May 8, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (IFRS)

Corporate Name: NIKON CORPORATION
Securities code number: 7731 Stock exchange listings: Tokyo
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Scheduled date for the annual general shareholders' meeting: June 27, 2025
Scheduled date for the filing of the Annual Securities Report: June 26, 2025
Scheduled date of year-end dividend payout: June 30, 2025
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 Fiscal Year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

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

	Revenue		Operating Profit		Profit before Tax		Profit for Year		Profit Attributable to Owners of Parent		Total Comprehensive Income for Year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	715,285	(0.3)	2,422	(93.9)	4,533	(89.4)	6,123	(80.9)	6,123	(81.2)	1,264	(98.6)
Fiscal year ended March 31, 2024	717,245	14.2	39,776	(27.6)	42,669	(25.2)	32,134	(25.8)	32,570	(27.5)	91,724	52.6

	Basic Earnings per Share	Diluted Earnings per Share	Ratio of Profit to Equity Attributable to Owners of Parent	Ratio of Profit before Tax to Total Assets	Ratio of Operating Profit to Revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	17.86	17.77	0.9	0.4	0.3
Fiscal year ended March 31, 2024	94.03	93.53	5.0	3.9	5.5

(Reference) Share of profit of investments accounted for using equity method: Fiscal year ended March 31, 2025 3,146 million yen
Fiscal year ended March 31, 2024 2,467 million yen

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent to Total Assets	Equity per Share Attributable to Owners of Parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	1,110,514	639,223	637,977	57.4	1,940.15
As of March 31, 2024	1,147,110	685,091	683,795	59.6	1,973.68

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	48,258	(69,988)	(19,808)	163,590
Fiscal year ended March 31, 2024	30,767	(41,405)	(8,938)	206,644

2. Dividends

	Dividend per Share					Total Cash Dividend (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividend to Equity Attributable to Owners of Parent (Consolidated)
	First quarter ended	Second quarter ended	Third quarter ended	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	25.00	–	25.00	50.00	17,322	53.2	2.7
Fiscal year ended March 31, 2025	–	25.00	–	25.00	50.00	16,887	280.0	2.6
Fiscal year ending March 31, 2026 (Planned)	–	25.00	–	25.00	50.00		54.8	

3. Consolidated Financial Forecasts for the Fiscal Year ending March 31, 2026 (From April 1, 2025 to March 31, 2026)

(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
Six months ending September 30, 2025	322,000	(3.2)	3,000	(48.4)	5,000	12.3	3,500	18.1	10.64
Fiscal year ending March 31, 2026	710,000	(0.7)	36,000	–	40,000	782.4	30,000	390.0	91.23

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 period ended March 31, 2025, 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 Accounting Standards: None
2. Changes in accounting policies other than the above: None
3. Changes in accounting estimates: None

(3) Number of Shares Issued (Ordinary Shares)

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

As of March 31, 2025	333,585,686	shares
As of March 31, 2024	351,476,686	shares

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

As of March 31, 2025	4,757,522	shares
As of March 31, 2024	5,019,477	shares

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

Fiscal year ended March 31, 2025	342,807,635	shares
Fiscal year ended March 31, 2024	346,384,838	shares

(Reference)

1. Non-Consolidated Results for the Fiscal Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

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

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	452,779	3.2	(1,922)	–	2,419	(94.2)	(4,441)	–
Fiscal year ended March 31, 2024	438,871	6.6	16,118	(45.0)	41,648	(42.3)	43,285	(25.1)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Fiscal year ended March 31, 2025	(12.95)	–
Fiscal year ended March 31, 2024	124.96	124.30

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Ordinary Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	748,716	354,344	47.1	1,072.45
As of March 31, 2024	779,169	412,539	52.7	1,185.35

(Reference) Equity: As of March 31, 2025 352,652 million yen
As of March 31, 2024 410,673 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Appropriate use of business forecasts; other special items

Performance forecasts and other forward-looking statements contained in this report are based on information and assumptions at the time of this report's release such as most recent market forecasts and exchange rates. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to the above assumptions. For more information about the Company's business forecasts and assumptions, please refer to page 7.

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1. Overview of Consolidated Operating Results and Others

(1) Overview of Consolidated Operating Results

With regard to market and customer trends during the fiscal year ended March 31, 2025, 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, a recovery in capital investments in the fields related to semiconductors as a whole was delayed, 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 in certain regions against the backdrop of their political and economic environments.

In the Components Business, the Industrial Solutions Business was adversely affected by a delayed recovery in the semiconductors and electronic components markets as well as by adjustments of inventories by end users, among other factors. Meanwhile, capital investments remained firm 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, the metal additive manufacturing field stagnated mainly in the mid-to-small size equipment market, but the large-size equipment market expanded with the defense domain driving the market.

Under the medium-term management plan, which covers a period from fiscal 2022 to fiscal 2025, the Group is making progress in its business and improving its management base. In the fiscal year ended March 31, 2025, we made RED.com, LLC (currently RED Digital Cinema, Inc., hereinafter referred to as "RED") a wholly-owned subsidiary in the Imaging Products Business. RED is a U.S. manufacturer of professional digital cinema cameras and will play a central role in implementing a digital cinema camera strategy. In the Precision Equipment Business, we announced the development of our first semiconductor lithography system for packaging applications. We are making steady progress in enhancing our business strategies and improving our management base, but we need to work on further improving profitability.

Under these circumstances, during the fiscal year ended March 31, 2025, revenue decreased 1,960 million yen (0.3%) year on year to 715,285 million yen, operating profit decreased 37,354 million yen (93.9%) year on year to 2,422 million yen, profit before tax decreased 38,136 million yen (89.4%) year on year to 4,533 million yen, and profit attributable to owners of parent decreased 26,447 million yen (81.2%) year on year to 6,123 million yen.

Performance by segment is as follows.

Note that as stated in "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information)," the reportable business segments have been revised from the fiscal year ended March 31, 2025. 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 recorded a year-on-year increase in revenue due to an increase in the number of interchangeable lenses and mirrorless cameras sold, mainly Z50II APS-C size mirrorless camera, Z6III full-frame mirrorless camera, and other new products, as well as the positive effects of the yen depreciation. The Group, however, recorded a year-on-year decrease in profit due to the operating loss of RED, which was affected by the sluggish cinema industry, and the recognition of one-time costs such as impairment losses on non-current assets at Mark Roberts Motion Control Limited. As a result, this business segment recorded revenue of 295,363 million yen (up 5.6% year on year) and operating profit of 41,306 million yen (down 11.3% year on year).

In the Precision Equipment Business, the FPD lithography systems field recorded year-on-year increases in both revenue and profit due to higher unit sales of the systems for both mid-to-small size panels and large-size panels. In contrast, the semiconductor lithography system field recorded year-on-year decreases in both revenue and profit due to lower unit sales of new systems as well as the recording one-time costs such as impairment losses on non-current assets and write-down of inventories. As a result, this business segment recorded revenue of 201,963 million yen (down 7.9% year on year) and operating profit of 1,544 million yen (down 89.8% year on year).

In the Healthcare Business, the Group recorded year-on-year increases in both revenue and profit as a whole backed by robust sales and the positive effects of the yen depreciation in the eye care solutions and contract cell development and manufacturing fields, despite being adversely affected by sluggish market conditions in the life science solutions field. As a result, this business segment recorded revenue of 116,452 million yen (up 7.9% year on year) and operating profit of 6,735 million yen (up 25.0% 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, this business segment recorded revenue of 74,136 million yen (down 13.7% year on year) and operating profit of 7,185 million yen (down 52.5% year on year).

In the Digital Manufacturing Business, the Group recorded a year-on-year increase in revenue because sales of large-size equipment remained strong, while sales of mid-to-small size equipment decreased. The Group, however, recorded a year-on-year decrease in profit due to higher production costs resulting from lower production volume of mid-to-small size equipment, the organization of the U.S. footprint, and increased upfront investments in R&D and other areas. As a result, this business segment recorded revenue of 23,356 million yen (up 11.2% year on year) and operating loss of 15,225 million yen (operating loss of 14,093 million yen in the previous fiscal year).

(2) Overview of Financial Position

The balance of total assets as of March 31, 2025 decreased by 36,596 million yen from the end of the previous fiscal year to 1,110,514 million yen. This was mainly due to decreases of 43,054 million yen in cash and cash equivalents and 26,299 million yen in other current and non-current financial assets, despite an increase of 22,293 million yen in inventories.

The balance of total liabilities as of March 31, 2025 increased by 9,272 million yen from the end of the previous fiscal year to 471,291 million yen. This was mainly due to an increase of 26,864 million yen in bonds and borrowings, despite decreases of 5,284 million yen in deferred tax liabilities, 5,094 million yen in other current and non-current financial liabilities, 3,901 million yen in provisions under current liabilities and non-current liabilities, and 3,718 million yen in advances received.

The balance of total equity as of March 31, 2025 decreased by 45,868 million yen from the end of the previous fiscal year to 639,223 million yen. This was mainly due to a decrease of 35,728 million yen in retained earnings primarily as a result of net of appropriation of dividends from retained earnings and the transfer from retained earnings to capital surplus to offset a decrease in capital surplus due to the cancellation of treasury shares as well as a decrease of 8,729 million yen in other components of equity due mainly to changes in the fair value of financial assets held.

(3) Overview of Cash Flows

During the current fiscal year ended March 31, 2025, for the cash flows from operating activities, net cash of 48,258 million yen was provided (30,767 million yen provided in the previous fiscal year). This was mainly attributable to the recording of profit before tax of 4,533 million yen, depreciation and amortization of 44,189 million yen, and impairment losses of 10,816 million yen, despite an increase in inventories.

For the cash flows from investing activities, net cash of 69,988 million yen was used (41,405 million yen used in the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment and intangible assets of 69,660 million yen and acquisition of subsidiaries or other businesses of 12,014 million yen, despite proceeds from sale and redemption of investment securities of 11,649 million yen.

For the cash flows from financing activities, net cash of 19,808 million yen was used (8,938 million yen used in the previous fiscal year). This was mainly attributable to repayments of long-term borrowings of 34,011 million yen, purchase of treasury shares of 30,003 million yen, and cash dividends paid of 17,321 million yen, despite proceeds from long-term borrowings of 69,489 million yen.

As a result of a decrease of 1,516 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 March 31, 2025 decreased by 43,054 million yen from the end of the previous fiscal year to 163,590 million yen.

(4) Future Outlook

Regarding the business environment for the full fiscal year ending March 31, 2026, in the Imaging Products Business, the digital camera market is expected to remain solid.

In the Precision Equipment Business, capital investments for mid-to-small size panels in the field related to FPDs are expected to remain firm and those for large-size panels are expected to grow gradually in line with the expansion of the organic LED market. Meanwhile, as for the fields related to semiconductors, we expect that capital investments in AI-related semiconductors will remain strong, and the semiconductor market as a whole will recover in the second half of the fiscal year ending March 31, 2026 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.

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

In the Digital Manufacturing Business, the metal additive manufacturing field is expected to remain weak and unchanged, mainly in the mid-to-small size equipment market. On the other hand, the large-size equipment market is expected to continue growing, especially in North America, as demand is expected to increase.

In the final fiscal year of the medium-term management plan, which covers a period from fiscal 2022 to fiscal 2025, the Group will advance selective investment and promote rationalization of its structure in order to achieve both short-term performance and long-term growth. The growing uncertainty of the U.S. trade policy and other factors may cause companies to curtail capital investment and consumers to reduce their consumption.

We will continue to steadily pursue the policies set forth in the medium-term management plan, which include strengthening our management base and developing growth drivers, with the aim of achieving Vision 2030, which is to become “a key technology solutions company in a global society where humans and machines co-create seamlessly.”

(5) Shareholder Return Policy and Dividends

The Company’s fundamental policy on shareholder returns is to distribute a steady dividend that reflects the perspective of shareholders and simultaneously realizing appropriate capital allocation flexibly from the medium-to-long term perspective, while strengthening investments (including strategic investments, R&D, and capital expenditures) to ensure sustainable growth. Based on this policy, the Company will return profits to shareholders at a target total return ratio of 40% or more.

For the fiscal year ended March 31, 2025, the year-end dividend is 25 yen per share, and the full-year dividend will be 50 yen per share including the interim dividend of 25 yen per share. The full-year dividend for the fiscal year ending March 31, 2026 will remain unchanged from the current fiscal year and is forecast to be 50 yen per share (including the interim dividend of 25 yen per share), with a total return ratio of 50% or more.

(6) Business and Other Risks

(i) Risk management systems and operations

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

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

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

In April 2025, the Risk Management Committee was merged with its subordinate Compliance Committee and renamed the Risk Management and Compliance Committee. The committee will address compliance risks as part of the group-wide risk management.

(ii) Identification of risks and countermeasures

The Group conducts an annual Risk Identification Survey as a risk assessment to ascertain the risks faced by the Group. This survey, administered to all employees at or above the rank of department manager and to the presidents of domestic and overseas group companies, identifies, analyzes, and assesses group-wide important risks and monitors the status of measures to these risks. Based on the survey results, the Risk Management Committee analyzes the number of responses and risks that have a large impact and creates a risk correlation matrix that takes into account identified external risks to identify important risks and determine issues that require more efforts.

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

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

(a) Risks related to business and management

- Risks

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

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

The demand for FPD lithography systems managed by the Precision Equipment Business is expected to be stable in the display market. However, the recovery in demand for lithography equipment may be sluggish due to the continued contraction of capital investment. Although the semiconductor market, the target market for semiconductor lithography systems, is expected to grow significantly over the medium- to long-term, demand for immersion lithography systems may drop depending on competitors' cutting-edge process development. In addition, the Group's profit may be affected by factors such as changes in capital investment plans by its major customers.

- Responses

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

The Imaging Products Business continues strengthening its earnings structure by optimizing production and sales aspects, reforming the supply chain and logistics, thoroughly reducing costs, strengthening digital marketing, and improving development efficiency. In addition, the business acquired RED based in the U.S. to expand the fast-growing professional digital cinema camera market.

In the FPD lithography systems field, the Group is expanding earnings and reducing total costs through new lithography systems and service businesses to secure a certain profit level, even in declining demand for lithography systems. In the semiconductor lithography systems field, the Group will aggressively cultivate non-existing customers and expand the service business under a business strategy emphasizing profitability.

(b) Risks related to research and development

- Risks

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

- Responses

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

(c) Risks related to changes in regulations and systems

- Risks

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

- Responses

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

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

- Risks

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

- Responses

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

(e) Geopolitical risks

- Risks

As mentioned above, the Group's global operations have resulted in a high percentage of consolidated revenue from overseas, and the Group is highly dependent on overseas markets. Overseas business development may be affected by political problems, trade friction and disputes, and social turmoil due to riots, terrorism, wars, etc., in addition to overall trends in the world economy, which may cause significant obstacles or losses in business activities. In addition, sudden or significant fluctuations in foreign exchange rates could significantly impact the Group's earnings and financial position. In recent years, geopolitical risks, especially the U.S.-China trade friction and other events, may affect the macroeconomy, the Group's business activities, and the supply chains for semiconductor components and other products.

- Responses

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

(f) Risks related to procurement

- Risks

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

- Responses

The current uncertainty and volatility also continue to be high in component procurement and logistics. Therefore, the Group is working with its procurement partners to build a resilient supply chain by collaborating on quality and Environmental, Social, and Governance (ESG) perspectives. The Group is also building strong relationships with its procurement partners. Through initiatives such as visualizing its supply chains, formulating and strengthening a business continuity plan (BCP), monitoring greenhouse gas emissions, and enhancing human rights due diligence, the Group has established a system that can flexibly respond to drastically changing business risks and social issues. Through these efforts, the Group aims to reduce risks and achieve sustainable growth.

(g) Environmental risks

- Risks

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

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

- Responses

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

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

(h) Risks related to securing human resources

- Risks

The Group is supported by diverse human resources, such as employees who possess advanced technical expertise and other skills, and securing such human resources is becoming increasingly crucial to overcome intense competition in the market and achieve business growth. Failure to secure or develop talented personnel, or the departure of key personnel, may adversely affect its business activities, outflow of knowledge and expertise, and earnings and financial position. The risk of the outflow of human resources is exceptionally high in countries and regions with high labor mobility. If key personnel leave the Group and are challenging to replace, the Group’s growth may be affected.

In addition, due to the mass hiring around 1990 and the curtailment of new hiring that has occurred several times in the past, there is a risk of an aging population within the Group and a lack of mid-career and younger workers, which may prevent the proper handing down of technology, skills, and business know-how.

- Responses

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

(i) Risks related to information assets and cyber security

- Risks

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

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

- Responses

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

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

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

(j) Risks related to intellectual property and litigation

- Risks

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

- Responses

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

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

- Risks

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

- Responses

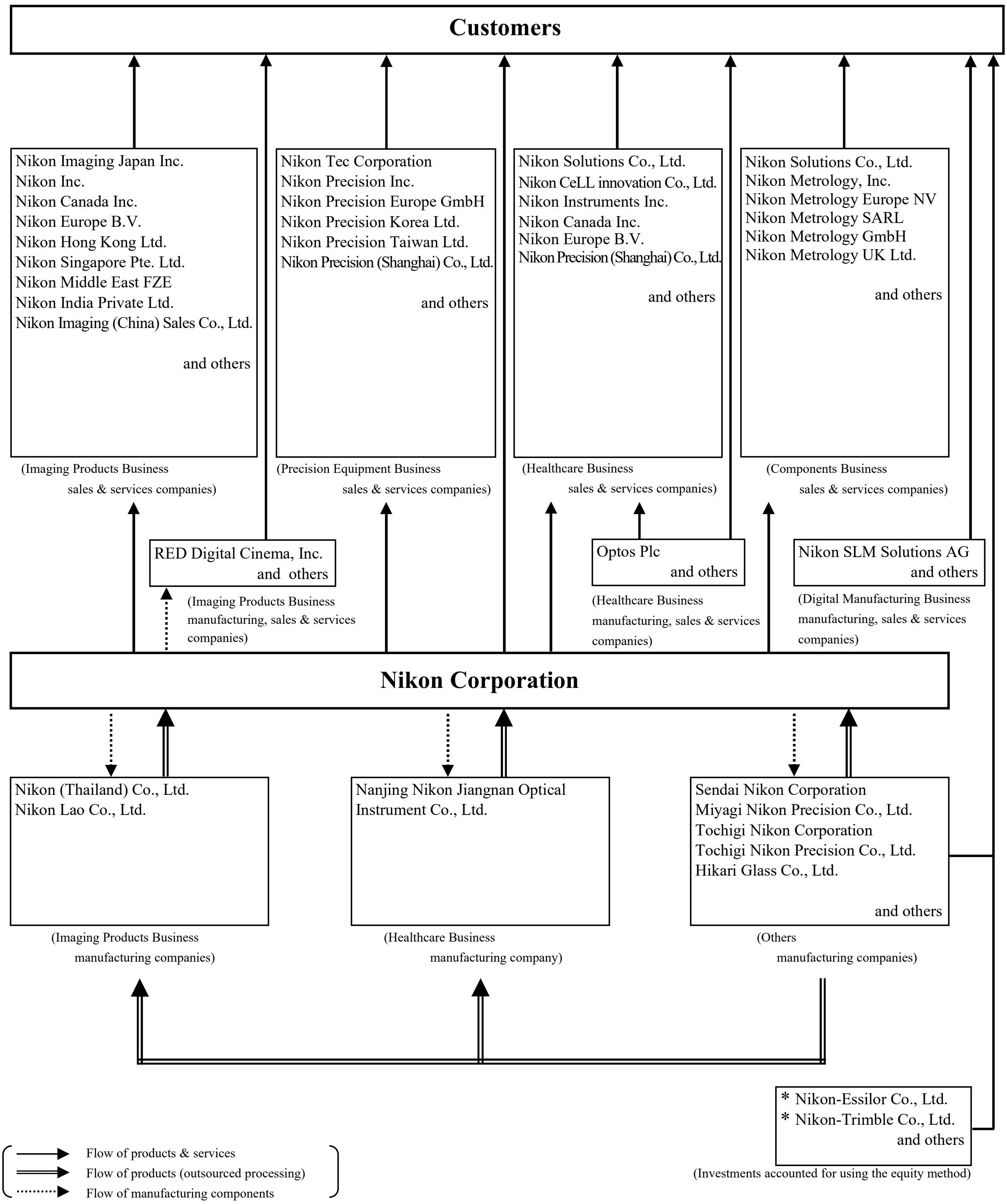
The Group has formulated and regularly reviews its BCP in preparation for large-scale disasters, outbreaks of infectious diseases, and other incidents. In anticipation of a large-scale earthquake, such as an earthquake directly under the Tokyo metropolitan area, the Company has re-examined and updated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

2. Status of Nikon Group

The Nikon Group is comprised of NIKON CORPORATION (the "Company"), its 85 consolidated subsidiaries, and 10 investments accounted for using the equity method, running the Imaging Products Business, Precision Equipment Business, Healthcare Business, Components Business, Digital Manufacturing Business and others.

The reportable business segments have been revised from the fiscal year ended March 31, 2025. For more details, please see "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information)."

The structure of the Group is shown as below:



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

No symbol: Consolidated subsidiaries, *: Investments accounted for using the equity method

3. Basic Policy on the Adoption of Accounting Standards

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

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025	Changes
ASSETS			
Current assets			
Cash and cash equivalents	206,644	163,590	(43,054)
Trade and other receivables	139,922	125,441	(14,481)
Inventories	285,239	307,533	22,293
Other current financial assets	15,908	3,116	(12,792)
Other current assets	19,627	20,540	914
Total current assets	667,340	620,220	(47,119)
Non-current assets			
Property, plant and equipment	133,428	146,473	13,045
Right-of-use assets	24,455	18,752	(5,704)
Goodwill and intangible assets	158,573	165,462	6,889
Retirement benefit asset	11,658	13,998	2,340
Investments accounted for using equity method	9,728	10,068	340
Other non-current financial assets	89,618	76,111	(13,507)
Deferred tax assets	51,471	58,614	7,143
Other non-current assets	840	817	(23)
Total non-current assets	479,771	490,294	10,523
Total assets	1,147,110	1,110,514	(36,596)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	83,647	82,200	(1,447)
Bonds and borrowings	88,313	71,413	(16,900)
Income taxes payable	5,056	5,474	418
Advances received	71,875	68,157	(3,718)
Provisions	7,892	5,756	(2,136)
Other current financial liabilities	32,993	31,814	(1,179)
Other current liabilities	40,641	40,731	91
Total current liabilities	330,416	305,545	(24,872)
Non-current liabilities			
Bonds and borrowings	78,392	122,157	43,764
Retirement benefit liability	7,330	7,897	566
Provisions	8,286	6,521	(1,765)
Deferred tax liabilities	16,631	11,347	(5,284)
Other non-current financial liabilities	17,395	13,480	(3,914)
Other non-current liabilities	3,568	4,345	777
Total non-current liabilities	131,602	165,746	34,144
Total liabilities	462,019	471,291	9,272
EQUITY			
Share capital	65,476	65,476	–
Capital surplus	897	–	(897)
Treasury shares	(7,297)	(7,761)	(464)
Other components of equity	75,876	67,147	(8,729)
Retained earnings	548,843	513,115	(35,728)
Equity attributable to owners of parent	683,795	637,977	(45,818)
Non-controlling interests	1,297	1,246	(51)
Total equity	685,091	639,223	(45,868)
Total liabilities and equity	1,147,110	1,110,514	(36,596)

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

Consolidated Statement of Profit or Loss

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)		Changes
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)
Revenue	717,245	100.0	715,285	100.0	(1,960)
Cost of sales	(407,198)	(56.8)	(403,318)	(56.4)	3,880
Gross profit	310,047	43.2	311,968	43.6	1,920
Selling, general and administrative expenses	(268,056)		(295,155)		(27,100)
Other operating income	3,576		2,241		(1,335)
Other operating expenses	(5,792)		(16,631)		(10,840)
Operating profit	39,776	5.5	2,422	0.3	(37,354)
Finance income	8,260		5,960		(2,300)
Finance costs	(7,834)		(6,994)		840
Share of profit of investments accounted for using equity method	2,467		3,146		679
Profit before tax	42,669	5.9	4,533	0.6	(38,136)
Income tax expense	(10,535)		1,590		12,125
Profit for year	32,134	4.5	6,123	0.9	(26,011)
Profit attributable to:					
Owners of parent	32,570	4.5	6,123	0.9	(26,447)
Non-controlling interests	(436)		(0)		436
Profit for year	32,134	4.5	6,123	0.9	(26,011)
Earnings per share:					
Basic earnings per share (Yen)	94.03		17.86		
Diluted earnings per share (Yen)	93.53		17.77		

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	Changes
Profit for year	32,134	6,123	(26,011)
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	14,831	(4,147)	(18,978)
Remeasurement of defined benefit plans	2,109	968	(1,141)
Share of other comprehensive income of investments accounted for using equity method	153	7	(146)
Total of items that will not be reclassified subsequently to profit or loss	17,093	(3,172)	(20,265)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	42,478	(2,177)	(44,656)
Effective portion of cash flow hedges	(34)	359	393
Share of other comprehensive income of investments accounted for using equity method	53	131	78
Total of items that may be reclassified subsequently to profit or loss	42,498	(1,687)	(44,185)
Other comprehensive income, net of taxes	59,590	(4,859)	(64,450)
Total comprehensive income for year	91,724	1,264	(90,460)
Comprehensive income attributable to:			
Owners of parent	91,887	1,281	(90,606)
Non-controlling interests	(163)	(17)	146
Total comprehensive income for year	91,724	1,264	(90,460)

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Gain (loss) on financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2023	65,476	7,053	(7,709)	8,305	–	(1,110)
Profit for year	–	–	–	–	–	–
Other comprehensive income	–	–	–	14,837	2,109	206
Total comprehensive income for year	–	–	–	14,837	2,109	206
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(3)	–	–	–
Cancellation of treasury shares	–	–	–	–	–	–
Share-based payment transactions	–	(139)	415	–	–	–
Incorporation of new subsidiaries	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	(6,017)	–	–	–	–
Transfer from retained earnings to capital surplus	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(4,177)	(2,109)	(154)
Total transactions with owners	–	(6,156)	412	(4,177)	(2,109)	(154)
As of March 31, 2024	65,476	897	(7,297)	18,965	–	(1,057)
As of April 1, 2024	65,476	897	(7,297)	18,965	–	(1,057)
Profit for year	–	–	–	–	–	–
Other comprehensive income	–	–	–	(4,147)	968	138
Total comprehensive income for year	–	–	–	(4,147)	968	138
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(31)	(30,003)	–	–	–
Cancellation of treasury shares	–	(29,144)	29,144	–	–	–
Share-based payment transactions	–	(132)	395	–	–	–
Incorporation of new subsidiaries	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	28,410	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(2,909)	(968)	(10)
Total transactions with owners	–	(897)	(464)	(2,909)	(968)	(10)
As of March 31, 2025	65,476	–	(7,761)	11,909	–	(929)

(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 year	–	–	–	32,570	32,570	(436)	32,134
Other comprehensive income	42,199	(34)	59,317	–	59,317	274	59,590
Total comprehensive income for year	42,199	(34)	59,317	32,570	91,887	(163)	91,724
Dividends	–	–	–	(17,315)	(17,315)	(64)	(17,380)
Purchase and disposal of treasury shares	–	–	–	–	(3)	–	(3)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	277	(60)	216
Incorporation of new subsidiaries	–	–	–	–	–	2	2
Changes in ownership interest in subsidiaries	–	–	–	–	(6,017)	(1,802)	(7,819)
Transfer from retained earnings to capital surplus	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	(6,440)	6,440	–	–	–
Total transactions with owners	–	–	(6,440)	(10,876)	(23,059)	(1,924)	(24,983)
As of March 31, 2024	58,127	(159)	75,876	548,843	683,795	1,297	685,091

As of April 1, 2024	58,127	(159)	75,876	548,843	683,795	1,297	685,091
Profit for year	–	–	–	6,123	6,123	(0)	6,123
Other comprehensive income	(2,160)	359	(4,842)	–	(4,842)	(17)	(4,859)
Total comprehensive income for year	(2,160)	359	(4,842)	6,123	1,281	(17)	1,264
Dividends	–	–	–	(17,328)	(17,328)	(42)	(17,370)
Purchase and disposal of treasury shares	–	–	–	–	(30,034)	–	(30,034)
Cancellation of treasury shares	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	263	–	263
Incorporation of new subsidiaries	–	–	–	–	–	4	4
Changes in ownership interest in subsidiaries	–	–	–	–	–	4	4
Transfer from retained earnings to capital surplus	–	–	–	(28,410)	–	–	–
Transfer from other components of equity to retained earnings	–	–	(3,887)	3,887	–	–	–
Total transactions with owners	–	–	(3,887)	(41,851)	(47,098)	(33)	(47,132)
As of March 31, 2025	55,966	201	67,147	513,115	637,977	1,246	639,223

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Cash flows from operating activities:		
Profit before tax	42,669	4,533
Depreciation and amortization	35,666	44,189
Impairment losses	2,716	10,816
Interest and dividend income	(5,610)	(5,471)
Share of (profit) loss of investments accounted for using equity method	(2,467)	(3,146)
Losses (gains) on sale of property, plant and equipment	217	(34)
Interest expenses	3,195	2,681
Decrease (increase) in trade and other receivables	(17,274)	15,298
Decrease (increase) in inventories	4,910	(20,042)
Increase (decrease) in trade and other payables	5,990	(1,652)
Increase (decrease) in advances received	(33,292)	(3,493)
Increase (decrease) in provisions	3,160	(2,421)
Others, net	2,351	9,430
Subtotal	42,231	50,689
Interest and dividend income received	8,836	8,395
Interest expenses paid	(3,022)	(2,631)
Income taxes refund (paid)	(17,278)	(8,195)
Net cash provided by (used in) operating activities	30,767	48,258
Cash flows from investing activities:		
Purchase of property, plant and equipment	(39,214)	(52,163)
Proceeds from sale of property, plant and equipment	763	405
Purchase of intangible assets	(16,001)	(17,497)
Purchase of investment securities	(1,404)	(865)
Proceeds from sale of investment securities	16,740	7,649
Proceeds from redemption of investment securities	—	4,000
Acquisition of subsidiaries or other businesses	(2,289)	(12,014)
Others, net	0	498
Net cash provided by (used in) investing activities	(41,405)	(69,988)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	40,065	(9,231)
Proceeds from long-term borrowings	—	69,489
Repayments of long-term borrowings	(2,209)	(34,011)
Redemption of bonds	(10,331)	—
Repayments of lease liabilities	(11,089)	(9,147)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(7,871)	—
Cash dividends paid	(17,310)	(17,321)
Cash dividends paid to non-controlling interests	(64)	(42)
Purchase of treasury shares	(3)	(30,003)
Proceeds from settlement of derivatives	—	10,648
Others, net	(125)	(189)
Net cash provided by (used in) financing activities	(8,938)	(19,808)
Effect of exchange rate changes on cash and cash equivalents	14,883	(1,516)
Net increase (decrease) in cash and cash equivalents	(4,693)	(43,054)
Cash and cash equivalents at beginning of year	211,337	206,644
Cash and cash equivalents at end of year	206,644	163,590

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)
Not applicable

(Basis for Preparation of Consolidated Financial Statements)
(a) Scope of Consolidation
Number of consolidated subsidiaries: 85 companies
Principal company names:
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 SLM Solutions AG; 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: 7 companies (due to outstanding membership interests acquisition and other reasons)
Decrease: 3 companies (due to merger and other reasons)

(b) Scope of Equity Method
Number of investments accounted for using the equity method: 10 companies
Principal company names:
Nikon-Essilor Co., Ltd., Nikon-Trimble Co., Ltd., and others

The increase and decrease of the number of investments accounted for using the equity method is as follows.
Decrease: 1 company (due to liquidation)

(c) Accounting Policies
The disclosure of the accounting policies has been omitted as there are no significant changes from the previous Annual Securities Report (submitted on June 24, 2024).

(Segment Information)

(1) Outline of Reportable Business Segments

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

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

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

As of April 1, 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 fiscal year ended March 31, 2024 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.

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

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	279,737	219,379	107,889	85,937	21,005	3,298	717,245	–	717,245
Intersegment	2,301	159	250	8,038	34	86,126	96,909	(96,909)	–
Total	282,038	219,538	108,139	93,975	21,039	89,425	814,154	(96,909)	717,245
Segment profit (loss)	46,542	15,179	5,388	15,121	(14,093)	4,447	72,586	(32,810)	39,776
Finance income									8,260
Finance costs									(7,834)
Shares of profit of investments accounted for using equity method									2,467
Profit before tax									42,669
Segment assets	125,199	186,244	131,811	84,146	129,775	50,270	707,443	439,667	1,147,110
Other items:									
Impairment losses	4	4	1	1,632	1,069	5	2,716	–	2,716
Depreciation and amortization	4,547	4,235	5,473	5,449	6,381	3,224	29,309	6,357	35,666
Increase in property, plant and equipment, right-of-use assets, goodwill and intangible assets	11,438	8,921	7,152	14,170	6,082	7,176	54,939	23,325	78,265

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

2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 2,977 million yen, cumulative translation on differences of (33) million yen reclassified to profit or loss due to the liquidation of a foreign subsidiary, and corporate profit (loss) of (35,754) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (20,904) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (14,850) million yen, which add up general and administrative expenses of headquarter functions and other operating income or expenses that cannot be attributed to any segments.

Regarding segment assets, reconciliation is made between segment assets and assets reported in the consolidated statement of financial position. In addition, reconciliation of segment assets includes corporate assets of 445,730 million yen that is not attributed to any segments, and elimination of intersegment transactions of (6,063) million yen. Principal components of corporate assets are surplus funds (cash and cash equivalents) held by the Company and its consolidated subsidiaries; long-term investments (shares); deferred tax assets; and some fixed and right-of-use assets used in common.

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	295,363	201,963	116,452	74,136	23,356	4,015	715,285	—	715,285
Intersegment	2,140	185	156	8,319	340	97,006	108,147	(108,147)	—
Total	297,503	202,148	116,608	82,456	23,696	101,021	823,432	(108,147)	715,285
Segment profit (loss) (Note 3)	41,306	1,544	6,735	7,185	(15,225)	2,922	44,468	(42,047)	2,422
Finance income									5,960
Finance costs									(6,994)
Shares of profit of investments accounted for using equity method									3,146
Profit before tax									4,533
Segment assets	166,079	165,754	133,808	77,447	133,003	43,660	719,752	390,762	1,110,514
Other items:									
Impairment losses (Note 4)	850	7,886	—	1,009	—	—	9,746	1,071	10,816
Depreciation and amortization	8,420	5,276	6,608	5,562	6,326	3,583	35,774	8,415	44,189
Increase in property, plant and equipment, right-of-use assets, goodwill and intangible assets	24,056	9,355	7,572	10,212	6,495	4,353	62,044	22,109	84,153

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

2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 1,911 million yen, corporate profit (loss) of (43,958) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (20,457) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (23,500) million yen, which add up general and administrative expenses of headquarter functions and other operating income or expenses that cannot be attributed to any segments.

   Regarding segment assets, reconciliation is made between segment assets and assets reported in the consolidated statement of financial position. In addition, reconciliation of segment assets includes corporate assets of 388,054 million yen that is not attributed to any segments, and elimination of intersegment transactions of 2,708 million yen. Principal components of corporate assets are surplus funds (cash and cash equivalents) held by the Company and its consolidated subsidiaries; long-term investments (shares); deferred tax assets; and some fixed and right-of-use assets used in common.

3. Segment profit (loss) includes restructuring costs recognized in “Other operating expenses” reported in the consolidated statement of profit or loss, consisting of (41) million yen for the Imaging Products business, (1,265) million yen for the Precision Equipment business, (1,823) for the Components business, and (1,794) million yen for corporate profit (loss) that cannot be attributed to any segments.

4. The main components of impairment losses are described in “(Impairment Losses of Non-Financial Assets).”

(3) Geographic Information

Revenue from external customers (Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Japan	144,167	101,893
United States	169,635	185,314
Europe	149,411	115,513
China	123,177	169,590
Others	130,855	142,975
Total	717,245	715,285

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

Non-current assets (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Japan	132,511	140,008
North America	17,337	27,041
Europe	154,874	149,012
China	3,365	4,621
Thailand	6,312	8,138
Others	2,897	2,685
Total	317,296	331,503

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

(4) Information about Major Customers

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

(Business Combinations)

The details of a business combination occurred in the fiscal year ended March 31, 2025 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	12,722
Total acquisition cost (Note)	12,722

Note: Price adjustments after acquisition have been finalized, and the acquisition cost was determined.

(3) Details of Major Acquisition-related Costs

Acquisition-related costs for the business combination was 760 million yen; the Group recorded 185 million yen and 575 million yen as selling, general and administrative expenses in the consolidated statements of profit or loss for the fiscal year ended March 31, 2024 and 2025, respectively.

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

(Millions of yen)

Item	Provisional fair value	Adjustment	Fair value after adjustment
Current assets	6,402	82	6,483
Non-current assets (Note 1)	8,957	313	9,270
Total assets	15,359	395	15,754
Current liabilities	3,077	342	3,418
Non-current liabilities	2,216	(1,850)	365
Total liabilities	5,292	(1,509)	3,784
Net assets	10,066	1,904	11,970
Goodwill resulting from the acquisition (Note 2)	3,101	(2,349)	752

The accounting treatment of the business combination was provisional since the allocation of the consideration for the acquisition between the assets acquired, the liabilities assumed, and goodwill was not determined. However, the amount of goodwill as of the acquisition date has been adjusted since the allocation was determined during the fiscal year ended March 31, 2025.

Notes: 1. Non-current assets include 7,167 million yen of identifiable intangible assets, consisting of technology-related assets of 7,167 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	12,722
Less: Cash and cash equivalents of RED	(708)
Net expenditures for acquisition of RED	12,014

Note: Price adjustments after acquisition have been finalized, and the acquisition cost was determined.

(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 consolidated statement of profit or loss for the fiscal year ended March 31, 2025 after the acquisition date are 5,960 million yen and 7,064 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 consolidated statement of profit or loss for the fiscal year ended March 31, 2025 is insignificant.

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

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

As a result of an impairment assessment, the Group recognized impairment losses of 10,816 million yen. Impairment losses by asset are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Property, plant and equipment	7,859
Right-of-use assets	215
Intangible assets	2,413
Goodwill	329
Total	10,816

For the Imaging Products Business, the Group has recognized impairment losses of 850 million yen. This is primarily because Mark Roberts Motion Control Limited, a UK subsidiary engaged in manufacturing and sales, was found not to earn some of its initially anticipated revenue due to deteriorated market conditions, and therefore, the Group conducted an impairment test, reducing the carrying amount of the subsidiary's non-current assets to their recoverable amount. The impairment losses include goodwill and identifiable assets of 329 million yen and 477 million yen, respectively. The recoverable amount was measured at value in use, and the value was recognized as zero.

For the Precision Equipment Business, the Group has recognized impairment losses of 7,886 million yen. Since the Group was expected not to earn initially anticipated revenue due primarily to revisions to investment plans by major customers and a delayed recovery of the semiconductor market conditions, we conducted an impairment test, reducing the carrying amount of the segment's non-current assets to their recoverable amount. The recoverable amount is based on the fair value less costs of disposal. The fair value was measured using the Market Approach and Cost Approach.

For the Components Business, the Group has recognized impairment losses of 1,009 million yen. This is attributable mainly to the restructuring of primarily European subsidiaries engaged in manufacturing and sales. We reduced the carrying amount of the segment's non-current assets with no prospect of specific use to their recoverable amount. The recoverable amount was primarily measured at value in use, and the value was recognized as the residual value, etc.

For corporate profit (loss) that cannot be attributed to any segments, the Group has recognized impairment losses of 1,071 million yen. In the process of restructuring the Company's bases, we reduced the carrying amount of non-current assets with no prospect of specific use to their recoverable amount. The recoverable amount was measured at value in use, and the value was recognized as the residual value.

Of impairment losses of 10,816 million yen, impairment losses for the Components Business of 1,003 million yen and for corporate profit (loss) that cannot be attributed to any segments of 1,071 million yen are recognized as restructuring costs. For more details, please see “(Restructuring Costs).”

(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 revised from the fiscal year ended March 31, 2025. Accordingly, the information on segment revenues for the fiscal year ended March 31, 2024 has been prepared based on the revised business segments. For more details, please see "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information)."

Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total
Japan	30,316	50,847	13,279	47,681	485	1,559	144,167
United States	68,574	20,869	52,453	16,465	11,274	0	169,635
Europe (Note 2)	59,137	58,376	18,044	6,989	6,813	51	149,411
China	59,215	46,608	10,980	4,796	128	1,450	123,177
Others (Note 2)	62,495	42,678	13,133	10,006	2,305	239	130,855
Total	279,737	219,379	107,889	85,937	21,005	3,298	717,245
Revenue from contracts with customers	279,328	219,379	97,887	85,937	21,004	3,298	706,833
Revenue from other sources (Note 3)	409	—	10,002	—	1	—	10,412

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
3. Revenue from other sources includes lease income, etc. based on IFRS 16.

Fiscal Year Ended March 31, 2025 (From April 1, 2024 to March 31, 2025) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total
Japan	31,435	15,236	15,702	37,142	606	1,773	101,893
United States	74,508	25,851	55,251	16,308	13,396	0	185,314
Europe (Note 2)	57,824	21,176	21,376	7,403	7,654	79	115,513
China	66,033	87,875	9,739	4,035	26	1,881	169,590
Others (Note 2)	65,562	51,825	14,384	9,249	1,674	282	142,975
Total	295,363	201,963	116,452	74,136	23,356	4,015	715,285
Revenue from contracts with customers	295,027	201,963	105,960	74,136	23,356	4,015	704,458
Revenue from other sources (Note 3)	336	—	10,492	—	—	—	10,828

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
3. Revenue from other sources includes lease income, etc. based on IFRS 16.

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

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1 2024 to March 31, 2025)
Depreciation and amortization	19,198	23,787
Research and development expenses	71,141	74,554
Employee benefit expenses	79,013	86,149
Advertising and sales promotion expenses	23,267	25,631
Others	75,437	85,034
Total	268,056	295,155

(Restructuring Costs)
Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

For the fiscal year ended March 31, 2025, we have recognized restructuring costs of 4,923 million yen. Costs associated with restructuring are recognized in “Other operating expenses” in the consolidated statement of profit or loss, and the main components of restructuring costs are as follows.
For the Precision Equipment Business, we have recognized restructuring costs of 1,265 million yen, which includes costs such as additional retirement benefits, as a result of optimizing headcount in a US sales subsidiary.
For the Components Business, we have recognized restructuring costs of 1,823 million yen, which includes impairment losses and additional retirement benefits for the reorganization of primarily European subsidiaries engaged in manufacturing and sales, in order to shift to a sustainable business structure.
For corporate profit (loss) that cannot be attributed to any segments, we have recognized restructuring costs, which includes impairment losses, of 1,794 million yen, as a result of restructuring primarily the Company's bases.

Details	Amount (Millions of yen)
Impairment losses	2,074
Additional retirement benefits	1,720
Expenses related to outside specialists	288
Others	841
Total	4,923

(Earnings Per Share)

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

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Basis for the calculation of basic earnings per share		
Profit for year attributable to owners of parent	32,570	6,123
Profit not attributable to ordinary equity holders of parent	–	–
Profit for year used in the calculation of basic earnings per share	32,570	6,123
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	346,385	342,808
Basic earnings per share (yen)	94.03	17.86
Basis for the calculation of diluted earnings per share		
Profit for year used in the calculation of basic earnings per share	32,570	6,123
Adjustments to profit for year Adjustment for potential shares issued by subsidiaries	–	–
Profit for year used in the calculation of diluted earnings per share	32,570	6,123
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	346,385	342,808
Increase in number of ordinary shares in respect of stock options (thousands of shares)	1,849	1,771
Weighted average number of dilutive ordinary shares outstanding during the period (thousands of shares)	348,234	344,578
Diluted earnings per share (yen)	93.53	17.77

Note: For the fiscal year ended March 31, 2024, as the stock options that the subsidiaries issued have no dilutive effect, they are not included in the calculation of diluted earnings per share.

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

The Company's subsidiary in India (hereinafter referred as "Subsidiary in India") was inquired by the Indian Tax Authority regarding the import of the Company's digital cameras, and in October 2016, the imposition was confirmed in relation to the customs duty, interest, and penalty concerning those products. In January 2017, the Subsidiary in India appealed to the Customs, Excise and Service Tax Appellate Tribunal (hereinafter referred to as the "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 the CESTAT and consequently the demand notice by the Indian Tax Authority. Subsequently in April 2021, the Indian Tax Authority filed a request for retrial. The Supreme Court approved the request for retrial in November 2024, and remanded the case to the CESTAT. In April 2025, at the remanded trial, the CESTAT rendered a judgement that the products were exempt from taxation. However, the Indian Tax Authority may appeal the judgement to the Supreme Court. As it is currently unable to predict the final decision of the lawsuit, the Company has not recognized any provision based on the aforementioned 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 1,521 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)
Not applicable