



MEMBERSHIP

November 7, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (IFRS)

Corporate Name: NIKON CORPORATION

Securities code number: 7731

Stock exchange listings: Tokyo

Representative: Toshikazu Umatate, Representative Director and Chairman

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Scheduled date to file semi-annual securities report: November 7, 2024

Scheduled date to commence dividend payments: December 2, 2024

Preparation of supplementary materials for financial results: Yes

Information meeting for financial results to be held: Yes (for institutional investors and analysts)

(Amounts are rounded to the nearest millions of yen)

1. Consolidated Results for the Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentage represents year-on-year changes)

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Total Comprehensive Income for the Period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	332,779	0.4	5,817	(57.3)	4,454	(70.8)	2,963	(69.8)	(10,830)	—
Six months ended September 30, 2023	331,296	14.9	13,629	(44.2)	15,260	(41.4)	9,801	(48.1)	49,961	7.4

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Six months ended September 30, 2024	8.55	8.51
Six months ended September 30, 2023	28.30	28.15

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent to Total Assets
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2024	1,134,532	665,672	664,430	58.6
As of March 31, 2024	1,147,110	685,091	683,795	59.6

2. Dividends

	Dividend per Share				
	First quarter ended	Second quarter ended	Third quarter ended	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	25.00	—	25.00	50.00
Year ending March 31, 2025	—	25.00			
Year ending March 31, 2025 (Planned)			—	30.00	55.00

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

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

(Percentage represents year-on-year changes)

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Basic Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	725,000	1.1	22,000	(44.7)	22,000	(48.4)	16,000	(50.9)	46.17

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

4. Others

(1) Significant Changes in the Scope of Consolidation during the Period: Yes

Newly included: 4 companies (RED Digital Cinema, Inc. and 3 other companies)

Excluded: 1 company (RED.com, LLC)

Note: During the six months ended September 30, 2024, the Company acquired 100% of the outstanding membership interests of RED.com, LLC, making it a consolidated subsidiary. Subsequently, the Company conducted an absorption-type merger with RED.com, LLC as a dissolving company and its subsidiary RED Digital Cinema, LLC as a surviving company. RED Digital Cinema, LLC was then renamed to RED Digital Cinema, Inc.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1. Changes in accounting policies required by IFRS: None

2. Changes in accounting policies other than the above: None

3. Changes in accounting estimates: None

(3) Number of Shares Issued (Ordinary Shares)

1. Number of shares issued as of the period end (including treasury shares):

As of September 30, 2024 351,476,686 shares

As of March 31, 2024 351,476,686 shares

2. Number of treasury shares as of the period end:

As of September 30, 2024 4,826,762 shares

As of March 31, 2024 5,019,477 shares

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

Six months ended September 30, 2024 346,562,177 shares

Six months ended September 30, 2023 346,325,341 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an auditing firm.

* Appropriate use of business forecasts; other special items

Performance forecasts and other forward-looking statements included in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Attached Material

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1. Performance and Financial Position

(1) Qualitative Information on Consolidated Operating Results

During the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024), in the Imaging Products Business, both unit sales and sales amount remained solid in the digital camera market as a whole due to strong sales of mid- to high-end products.

In the Precision Equipment Business, capital investments in the field related to FPDs, including both mid-to-small size panels and large-size panels, remained firm. On the other hand, however, improvements in capital investments in the fields related to semiconductors as a whole varied among semiconductor devices, while capital investments in AI-related semiconductors remained strong.

In the Healthcare Business, the life science solutions and eye care solutions fields faced sluggish market conditions, such as dampening investments due to rising interest rates.

In the Components Business, the Industrial Solutions Business was adversely affected by a slowdown in the semiconductors and electronic components markets as well as by adjustments of inventories by end users, among other factors. Meanwhile, capital investments remained strong in the aerospace and electric vehicle (EV) markets. The Customized Products Business was adversely affected by a slowdown in the EUV-related markets, resulting in weak performance.

In the Digital Manufacturing Business, market growth in the metal additive manufacturing field was led by the aerospace and defense domains.

Under the medium-term management plan, which covers a period from fiscal 2022 to fiscal 2025, the Group is implementing strategies and various measures to achieve the 2030 vision of becoming “a key technology solutions company in a global society where humans and machines co-create seamlessly.”

Although the financial results of the segments other than the Imaging Products Business for the year ending March 31, 2025 have so far fallen below the forecasts, the development of our growth drivers, such as digital lithography, contract cell development and manufacturing, optical components, and material processing, is going smoothly. The Group has also embarked on strengthening its management base. In order to achieve sustainable growth, we are promoting our sustainability strategy, including doubling down on investment in human resources, while making investment in IT and DX as well as in manufacturing through organizing a production footprint.

Under these circumstances, during the six months ended September 30, 2024, revenue increased 1,484 million yen (0.4%) year on year to 332,779 million yen and operating profit decreased 7,812 million yen (57.3%) year on year to 5,817 million yen. Meanwhile, profit before tax decreased 10,806 million yen (70.8%) year on year to 4,454 million yen and profit attributable to owners of parent decreased 6,838 million yen (69.8%) year on year to 2,963 million yen. This was mainly attributable to the recording of foreign exchange losses and loss on valuation of investment securities as the value of foreign currency-denominated assets was reduced by foreign currency translation as a result of foreign currency fluctuations at the end of the six months ended September 30, 2024.

Performance by segment is as follows.

Note that as stated in “2. Semi-annual Condensed Consolidated Financial Statements (5) Notes to Semi-annual Condensed Consolidated Financial Statements (Segment Information),” the reportable business segments have been revised from the six months ended September 30, 2024. Accordingly, the operating results for the previous fiscal year used in the year-on-year comparisons below have been reclassified in line with the revised business segments.

In the Imaging Products Business, the Group focused on expanding sales of mid- to high-end products and interchangeable lenses targeted at professionals and hobbyists, especially Z8, Zf, newly released Z6III and other Z series full-frame mirrorless cameras, resulting in strong sales. Accordingly, the business segment recorded year-on-year increases in both revenue and profit because of higher average unit selling prices backed by the improved product mix. As a result, the business segment recorded revenue of 151,791 million yen (up 10.2% year on year) and operating profit of 28,848 million yen (up 14.4% year on year).

In the Precision Equipment Business, unit sales of the systems for both mid-to-small size panels and large-size panels increased in the FPD lithography systems field, resulting in year-on-year increases in both revenue and profit. In contrast, the semiconductor lithography system field recorded year-on-year decreases in both revenue and profit owing to decreased unit sales of new systems. As a result, the business segment as a whole recorded revenue of 81,585 million yen (down 15.0% year on year) and operating profit of 944 million yen (down 70.9% year on year).

In the Healthcare Business, the Group recorded a year-on-year increase in revenue as a whole backed by the positive effects of the yen depreciation, despite being adversely affected by sluggish market conditions in the life science solutions and eye care solutions fields. However, the business segment as a whole posted a year-on-year decrease in profit due partly to

increases in various costs caused by price surges and investments made for future growth. As a result, the business segment recorded revenue of 55,133 million yen (up 7.6% year on year) and operating profit of 1,300 million yen (down 52.8% year on year).

In the Components Business, the Industrial Solutions Business recorded year-on year decreases in both revenue and profit as sales of optical parts and encoders declined, despite steady growth in sales of large-size X-ray and CT inspections systems. Likewise, the Customized Products Business, which also belongs to this business segment, recorded year-on-year decreases in both revenue and profit as sales of EUV-related components were adversely affected by a slowdown in the EUV-related markets. As a result, the business segment as a whole recorded revenue of 30,449 million yen (down 16.9% year on year) and operating profit of 1,486 million yen (down 71.0% year on year).

In the Digital Manufacturing Business, the Group recorded a year-on-year increase in revenue due to strong sales of large-size equipment by Nikon SLM Solutions AG. The positive effects of increased revenue and the absence of one-time costs incurred in the same period of the previous fiscal year contributed to a smaller operating loss. As a result, the business segment recorded revenue of 11,730 million yen (up 42.4% year on year) and operating loss of 6,444 million yen (operating loss of 8,732 million yen in the same period of the previous fiscal year).

(2) Qualitative Information on Consolidated Financial Position

The balance of total assets as of September 30, 2024 decreased by 12,578 million yen from the end of the previous fiscal year to 1,134,532 million yen. This was mainly due to decreases of 25,740 million yen in trade and other receivables and 14,868 million yen in cash and cash equivalents, despite an increase of 29,093 million yen in inventories.

The balance of total liabilities as of September 30, 2024 increased by 6,841 million yen from the end of the previous fiscal year to 468,860 million yen. This was mainly due to an increase of 20,841 million yen in advances received, despite decreases of 7,449 million yen in bonds and borrowings and 6,532 million yen in other current financial liabilities.

The balance of total equity as of September 30, 2024 decreased by 19,419 million yen from the end of the previous fiscal year to 665,672 million yen. This was mainly due to decreases of 16,570 million yen in other components of equity primarily as a result of a decrease in exchange differences on translation of foreign operations and 2,909 million yen in retained earnings primarily as a result of net of appropriation of dividends from retained earnings.

During the six months ended September 30, 2024, for the cash flows from operating activities, net cash of 38,473 million yen was provided (8,564 million yen used in the same period of the previous fiscal year). This was mainly attributable to the recording of profit before tax of 4,454 million yen, depreciation and amortization of 22,599 million yen, a decrease in trade and other receivables, and an increase in advances received, despite an increase in inventories.

For the cash flows from investing activities, net cash of 38,768 million yen was used (17,370 million yen used in the same period of the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment and intangible assets of 35,292 million yen and acquisition of subsidiaries or other businesses of 12,459 million yen, despite proceeds from sale and redemption of investment securities of 9,328 million yen.

For the cash flows from financing activities, net cash of 10,718 million yen was used (21,773 million yen used in the same period of the previous fiscal year). This was mainly attributable to repayments of long-term borrowings of 33,711 million yen, cash dividends paid of 8,657 million yen and repayments of lease liabilities of 4,618 million yen, despite an increase in short-term borrowings of 25,743 million yen and proceeds from settlement of derivatives of 10,648 million yen.

As a result of a decrease of 3,855 million yen due to the effect of exchange rate changes on cash and cash equivalents, along with the cash flows outlined above, the balance of cash and cash equivalents as of September 30, 2024 decreased by 14,868 million yen from the end of the previous fiscal year to 191,776 million yen.

(3) Qualitative Information on Consolidated Financial Forecasts

Regarding the business environment for the year ending March 31, 2025, in the Imaging Products Business, the digital camera market is projected to remain solid, and we expect market growth, especially for mid- to high-end products.

In the Precision Equipment Business, capital investments in the field related to FPDs, including both mid-to-small size panels and large-size panels, are expected to remain firm. Meanwhile, as for the fields related to semiconductors, we expect that capital investments in AI-related semiconductors will remain strong and the conditions of the semiconductor market as a whole will recover in the second half or later.

In the Healthcare Business, we need to closely monitor changes in market conditions and customer behavior against the backdrop of political and economic trends in each country in the life science solutions and eye care solutions fields. There are also concerns over a cost increase due to price surges.

In the Components Business, the Industrial Solutions Business is projected to see a recovery in the semiconductor-related markets in the second half or later, and the factory automation market is expected to be in the correction phase for a certain period of time. Also, we expect capital investments in the aerospace and EV markets to remain strong. Meanwhile, the Customized Products Business will likely continue to be affected by a slowdown in EUV-related markets.

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

The consolidated financial forecasts for the year ending March 31, 2025 have been revised as stated in the “Notice Regarding the Revision of the Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2025” announced on October 31, 2024.

2. Semi-annual Condensed Consolidated Financial Statements

(1) Semi-annual Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024	Changes
ASSETS			
Current assets			
Cash and cash equivalents	206,644	191,776	(14,868)
Trade and other receivables	139,922	114,182	(25,740)
Inventories	285,239	314,332	29,093
Other current financial assets	15,908	1,933	(13,975)
Other current assets	19,627	22,050	2,424
Total current assets	667,340	644,274	(23,066)
Non-current assets			
Property, plant and equipment	133,428	149,695	16,268
Right-of-use assets	24,455	19,444	(5,011)
Goodwill and intangible assets	158,573	165,315	6,741
Retirement benefit asset	11,658	11,966	308
Investments accounted for using equity method	9,728	10,751	1,024
Other non-current financial assets	89,618	78,677	(10,941)
Deferred tax assets	51,471	53,490	2,019
Other non-current assets	840	920	80
Total non-current assets	479,771	490,259	10,488
Total assets	1,147,110	1,134,532	(12,578)

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	83,647	87,391	3,744
Bonds and borrowings	88,313	82,345	(5,969)
Income taxes payable	5,056	5,529	474
Advances received	71,875	92,716	20,841
Provisions	7,892	6,328	(1,563)
Other current financial liabilities	32,993	29,673	(3,320)
Other current liabilities	40,641	38,898	(1,742)
Total current liabilities	330,416	342,881	12,464
Non-current liabilities			
Bonds and borrowings	78,392	76,912	(1,480)
Retirement benefit liability	7,330	7,607	276
Provisions	8,286	6,463	(1,823)
Deferred tax liabilities	16,631	17,266	635
Other non-current financial liabilities	17,395	14,184	(3,211)
Other non-current liabilities	3,568	3,549	(19)
Total non-current liabilities	131,602	125,980	(5,623)
Total liabilities	462,019	468,860	6,841
EQUITY			
Share capital	65,476	65,476	—
Capital surplus	897	732	(165)
Treasury shares	(7,297)	(7,017)	280
Other components of equity	75,876	59,305	(16,570)
Retained earnings	548,843	545,934	(2,909)
Equity attributable to owners of parent	683,795	664,430	(19,364)
Non-controlling interests	1,297	1,242	(55)
Total equity	685,091	665,672	(19,419)
Total liabilities and equity	1,147,110	1,134,532	(12,578)

(2) Semi-annual Condensed Consolidated Statements of Profit or Loss and Comprehensive Income

Semi-annual Condensed Consolidated Statement of Profit or Loss

	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)		Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)		Changes (Millions of yen)
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	
Revenue	331,296	100.0	332,779	100.0	1,484
Cost of sales	(189,222)	(57.1)	(180,709)	(54.3)	8,512
Gross profit	142,074	42.9	152,070	45.7	9,996
Selling, general and administrative expenses	(126,281)		(146,495)		(20,214)
Other operating income	971		1,325		355
Other operating expenses	(3,135)		(1,084)		2,051
Operating profit	13,629	4.1	5,817	1.7	(7,812)
Finance income	5,705		2,976		(2,729)
Finance costs	(5,259)		(5,705)		(447)
Share of profit of investments accounted for using equity method	1,185		1,366		181
Profit before tax	15,260	4.6	4,454	1.3	(10,806)
Income tax expense	(5,925)		(1,465)		4,460
Profit for the period	9,335	2.8	2,988	0.9	(6,347)
Profit attributable to:					
Owners of parent	9,801	3.0	2,963	0.9	(6,838)
Non-controlling interests	(466)		25		491
Profit for the period	9,335	2.8	2,988	0.9	(6,347)
Earnings per share:					
Basic earnings per share (Yen)	28.30		8.55		
Diluted earnings per share (Yen)	28.15		8.51		

Semi-annual Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)	Changes
Profit for the period	9,335	2,988	(6,347)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain (loss) on financial assets measured at fair value through other comprehensive income	6,066	(3,488)	(9,554)
Share of other comprehensive income of investments accounted for using equity method	(2)	(2)	0
Total of items that will not be reclassified subsequently to profit or loss	6,064	(3,489)	(9,553)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	34,559	(10,561)	(45,120)
Effective portion of cash flow hedges	(141)	283	424
Share of other comprehensive income of investments accounted for using equity method	144	(52)	(196)
Total of items that may be reclassified subsequently to profit or loss	34,562	(10,329)	(44,892)
Other comprehensive income, net of taxes	40,626	(13,819)	(54,445)
Total comprehensive income for the period	49,961	(10,830)	(60,792)
Comprehensive income attributable to:			
Owners of parent	50,184	(10,818)	(61,002)
Non-controlling interests	(223)	(13)	211
Total comprehensive income for the period	49,961	(10,830)	(60,792)

(3) Semi-annual Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Gain (loss) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2023	65,476	7,053	(7,709)	8,305	(1,110)
Profit for the period	–	–	–	–	–
Other comprehensive income	–	–	–	6,082	142
Total comprehensive income for the period	–	–	–	6,082	142
Dividends	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(1)	–	–
Share-based payment transactions	–	(229)	377	–	–
Changes in ownership interest in subsidiaries	–	(6,017)	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	71	–
Total transactions with owners	–	(6,246)	376	71	–
As of September 30, 2023	65,476	807	(7,334)	14,459	(968)

As of April 1, 2024	65,476	897	(7,297)	18,965	(1,057)
Profit for the period	–	–	–	–	–
Other comprehensive income	–	–	–	(3,475)	(54)
Total comprehensive income for the period	–	–	–	(3,475)	(54)
Dividends	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(1)	–	–
Share-based payment transactions	–	(165)	281	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(2,789)	–
Total transactions with owners	–	(165)	280	(2,789)	–
As of September 30, 2024	65,476	732	(7,017)	12,700	(1,111)

(Millions of yen)

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

As of April 1, 2024	58,127	(159)	75,876	548,843	683,795	1,297	685,091
Profit for the period	–	–	–	2,963	2,963	25	2,988
Other comprehensive income	(10,535)	283	(13,781)	–	(13,781)	(38)	(13,819)
Total comprehensive income for the period	(10,535)	283	(13,781)	2,963	(10,818)	(13)	(10,830)
Dividends	–	–	–	(8,661)	(8,661)	(42)	(8,704)
Purchase and disposal of treasury shares	–	–	–	–	(1)	–	(1)
Share-based payment transactions	–	–	–	–	116	–	116
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	(2,789)	2,789	–	–	–
Total transactions with owners	–	–	(2,789)	(5,872)	(8,547)	(42)	(8,589)
As of September 30, 2024	47,592	125	59,305	545,934	664,430	1,242	665,672

(4) Semi-annual Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Cash flows from operating activities:		
Profit before tax	15,260	4,454
Depreciation and amortization	17,389	22,599
Impairment losses	1,095	–
Interest and dividend income	(2,861)	(2,869)
Share of (profit) loss of investments accounted for using equity method	(1,185)	(1,366)
Losses (gains) on sale of property, plant and equipment	16	(11)
Interest expenses	1,507	1,587
Decrease (increase) in trade and other receivables	(13,933)	23,714
Decrease (increase) in inventories	(12,167)	(28,275)
Increase (decrease) in trade and other payables	1,693	(1,095)
Increase (decrease) in advances received	(5,904)	21,676
Increase (decrease) in provisions	3,383	(3,257)
Others, net	(4,621)	3,484
Subtotal	(327)	40,642
Interest and dividend income received	3,071	3,167
Interest expenses paid	(1,385)	(1,801)
Income taxes refund (paid)	(9,922)	(3,534)
Net cash provided by (used in) operating activities	(8,564)	38,473
Cash flows from investing activities:		
Purchase of property, plant and equipment	(13,918)	(26,417)
Proceeds from sale of property, plant and equipment	46	321
Purchase of intangible assets	(7,279)	(8,874)
Purchase of investment securities	(1,025)	(438)
Proceeds from sale of investment securities	6,450	5,328
Proceeds from redemption of investment securities	–	4,000
Acquisition of subsidiaries or other businesses	(2,318)	(12,459)
Others, net	674	(228)
Net cash provided by (used in) investing activities	(17,370)	(38,768)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(428)	25,743
Repayments of long-term borrowings	(105)	(33,711)
Redemption of bonds	(331)	–
Repayments of lease liabilities	(4,208)	(4,618)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(7,842)	–
Cash dividends paid	(8,642)	(8,657)
Cash dividends paid to non-controlling interests	(64)	(42)
Purchase of treasury shares	(1)	(1)
Proceeds from settlement of derivatives	–	10,648
Others, net	(151)	(80)
Net cash provided by (used in) financing activities	(21,773)	(10,718)
Effect of exchange rate changes on cash and cash equivalents	12,759	(3,855)
Net decrease in cash and cash equivalents	(34,947)	(14,868)
Cash and cash equivalents at beginning of the period	211,337	206,644
Cash and cash equivalents at end of the period	176,390	191,776

(5) Notes to Semi-annual Condensed Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Segment Information)

(1) Outline of Reportable Business Segments

The business segments that the Group reports are the business units for which the Company is able to obtain respective financial information separately for the Board of Directors to conduct periodic investigations to determine the distribution of management resources and evaluate the Group's business results.

In consideration of the similarity of economic characteristics, the Group integrated its business divisions into five reportable segments consisting of the Imaging Products Business, the Precision Equipment Business, the Healthcare Business, the Components Business, and the Digital Manufacturing Business.

The Imaging Products Business provides products and services of imaging products and its peripheral domain, such as digital camera-interchangeable lens type, compact DSC and interchangeable lens. The Precision Equipment Business provides products and services with regard to the FPD lithography system and semiconductor lithography system. The Healthcare Business provides products and services for the life science solutions field such as biological microscopes, for the eye care solutions field such as ultra-wide field retinal imaging devices, and for the contract cell development and manufacturing field. The Components Business provides products and services related to the Industrial Metrology Business such as industrial microscopes, measuring instruments, and X-ray and CT inspections systems; the Digital Solutions Business such as optical components, optical parts, encoders, and material processing; related to the Customized Products Business such as EUV-related components and space-related solutions; and related to the Glass Business such as photomask substrates for FPDs. The Digital Manufacturing Business provides products and services of metal 3D printers.

(Regarding Revision of Reportable Business Segments)

During the six months ended September 30, 2024, the Group integrated the Industrial Metrology Business Unit and the Digital Solutions Business Unit to newly establish the Industrial Solutions Business. As a result, the Components Business has been designated as the reportable segment of the new business unit, and the Industrial Metrology Business Unit, which was previously included in the Digital Manufacturing Business, has been transferred to the Components Business.

The segment information for the six months ended September 30, 2023 has been prepared based on the revised business segments.

(2) Information on Reportable Business Segments

Profit or loss of reportable segments is based on operating profit. The intersegment revenues are based on current market prices.

Information on revenue and profit (loss) by reportable segment is as follows.

For the Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	137,682	96,023	51,260	36,632	8,238	1,460	331,296	–	331,296
Intersegment	984	61	142	4,075	24	38,068	43,354	(43,354)	–
Total	138,667	96,084	51,402	40,707	8,262	39,528	374,650	(43,354)	331,296
Segment profit (loss)	25,215	3,242	2,754	5,127	(8,732)	189	27,795	(14,165)	13,629
Finance income									5,705
Finance costs									(5,259)
Shares of profit of investments accounted for using equity method									1,185
Profit before tax									15,260

- Notes: 1. The “Others” category consists of operations not included in the reportable segments.
2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the semi-annual condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 2,907 million yen, cumulative translation on differences of (33) million yen reclassified to profit or loss due to the liquidation of a foreign subsidiary, and corporate profit (loss) of (17,040) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (10,220) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (6,840) million yen, which add up general and administrative expenses of headquarter functions and other operating income or expenses that cannot be attributed to any segments.

For the Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	151,791	81,585	55,133	30,449	11,730	2,092	332,779	–	332,779
Intersegment	1,330	91	72	4,447	119	46,605	52,665	(52,665)	–
Total	153,121	81,676	55,206	34,896	11,848	48,697	385,444	(52,665)	332,779
Segment profit (loss)	28,848	944	1,300	1,486	(6,444)	617	26,751	(20,934)	5,817
Finance income									2,976
Finance costs									(5,705)
Shares of profit of investments accounted for using equity method									1,366
Profit before tax									4,454

- Notes: 1. The “Others” category consists of operations not included in the reportable segments.
2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the semi-annual condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 1,053 million yen, and corporate profit (loss) of (21,987) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (9,945) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (12,042) million yen, which add up general and administrative expenses of headquarter functions and other operating income or expenses that cannot be attributed to any segments.

(Business Combinations)

The details of a business combination occurred in the six months ended September 30, 2024 are as follows:

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

(1) Summary of Business Combination

(a) Name of Acquired Company and its Business Outline

Name of acquired company: RED.com, LLC (currently, RED Digital Cinema, Inc.)

Business outline: Design, development, manufacture, sales, and provision of services of professional digital cinema cameras

(b) Primary Reasons for Business Combination

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

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

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

(c) Legal Form of Business Combination

Acquisition of equity interests for cash consideration

(d) Date of Business Combination

April 8, 2024

(e) Percentage of Voting Equity Interests Acquired

100%

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

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

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

(3) Details of Major Acquisition-related Costs

Acquisition-related costs for the business combination was 759 million yen; the Group recorded 185 million yen and 574 million yen as selling, general and administrative expenses in the consolidated statement of profit or loss for the year ended March 31, 2024 and the semi-annual condensed consolidated statement of profit or loss for the six months ended September 30, 2024, respectively.

(4) Fair Value of Assets and Liabilities and Goodwill as of the Acquisition Date

(Millions of yen)

Item	Amount
Current assets	6,402
Non-current assets (Note 1)	8,957
Total assets	15,359
Current liabilities	3,077
Non-current liabilities	2,216
Total liabilities	5,292
Net assets	10,066
Goodwill resulting from the acquisition (Note 2)	3,101

As the recognition of identifiable assets acquired and liabilities assumed at the date of acquisition and measurement of their fair values were incomplete by the end of the six months ended September 30, 2024, the amounts presented above represent provisional amounts based on the Group's current best estimate. Accordingly, the allocation of the consideration transferred to assets acquired, liabilities assumed and resulting goodwill may be adjusted in a year from the acquisition date when additional information about facts and circumstances that existed at the acquisition date is obtained and evaluated.

- Notes: 1. Non-current assets include 7,423 million yen of identifiable intangible assets, consisting of technology-related assets of 7,423 million yen.
2. Goodwill is the future excess earning power expected from future business development. None of the recognized goodwill is expected to be deductible for tax purposes.

(5) Expenditure to Gain Control of the Subsidiary

The reconciliation of the consideration for acquisition of equity interests of RED with the net expenditure for acquisition is as follows:

(Millions of yen)

Item	Amount
Consideration for acquisition of equity interests of RED	13,167
Less: Cash and cash equivalents of RED	(708)
Net expenditures for acquisition of RED	12,459

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

(6) Impact on Operating Results of the Group

Revenue and loss attributable to the owners of the parent of the acquired company recorded in the semi-annual condensed consolidated statement of profit or loss for the six months ended September 30, 2024 after the acquisition date are 3,027 million yen and 3,203 million yen, respectively.

(7) Consolidated Revenue and Profit (Loss) for the Period based on the Assumption that the Business Combination had been Completed at the Beginning of the Period

The information on consolidated revenue and profit (loss) for the period based on the assumption that the business combination had been completed at the beginning of the period is omitted as their impact on the semi-annual condensed consolidated statement of profit or loss for the six months ended September 30, 2024 is insignificant.

(Revenue)

In consideration of the similarity of economic characteristics, the Group integrated its business divisions into five reportable segments consisting of the Imaging Products Business, the Precision Equipment Business, the Healthcare Business, the Components Business, and the Digital Manufacturing Business. The business segments are periodically reviewed by the Board of Directors to determine the distribution of management resources and evaluate business results, and revenue of these business units is presented as revenue. The relationship between the disclosure of disaggregated revenue into geographical regions based on customer's location and revenue information that is disclosed for each reportable segment is as follows.

The reportable segments have been changed from the six months ended September 30, 2024. Accordingly, the information on segment revenues for the six months ended September 30, 2023 has been prepared based on the revised business segments. For more details, please see "2. Semi-annual Condensed Consolidated Financial Statements, (5) Notes to Semi-annual Condensed Consolidated Financial Statements (Segment Information)."

For the Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total
Japan	15,413	27,077	5,266	18,864	78	681	67,378
United States	33,989	8,240	26,126	6,991	3,368	0	78,714
Europe (Note 2)	29,536	28,452	7,985	3,340	3,616	25	72,955
China	29,198	16,137	5,467	2,500	89	650	54,041
Others (Note 2)	29,545	16,118	6,417	4,937	1,088	104	58,208
Total	137,682	96,023	51,260	36,632	8,238	1,460	331,296

Notes: 1. The "Others" category consists of operations not included in the reportable segments.

2. Except for Japan, the United States, and China, the countries or regions are primarily categorized as follows:

1) Europe: The United Kingdom, France, and Germany

2) Others: Canada, Asia other than Japan and China, Middle East, Oceania, and Latin America

For the Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total
Japan	17,106	7,061	4,561	14,397	105	835	44,065
United States	36,962	9,861	27,336	7,442	6,283	–	87,885
Europe (Note 2)	29,284	9,457	11,596	2,707	4,545	39	57,627
China	35,704	28,827	5,106	1,942	14	1,073	72,666
Others (Note 2)	32,733	26,379	6,534	3,961	783	146	70,536
Total	151,791	81,585	55,133	30,449	11,730	2,092	332,779

Notes: 1. The "Others" category consists of operations not included in the reportable segments.

2. Except for Japan, the United States, and China, the countries or regions are primarily categorized as follows:

1) Europe: The United Kingdom, France, and Germany

2) Others: Canada, Asia other than Japan and China, Middle East, Oceania, and Latin America

(Contingent Liabilities)
(Litigation)

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

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

(Contracts and Legal Compliance)

In response to a question raised that our consolidated subsidiary Optos Plc sold refurbished products and new products without distinction, we are conducting an internal investigation with the cooperation of the external organizations, as well as our own internal review. With respect to potential violations and breaches of legal, regulatory and contractual requirements in the United States, we have set aside a provision of 1,452 million yen for any compensation, penalties or other sanction. As a result of the review up to this point, we have not found any quality, sales or marketing or other issues that have caused us to increase this provision.

Depending on the future progress of the investigation and our review, there is a possibility that our consolidated performance would be affected in case where payment to each regulatory authority and compensation to customers, etc., will occur; however, we think that it is difficult to reasonably estimate the effect at this moment.

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

(Significant Subsequent Events)

The Company has resolved, at a meeting of the Board of Directors held on October 31, 2024, to repurchase its own shares pursuant to Article 156 of the Companies Act of Japan as applicable through Article 165, Paragraph 3 of the Act, and to cancel treasury shares pursuant to Article 178 of the Companies Act of Japan.

1. Reasons for the Repurchase of Own Shares and the Cancellation of Treasury Shares

The Company's capital allocation policy in its medium-term management plan, which ends in the year ending March 31, 2026, is to promote both growth investment and shareholder returns. By repurchasing its own shares, the Company aims to strengthen shareholder returns and improve capital efficiency. The Company will also cancel all of the shares to be repurchased to enhance shareholder value over the medium term.

2. Details of the Repurchase of Own Shares

- | | |
|---|---|
| (1) Type of shares to be repurchased: | Ordinary shares |
| (2) Total number of shares to be repurchased: | Up to 30 million shares
(Equivalent to 8.7% of shares issued, excluding treasury shares) |
| (3) Total repurchase amount: | Up to 30 billion yen |
| (4) Repurchase period: | From November 8, 2024 to March 24, 2025 |

3. Details of the Cancellation of Treasury Shares

- | | |
|---|--|
| (1) Type of shares to be cancelled: | Ordinary shares |
| (2) Total number of shares to be cancelled: | All the ordinary shares to be repurchased in accordance with section 2 above |
| (3) Scheduled date of cancellation: | March 31, 2025 |