



February 6, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (IFRS)

Corporate Name: NIKON CORPORATION

Securities code number: 7731

Stock exchange listings: Tokyo

Representative: Toshikazu Umatate, Representative Director and Chairman

Contact: Takeshi Matsumoto, Corporate Vice President, General Manager of Finance & Accounting

TEL: +81-3-6743-5181

URL: <https://www.nikon.com>

Scheduled date to commence dividend payments: –

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 Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	512,671	(3.1)	8,110	(76.4)	10,848	(70.0)	6,262	(74.9)	21,336	(65.4)
Nine months ended December 31, 2023	528,912	16.0	34,438	(32.0)	36,206	(30.8)	24,973	(36.7)	61,595	31.3

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Nine months ended December 31, 2024	18.11	18.02
Nine months ended December 31, 2023	72.10	71.72

(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 December 31, 2024	1,155,924	677,085	675,761	58.5
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)

Fiscal year	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
	720,000	0.4	19,000	(52.2)	22,000	(48.4)	16,000	(50.9)	46.63

(Note) Revision of forecast from the latest announcement: Yes

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 nine months ended December 31, 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 December 31, 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 December 31, 2024 11,685,717 shares

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

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

Nine months ended December 31, 2024 345,825,051 shares

Nine months ended December 31, 2023 346,362,755 shares

* Review by certified public accountants or auditing firms on the attached quarterly consolidated financial statements:
None

* 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.

Contents

1. Performance and Financial Position	4
(1) Qualitative Information on Consolidated Operating Results	4
(2) Qualitative Information on Consolidated Financial Position	5
(3) Qualitative Information on Consolidated Financial Forecasts	6
2. Quarterly Condensed Consolidated Financial Statements	7
(1) Quarterly Condensed Consolidated Statement of Financial Position	7
(2) Quarterly Condensed Consolidated Statements of Profit or Loss and Comprehensive Income	9
(3) Quarterly Condensed Consolidated Statement of Changes in Equity	11
(4) Quarterly Condensed Consolidated Statement of Cash Flows	13
(5) Notes to Quarterly Condensed Consolidated Financial Statements	14
(Going Concern Assumption)	14
(Segment Information)	14
(Business Combinations)	17
(Impairment Losses of Non-Financial Assets)	19
(Revenue)	19
(Restructuring Costs)	20
(Contingent Liabilities)	20

1. Performance and Financial Position

(1) Qualitative Information on Consolidated Operating Results

During the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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, 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, market growth in the metal additive manufacturing field continued to be led by the aerospace and defense domains.

Under these circumstances, during the nine months ended December 31, 2024, revenue decreased 16,241 million yen (3.1%) year on year to 512,671 million yen, operating profit decreased 26,328 million yen (76.4%) year on year to 8,110 million yen, profit before tax decreased 25,358 million yen (70.0%) year on year to 10,848 million yen, and profit attributable to owners of parent decreased 18,711 million yen (74.9%) year on year to 6,262 million yen.

Performance by segment is as follows.

Note that as stated in “2. Quarterly Condensed Consolidated Financial Statements (5) Notes to Quarterly Condensed Consolidated Financial Statements (Segment Information),” the reportable business segments have been revised from the first quarter ended June 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 interchangeable lenses and Z8, Zf and Z6III full-frame mirrorless cameras in addition to the newly released Z50II APS-C size mirrorless camera. Driven by such strong sales and the positive effects of the yen depreciation, the business segment recorded year-on-year increases in both revenue and profit.

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. In contrast, unit sales of new systems in the semiconductor lithography system field decreased. As a result, the business segment as a whole recorded year-on-year decreases in both revenue and profit.

In the Healthcare Business, the Group recorded a year-on-year increase in revenue as a whole backed by robust sales and the positive effects of the yen depreciation in the eye care solutions field. However, the business segment as a whole posted a year-on-year decrease in profit due partly to delays in delivery to certain customers in the life science solutions field.

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 and one-time costs due to structural reforms related to the Industrial Metrology Business were recorded, 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 year-on-year decreases in both revenue and profit.

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.

(2) Qualitative Information on Consolidated Financial Position

The balance of total assets as of December 31, 2024 increased by 8,813 million yen from the end of the previous fiscal year to 1,155,924 million yen. This was mainly due to increases of 46,968 million yen in inventories and 37,476 million yen in property, plant and equipment and goodwill and intangible assets, despite decreases of 41,723 million yen in cash and cash equivalents, 18,011 million yen in trade and other receivables, and 13,080 million yen in other current financial assets.

The balance of total liabilities as of December 31, 2024 increased by 16,820 million yen from the end of the previous fiscal year to 478,839 million yen. This was mainly due to increases of 21,429 million yen in advances received and 2,699 million yen in other current liabilities, despite a decrease of 7,743 million yen in bonds and borrowings.

The balance of total equity as of December 31, 2024 decreased by 8,006 million yen from the end of the previous fiscal year to 677,085 million yen. This was mainly due to a decrease of 7,848 million yen in retained earnings primarily as a result of net of appropriation of dividends from retained earnings in addition to an increase of 11,850 million yen in treasury shares primarily as a result of the repurchase of own shares, despite an increase of 11,790 million yen in other components of equity primarily as a result of an increase in exchange differences on translation of foreign operations.

During the nine months ended December 31, 2024, for the cash flows from operating activities, net cash of 39,660 million yen was provided (21,915 million yen provided in the same period of the previous fiscal year). This was mainly attributable to the recording of profit before tax of 10,848 million yen and depreciation and amortization of 33,192 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 51,115 million yen was used (24,178 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 50,264 million yen and acquisition of subsidiaries or other businesses of 12,459 million yen, despite proceeds from sale and redemption of investment securities of 11,313 million yen.

For the cash flows from financing activities, net cash of 34,300 million yen was used (34,754 million yen used in the same period of the previous fiscal year). This was mainly attributable to a decrease in short-term borrowings of 39,243 million yen, repayments of long-term borrowings of 33,765 million yen, and cash dividends paid of 17,158 million yen, despite proceeds from long-term borrowings of 64,489 million yen.

As a result of an increase of 4,032 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 December 31, 2024 decreased by 41,723 million yen from the end of the previous fiscal year to 164,920 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 grow.

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 semiconductor market as a whole will recover in the next fiscal year 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, 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, we expect capital investments in the aerospace and EV markets to remain firm. 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 announced on November 7, 2024 have been revised as below. Revenue and operating profit are expected to fall short of the previous forecasts affected by a downswing in sales due to a delayed recovery in the semiconductor and factory automation market conditions in the Components Business. On the other hand, profit before tax and profit attributable to owners of parent are expected to remain unchanged from the previous forecasts because finance income and costs improved in the third quarter ended December 31, 2024.

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

	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
Previous Forecast (A)	725,000	22,000	22,000	16,000	46.17
Revised Forecast (B)	720,000	19,000	22,000	16,000	46.63
Difference (B-A)	(5,000)	(3,000)	—	—	
Change (%)	(0.7)	(13.6)	—	—	
(Reference) Results of the Year ended March 31, 2024	717,245	39,776	42,669	32,570	94.03

(Note) Foreign exchange rates for the forecast are based on the premise: 1 USD = 151 Yen, 1 EUR = 162 Yen.

2. Quarterly Condensed Consolidated Financial Statements

(1) Quarterly Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024	Changes
ASSETS			
Current assets			
Cash and cash equivalents	206,644	164,920	(41,723)
Trade and other receivables	139,922	121,911	(18,011)
Inventories	285,239	332,207	46,968
Other current financial assets	15,908	2,828	(13,080)
Other current assets	19,627	25,339	5,712
Total current assets	667,340	647,205	(20,134)
Non-current assets			
Property, plant and equipment	133,428	153,372	19,945
Right-of-use assets	24,455	20,305	(4,150)
Goodwill and intangible assets	158,573	176,105	17,532
Retirement benefit asset	11,658	12,168	509
Investments accounted for using equity method	9,728	11,963	2,235
Other non-current financial assets	89,618	80,868	(8,750)
Deferred tax assets	51,471	53,034	1,563
Other non-current assets	840	904	64
Total non-current assets	479,771	508,718	28,948
Total assets	1,147,110	1,155,924	8,813

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	83,647	85,527	1,880
Bonds and borrowings	88,313	27,580	(60,734)
Income taxes payable	5,056	4,746	(310)
Advances received	71,875	93,304	21,429
Provisions	7,892	6,620	(1,271)
Other current financial liabilities	32,993	34,578	1,584
Other current liabilities	40,641	43,339	2,699
Total current liabilities	330,416	295,694	(34,722)
Non-current liabilities			
Bonds and borrowings	78,392	131,383	52,991
Retirement benefit liability	7,330	7,903	572
Provisions	8,286	6,742	(1,544)
Deferred tax liabilities	16,631	17,868	1,237
Other non-current financial liabilities	17,395	14,472	(2,923)
Other non-current liabilities	3,568	4,776	1,208
Total non-current liabilities	131,602	183,144	51,542
Total liabilities	462,019	478,839	16,820
EQUITY			
Share capital	65,476	65,476	–
Capital surplus	897	770	(126)
Treasury shares	(7,297)	(19,147)	(11,850)
Other components of equity	75,876	87,666	11,790
Retained earnings	548,843	540,995	(7,848)
Equity attributable to owners of parent	683,795	675,761	(8,034)
Non-controlling interests	1,297	1,325	28
Total equity	685,091	677,085	(8,006)
Total liabilities and equity	1,147,110	1,155,924	8,813

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

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)		Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)		Changes (Millions of yen)
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	
Revenue	528,912	100.0	512,671	100.0	(16,241)
Cost of sales	(298,976)	(56.5)	(282,695)	(55.1)	16,282
Gross profit	229,935	43.5	229,976	44.9	41
Selling, general and administrative expenses	(194,583)		(220,152)		(25,569)
Other operating income	2,717		1,802		(916)
Other operating expenses	(3,631)		(3,515)		116
Operating profit	34,438	6.5	8,110	1.6	(26,328)
Finance income	5,890		5,753		(137)
Finance costs	(6,147)		(5,366)		780
Share of profit of investments accounted for using equity method	2,025		2,350		326
Profit before tax	36,206	6.8	10,848	2.1	(25,358)
Income tax expense	(11,687)		(4,535)		7,152
Profit for the period	24,519	4.6	6,313	1.2	(18,206)
Profit attributable to:					
Owners of parent	24,973	4.7	6,262	1.2	(18,711)
Non-controlling interests	(454)		51		504
Profit for the period	24,519	4.6	6,313	1.2	(18,206)
Earnings per share:					
Basic earnings per share (Yen)	72.10		18.11		
Diluted earnings per share (Yen)	71.72		18.02		

Quarterly Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)	Changes
Profit for the period	24,519	6,313	(18,206)
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	10,968	(2,324)	(13,292)
Share of other comprehensive income of investments accounted for using equity method	(1)	(3)	(2)
Total of items that will not be reclassified subsequently to profit or loss	10,967	(2,327)	(13,294)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	25,907	17,046	(8,861)
Effective portion of cash flow hedges	145	128	(17)
Share of other comprehensive income of investments accounted for using equity method	56	176	120
Total of items that may be reclassified subsequently to profit or loss	26,108	17,349	(8,759)
Other comprehensive income, net of taxes	37,075	15,023	(22,053)
Total comprehensive income for the period	61,595	21,336	(40,259)
Comprehensive income attributable to:			
Owners of parent	61,833	21,270	(40,563)
Non-controlling interests	(238)	66	304
Total comprehensive income for the period	61,595	21,336	(40,259)

(3) Quarterly 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	–	–	–	10,988	55
Total comprehensive income for the period	–	–	–	10,988	55
Dividends	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(2)	–	–
Share-based payment transactions	–	(186)	398	–	–
Incorporation of new subsidiaries	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	(6,017)	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(1,799)	–
Total transactions with owners	–	(6,203)	396	(1,799)	–
As of December 31, 2023	65,476	850	(7,313)	17,494	(1,054)

As of April 1, 2024	65,476	897	(7,297)	18,965	(1,057)
Profit for the period	–	–	–	–	–
Other comprehensive income	–	–	–	(2,310)	173
Total comprehensive income for the period	–	–	–	(2,310)	173
Dividends	–	–	–	–	–
Purchase and disposal of treasury shares	–	(13)	(12,163)	–	–
Share-based payment transactions	–	(114)	313	–	–
Incorporation of new subsidiaries	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(3,217)	–
Total transactions with owners	–	(126)	(11,850)	(3,217)	–
As of December 31, 2024	65,476	770	(19,147)	13,438	(884)

(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	–	–	–	24,973	24,973	(454)	24,519
Other comprehensive income	25,672	145	36,860	–	36,860	215	37,075
Total comprehensive income for the period	25,672	145	36,860	24,973	61,833	(238)	61,595
Dividends	–	–	–	(17,315)	(17,315)	(64)	(17,380)
Purchase and disposal of treasury shares	–	–	–	–	(2)	–	(2)
Share-based payment transactions	–	–	–	–	212	(60)	152
Incorporation of new subsidiaries	–	–	–	–	–	2	2
Changes in ownership interest in subsidiaries	–	–	–	–	(6,017)	(1,853)	(7,870)
Transfer from other components of equity to retained earnings	–	–	(1,799)	1,799	–	–	–
Total transactions with owners	–	–	(1,799)	(15,516)	(23,121)	(1,976)	(25,097)
As of December 31, 2023	41,600	20	58,059	536,606	653,678	1,170	654,848

As of April 1, 2024	58,127	(159)	75,876	548,843	683,795	1,297	685,091
Profit for the period	–	–	–	6,262	6,262	51	6,313
Other comprehensive income	17,016	128	15,008	–	15,008	15	15,023
Total comprehensive income for the period	17,016	128	15,008	6,262	21,270	66	21,336
Dividends	–	–	–	(17,328)	(17,328)	(42)	(17,370)
Purchase and disposal of treasury shares	–	–	–	–	(12,175)	–	(12,175)
Share-based payment transactions	–	–	–	–	199	–	199
Incorporation of new subsidiaries	–	–	–	–	–	4	4
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	(3,217)	3,217	–	–	–
Total transactions with owners	–	–	(3,217)	(14,110)	(29,304)	(38)	(29,342)
As of December 31, 2024	75,143	(30)	87,666	540,995	675,761	1,325	677,085

(4) Quarterly Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Cash flows from operating activities:		
Profit before tax	36,206	10,848
Depreciation and amortization	26,447	33,192
Impairment losses	1,099	1,496
Interest and dividend income	(4,611)	(4,512)
Share of (profit) loss of investments accounted for using equity method	(2,025)	(2,350)
Losses (gains) on sale of property, plant and equipment	180	(30)
Interest expenses	2,492	2,105
Decrease (increase) in trade and other receivables	(10,663)	20,845
Decrease (increase) in inventories	(2,993)	(37,400)
Increase (decrease) in trade and other payables	3,388	(2,572)
Increase (decrease) in advances received	(15,277)	20,340
Increase (decrease) in provisions	2,304	(3,098)
Others, net	(1,532)	5,344
Subtotal	35,012	44,209
Interest and dividend income received	4,790	4,789
Interest expenses paid	(1,750)	(2,192)
Income taxes refund (paid)	(16,137)	(7,147)
Net cash provided by (used in) operating activities	21,915	39,660
Cash flows from investing activities:		
Purchase of property, plant and equipment	(21,841)	(37,549)
Proceeds from sale of property, plant and equipment	500	441
Purchase of intangible assets	(11,373)	(12,715)
Purchase of investment securities	(1,093)	(691)
Proceeds from sale of investment securities	11,356	7,313
Proceeds from redemption of investment securities	–	4,000
Acquisition of subsidiaries or other businesses	(2,289)	(12,459)
Others, net	562	545
Net cash provided by (used in) investing activities	(24,178)	(51,115)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(272)	(39,243)
Proceeds from long-term borrowings	–	64,489
Repayments of long-term borrowings	(155)	(33,765)
Redemption of bonds	(331)	–
Repayments of lease liabilities	(8,806)	(6,953)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(7,847)	–
Cash dividends paid	(17,128)	(17,158)
Cash dividends paid to non-controlling interests	(64)	(42)
Purchase of treasury shares	(2)	(12,163)
Proceeds from settlement of derivatives	–	10,648
Others, net	(150)	(112)
Net cash provided by (used in) financing activities	(34,754)	(34,300)
Effect of exchange rate changes on cash and cash equivalents	9,024	4,032
Net increase (decrease) in cash and cash equivalents	(27,993)	(41,723)
Cash and cash equivalents at beginning of the period	211,337	206,644
Cash and cash equivalents at end of the period	183,344	164,920

(5) Notes to Quarterly 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 first quarter ended June 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 nine months ended December 31, 2023 has been prepared based on the revised business segments.

(2) Information on Reportable Business Segments

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

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

For the Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	221,998	154,505	76,858	59,310	13,916	2,325	528,912	–	528,912
Intersegment	1,662	111	188	6,485	26	59,428	67,899	(67,899)	–
Total	223,661	154,616	77,045	65,795	13,941	61,753	596,811	(67,899)	528,912
Segment profit (loss)	42,998	11,118	2,919	10,799	(11,927)	1,889	57,797	(23,359)	34,438
Finance income									5,890
Finance costs									(6,147)
Shares of profit of investments accounted for using equity method									2,025
Profit before tax									36,206

- 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 quarterly condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 2,347 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 (25,673) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (15,347) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (10,327) 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 Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated
Revenue									
External customers	235,680	124,975	81,598	49,025	18,265	3,127	512,671	–	512,671
Intersegment	1,844	143	110	6,612	307	70,709	79,725	(79,725)	–
Total	237,524	125,118	81,708	55,638	18,572	73,836	592,396	(79,725)	512,671
Segment profit (loss) (Note 3)	43,849	(699)	2,183	3,651	(10,201)	730	39,513	(31,402)	8,110
Finance income									5,753
Finance costs									(5,366)
Shares of profit of investments accounted for using equity method									2,350
Profit before tax									10,848
Other item:									
Impairment losses (Note 4)	–	–	–	425	–	–	425	1,071	1,496

- 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 quarterly condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 1,761 million yen and corporate profit (loss) of (33,163) million yen that cannot be attributed to any segments. The main components of corporate profit (loss) include expenses related to investment in growth of (15,098) million yen, which are related to basic research, creation of new business, and manufacturing innovation, and expenses for administration department of (18,066) 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.
3. Segment profit (loss) includes the total restructuring costs recognized in “Other operating expenses” reported in the quarterly condensed consolidated statement of profit or loss. The breakdown of which is (798) million yen for the Components Business and (1,333) million yen for corporate profit (loss) that cannot be attributed to any segments.
4. The main components of the impairment losses are described in “(Impairment Losses of Non-Financial Assets).”

(Business Combinations)

The details of a business combination occurred in the nine months ended December 31, 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 760 million yen; the Group recorded 185 million yen and 575 million yen as selling, general and administrative expenses in the consolidated statement of profit or loss for the year ended March 31, 2024 and in the quarterly condensed consolidated statement of profit or loss for the nine months ended December 31, 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 nine months ended December 31, 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 quarterly condensed consolidated statement of profit or loss for the nine months ended December 31, 2024 after the acquisition date are 4,600 million yen and 4,958 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 quarterly condensed consolidated statement of profit or loss for the nine months ended December 31, 2024 is insignificant.

(Impairment Losses of Non-Financial Assets)

During the nine months ended December 31, 2024, the Company has been reorganizing its foreign subsidiaries and its bases and reduced the carrying amount of their non-current assets with no prospect of specific use to their recoverable amount. The reduction was recognized as impairment losses of 425 million yen for the Components Business and 1,071 million yen for corporate profit (loss) that cannot be attributed to any segments. The recoverable amount was determined mainly based on the fair value less costs of disposal.

As a result, the Company recognized impairment losses of 1,496 million yen on property, plant and equipment and intangible assets. The impairment losses are included in “Other operating expenses” in the quarterly condensed consolidated statement of profit or loss and are recognized as restructuring costs. For more information about restructuring costs, 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 changed from the first quarter ended June 30, 2024. Accordingly, the information on segment revenues for the nine months ended December 31, 2023 has been prepared based on the revised business segments. For more details, please see “2. Quarterly Condensed Consolidated Financial Statements (5) Notes to Quarterly Condensed Consolidated Financial Statements (Segment Information).”

For the Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total
Japan	23,696	40,061	7,960	33,071	152	1,067	106,009
United States	55,416	11,896	38,008	10,356	6,531	–	122,206
Europe (Note 2)	47,350	39,481	12,991	4,903	5,219	44	109,989
China	48,002	28,879	8,162	3,528	103	1,040	89,714
Others (Note 2)	47,535	34,188	9,735	7,452	1,910	174	100,995
Total	221,998	154,505	76,858	59,310	13,916	2,325	528,912

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 Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Digital Manufacturing	Others (Note 1)	Total
Japan	24,659	10,662	9,844	24,105	467	1,276	71,014
United States	59,097	13,531	39,408	11,302	9,611	0	132,948
Europe (Note 2)	45,965	14,679	15,015	4,560	6,931	65	87,214
China	55,260	47,931	7,314	2,665	23	1,567	114,759
Others (Note 2)	50,699	38,173	10,017	6,394	1,233	218	106,735
Total	235,680	124,975	81,598	49,025	18,265	3,127	512,671

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

(Restructuring Costs)

During the nine months ended December 31, 2024, the Company has been reorganizing its foreign subsidiaries and its bases and recognized restructuring costs of 798 million yen for the Components Business and 1,333 million yen for corporate profit (loss) that cannot be attributed to any segments. The costs are included in “Other operating expenses” in the quarterly condensed consolidated statement of profit or loss.

Details	Amount (Millions of yen)
Impairment losses	1,496
Additional retirement benefits	395
Expenses related to outside specialists	166
Others	74
Total	2,132

(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 the “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 to 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. In November 2024, the Supreme Court granted the request and remanded the case to the CESTAT. As it is currently unable to forecast the decision of the CESTAT, 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 1,610 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.