by the Company.

(6) Loss on business of subsidiaries and associates

For future cash flows generated by Mark Roberts Motion Control Limited, a consolidated subsidiary of the Company, the impact of the spread of COVID-19 on business operations was taken into consideration, in light of the initially forecasted profits not being expected due to the deterioration of market conditions and business environment. As a result, the substantive value of shares in the subsidiary held by the Company was found to have declined. Accordingly, loss on valuation of shares of subsidiaries and associates of 1,325 million yen and provision for loss on business of subsidiaries and associates of 541 million yen, which is an estimated excess amount of loss over investments in capital to be incurred by the Company, were recorded as loss on business of subsidiaries and associates in extraordinary losses.

6. Notes to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury shares at the end of the period

Ordinary shares	11,147,773 shares

7. Tax Effect Accounting

Deferred tax assets and deferred tax liabilities

Deferred tax assets:	
Inventories	18,075 million yen
Accrued bonuses	978 million yen
Depreciation	20,296 million yen
Provision for product warranties	388 million yen
Impairment loss	5,439 million yen
Percentage of completion method	12,802 million yen
Other	16,071 million yen
Subtotal of deferred tax assets	74,050 million yen
Valuation allowance	(15,486) million yen
Total deferred tax assets	58,564 million yen
Deferred tax liabilities:	
Reserve for advanced depreciation of non-current assets	(4,190) million yen
Valuation difference on available-for-sale securities	(10,191) million yen
Other	(3) million yen
Total deferred tax liabilities	(14,384) million yen
Net deferred tax assets	44,180 million yen

8. Notes to Transactions with Related Parties

(Million yen)

Category	Company name	Percentage of voting rights (%)	Relationship	Transaction	Transaction amount (Note 4)	Account	Balance at end of period (Note 4) (Note 5)
Subsidiaries	Nikon Precision Inc.	100.0	Import and sale of the Company's products	Sale of Precision Equipment Business products (Note 1)	34,466	Advances received	21,606
	Nikon (Thailand) Co., Ltd.	100.0	Manufacture of the Company's products	Manufacture of Imaging Products Business products (Note 2)	56,332	Accounts payable - trade	5,509
	Nikon Vision Co., Ltd.	100.0	Sale of sport optics	Receipt of deposits for consumption (Note 3)	–	Deposits received	7,939
	Nikon Tec Corporation	100.0	Maintenance services for FPD and semiconductor-related equipment	Receipt of deposits for consumption (Note 3)	–	Deposits received	11,095

Condition of transaction, policy to determine such condition and others

(Note 1) The condition of transaction of product sales is determined in consideration of market prices.

(Note 2) The condition of transaction of product manufacturing is determined after negotiation in each case in consideration of prices calculated based on market quotations and estimates from customers.

(Note 3) The Group has adopted a cash management system (hereinafter referred to as "CMS"), but it is difficult in practice to tally the amounts of cash transactions using the CMS by detail of such transactions. Accordingly, only the balances at the end of the period are presented. Interest rates for loans to subsidiaries and borrowings from subsidiaries are reasonably determined in consideration of market interest rates.

(Note 4) The transaction amount and balance of overseas subsidiaries at the end of the period do not include consumption taxes and others.

(Note 5) The balances of monetary receivables and payables denominated in foreign currencies at the end of the period are presented in the amounts translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date.

9. Retirement Benefits

(1) Outline of retirement benefit plans

The Company has a defined benefit corporate pension plan (cash balance plan) under the Defined-Benefit Corporate Pension Act. The Company also has a defined contribution pension plan for a portion of future retirement benefit.

(2) Retirement benefit obligation

Retirement benefit obligation	(88,314)	million yen
Fair value of pension assets	102,932	million yen
Unfunded retirement benefit obligation	14,618	million yen
Unrecognized actuarial gain	(13,005)	million yen
Unrecognized prior service cost	39	million yen
Prepaid pension cost	1,652	million yen

Fair value of pension assets includes the retirement benefit trust of 4,520 million yen.

(3) Retirement benefit expenses

Service cost	1,594	million yen
Interest cost	550	million yen
Expected return on pension assets	(572)	million yen
Recognized actuarial loss	(382)	million yen
Recognized prior service cost	5	million yen
Subtotal	1,195	million yen
Others	(103)	million yen
Retirement benefit expenses	1,093	million yen

In addition to the above retirement benefit expenses, contributions to the defined contribution pension plan amounting to 918 million yen were recorded in "Cost of sales" and retirement benefit expenses included in "Selling, general and administrative expenses."

(4) Others

Discount rate	0.6%
Long-term expected rate of return on pension assets	0.6%

10. Executive Compensation Board Incentive Plan (BIP) Trust

The Company has introduced a performance- and share-based payment scheme for executive directors of the Company, namely, the executive compensation Board Incentive Plan ("BIP") Trust (hereinafter referred to as the "Executive Compensation BIP Trust"), in order to further enhance incentives for realizing the business prospects indicated in the Medium-Term Management Plan and for sustainably improving corporate value.

The trust agreements are accounted for in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30 of March 26, 2015).

(1) Overview of transactions

The Executive Compensation BIP Trust is an incentive plan granting the shares of the Company or paying the cash equivalent of the conversion value of the granted shares as directors' remuneration in the final year of the three-year Medium-term Management Plan, depending on the achievement of business performance for each three years.

(2) The Company's shares held by the Executive Compensation BIP Trust

The Company's shares held by the Executive Compensation BIP Trust are recorded as treasury shares in net assets of the balance sheet at the carrying amount recognized in the trust. The carrying amount and number of those shares at the end of the current fiscal year were 971 million yen and 576,900 shares, respectively.

11. Per-Share Information

Net assets per share	926.32 yen

(Note) On computation of net assets per share, the Company's shares held by the Executive Compensation BIP trust (576,900 shares as of March 31, 2021) were included in the number of treasury shares, which was excluded from the number of shares issued as of the term-end.

Earnings per share	165.52 yen

(Note) On computation of earnings per share, the Company's shares held by the Executive Compensation BIP Trust (576,900 shares for the year ended March 31, 2021) were included in the number of treasury shares, which was excluded from the calculation of average shares outstanding.

All amounts have been rounded to the nearest million yen.