



August 5, 2021

Consolidated Financial Results of the First Quarter Ended June 30, 2021 (IFRS)

Corporate Name: NIKON CORPORATION

Securities code number: 7731

Stock exchange listings: Tokyo

Representative: Toshikazu Umatate, Representative Director, President

Contact: Tetsuya Okumura, General Manager of Finance & Accounting Division

TEL: +81-3-6433-3626

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

Date for the filing of the Quarterly Securities Report: August 5, 2021

Preparation of supplementary materials for quarterly financial results: Yes

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

(Amounts are rounded to the nearest millions of yen)

1. Consolidated Results of the First Quarter ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results

(Percentage represents year-on-year changes)

	Revenue		Operating Profit (Loss)		Profit (Loss) before Tax		Profit (Loss) 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	%
Three months ended June 30, 2021	132,281	104.4	19,962	—	21,127	—	15,860	—	22,819	—
Three months ended June 30, 2020	64,723	(54.7)	(20,536)	—	(19,275)	—	(13,594)	—	(7,201)	—

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Three months ended June 30, 2021	43.19	42.98
Three months ended June 30, 2020	(37.03)	(37.03)

(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 June 30, 2021	991,984	559,264	556,752	56.1
As of March 31, 2021	989,737	538,726	537,585	54.3

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, 2021	—	10.00	—	10.00	20.00
Year ending March 31, 2022	—				
Year ending March 31, 2022 (Planned)		15.00	—	15.00	30.00

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

3. Consolidated Financial Forecasts for the Year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Percentage represents year-on-year changes)

	Revenue		Operating Profit		Profit before Taxes		Profit Attributable to Owners of Parent		Basic earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter ending September 30, 2021	275,000	56.6	25,000	—	27,000	—	20,000	—	54.47
Full year	520,000	15.2	27,000	—	30,000	—	22,000	—	59.91

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

4. Others

(1) Changes in Significant Subsidiaries during the First Three Months of the Current Fiscal Year: None

(Note) This refers to the presence or absence of specified subsidiaries, which accompany changes in the scope of consolidation in the period under review.

(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 term end (including treasury shares):

As of June 30, 2021 378,336,521 shares

As of March 31, 2021 378,336,521 shares

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

As of June 30, 2021 11,148,098 shares

As of March 31, 2021 11,147,773 shares

3. Average number of shares during the term (Quarterly total):

Three months ended June 30, 2021 367,188,609 shares

Three months ended June 30, 2020 367,122,506 shares

※This report is out of scope of the quarterly review procedure by certified public accountants or auditing firms.

※Appropriate use of business forecasts; other special items

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

Attached Material

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	5
2. Quarterly Condensed Consolidated Financial Statements	6
(1) Quarterly Condensed Consolidated Statements of Financial Position	6
(2) Quarterly Condensed Consolidated Statements of Profit or Loss and Comprehensive Income.....	8
(3) Quarterly Condensed Consolidated Statements of Changes in Equity	10
(4) Quarterly Condensed Consolidated Statements of Cash Flows	12
(5) Notes to Quarterly Condensed Consolidated Financial Statements	13
(Going Concern Assumption)	13
(Segment Information)	13
(Contingent Liabilities)	15

1. Performance and Financial Position

(1) Qualitative Information on Consolidated Operating Results

During the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021), in the Imaging Products Business, the market continued to recover from the COVID-19 fallout. 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 solid, while capital investments in the semiconductor field turned to an expansionary trend. In the Healthcare Business, the life sciences solution and eye care solution markets largely remained on a recovery path, despite some lingering effects of the spread of COVID-19 in each region. In the Components Business, the Digital Solutions Business continued a solid trend in the markets related to optical parts & components and encoders. In the Customized Products Business, EUV-related markets remained brisk.

Under these circumstances, during the three months ended June 30, 2021, revenue increased 67,558 million yen (104.4%) year on year to 132,281 million yen, operating profit amounted to 19,962 million yen (compared to operating loss of 20,536 million yen in the same period of the previous fiscal year), profit before income taxes amounted to 21,127 million yen (compared to loss before income taxes of 19,275 million yen in the same period of the previous fiscal year), and profit attributable to owners of parent amounted to 15,860 million yen (compared to loss attributable to owners of parent of 13,594 million yen in the same period of the previous fiscal year).

Performance by segment is as follows.

As stated in “2. Quarterly Condensed Consolidated Financial Statements (5) Notes to Quarterly Consolidated Financial Statements (Segment Information),” the reportable segments have been changed from the three months ended June 30, 2021. Accordingly, the operating results for the previous fiscal year used in the year-on-year comparisons below have been reclassified in line with the change in the segment structure.

In the Imaging Products Business, the Group sought to expand sales of mid- to high-end products to professionals and hobbyists by enhancing the lineup of interchangeable lenses for mirrorless cameras. As a result, the Group recorded year-on-year increases in both revenue and profit due in part to the recovery of the market from the same period last year during which the spread of COVID-19 adversely affected sales.

In the Precision Equipment Business, the Group recorded significant increases in both revenue and profit, backed by smooth progress of installations, despite some adverse effects of travel restrictions on the business amid the spread of COVID-19 in the FPD lithography system field. Such significant year-on-year increases in revenue and profit are attributable also to the difficulty selling the systems during the same period of the previous fiscal year. In the semiconductor lithography system field, the Group recorded declined unit sales on the back of postponed sales of some systems but recorded increased profit supported by positive contribution to revenue from the service business and other factors. As a result, the business segment as a whole recorded significant increases in both revenue and profit.

In the Healthcare Business, the Group recorded year-on-year increases in both revenue and profit, backed by recovery of the life sciences solution and eye care solution markets from the same period last year during which the spread of COVID-19 adversely affected sales.

In the Components Business, the Digital Solutions Business recorded increases in both revenue and profit as sales of optical parts & components and encoders remained brisk. Likewise, the Customized Products Business, which also belongs to this business segment, recorded increases in both revenue and profit, backed by strong sales growth of EUV-related components. As a result, revenue and profit from the overall Components Business increased, including the above businesses.

(2) Qualitative Information on Consolidated Financial Position

The balance of total assets as of June 30, 2021 increased 2,247 million yen from the end of the previous fiscal year to 991,984 million yen. This was mainly because increases were seen in other financial assets included in non-current assets by 12,310 million yen due mainly to an increase in market value of shares held as well as in property, plant and equipment, right-of-use assets, goodwill and intangible assets collectively by 2,342 million yen, while decreases were seen in cash and cash equivalents by 4,449 million yen, in deferred tax assets by 3,890 million yen, in inventories by 2,973 million yen and in other current assets by 1,542 million yen.

The balance of total liabilities as of June 30, 2021 decreased 18,291 million yen from the end of the previous fiscal year to 432,719 million yen. This was primarily because decreases were seen in advances received by 16,844 million yen and in trade and other payables by 5,180 million yen despite an increase in bonds and borrowings by 4,348 million yen.

The balance of total equity as of June 30, 2021 increased 20,538 million yen from the end of the previous fiscal year to 559,264 million yen. This was mainly because retained earnings increased by 12,590 million yen primarily as a result of posting profit attributable to owners of parent of 15,860 million yen, net of appropriation of dividends from retained earnings of 3,672 million yen, other components of equity increased by 6,577 million yen due mainly to an increase in market value of shares held, and non-controlling interests increased by 1,372 million yen as a result of making Morf3D Inc. a subsidiary, etc.

During the three months ended June 30, 2021, for the cash flows from operating activities, net cash of 949 million yen was provided (compared to net cash used of 22,743 million yen in the same period of the previous fiscal year). This is mainly attributable to the recording of profit before tax of 21,127 million yen and depreciation and amortization of 6,062 million yen, despite decreases in advances received, trade and other payables and provisions, in addition to the recording of gains on sale of property, plant and equipment, and payment of income taxes.

For the cash flows from investing activities, net cash used in investing activities was 3,798 million yen (compared to net cash provided of 4,497 million yen in the same period the previous fiscal year). This is mainly attributable to purchase of property, plant and equipment and intangible assets in addition to purchase of investment securities, despite proceeds of 3,632 million yen from sale of property, plant and equipment.

For the cash flows from financing activities, net cash used in financing activities was 1,811 million yen (compared to net cash used of 5,447 million yen in the same period the previous fiscal year). This is mainly attributable to repayments of lease liabilities and payment of dividends despite an increase of 4,358 million yen in short-term borrowings.

In addition, the effect of exchange rate changes on cash and cash equivalents increased by 210 million yen.

As a result of the above, the balance of cash and cash equivalents as of June 30, 2021 decreased by 4,449 million yen from the end of the previous fiscal year to 347,349 million yen.

(3) Qualitative Information on Consolidated Financial Forecasts

The full-year business environment for the fiscal year ending March 31, 2022 is expected to remain generally steady. Specifically, in the Imaging Products Business, the digital camera market is expected to continue recovering. In the Precision Equipment Business, capital investments in the field of FPDs including both mid-to-small size panels and large-size panels are expected to remain solid, while capital investments in the semiconductor field are expected to continue expanding supported by the buoyant semiconductor market. In the Healthcare Business, the life sciences solution and eye care solution fields are expected to remain on a recovery track. In the Components Business, target markets for the Digital Solutions Business, including the semiconductor market and the factory automation market, are expected to remain solid, while the Customized Products Business is expected to grow demand from EUV-related markets.

The consolidated financial forecast for the fiscal year ending March 31, 2022 is as stated in the “Notice Regarding the Revision of the Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022” announced on August 5, 2021.

2. Quarterly Condensed Consolidated Financial Statements

(1) Quarterly Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021	Changes
ASSETS			
Current assets			
Cash and cash equivalents	351,798	347,349	(4,449)
Trade and other receivables	72,900	73,528	628
Inventories	235,760	232,787	(2,973)
Other current financial assets	1,179	956	(223)
Other current assets	14,215	12,673	(1,542)
Total current assets	675,853	667,294	(8,559)
Non-current assets			
Property, plant and equipment	86,210	85,211	(1,000)
Right-of-use assets	12,233	13,455	1,222
Goodwill and intangible assets	44,056	46,175	2,119
Retirement benefit asset	5,984	6,012	28
Investments accounted for using equity method	11,099	11,082	(17)
Other non-current financial assets	91,090	103,401	12,310
Deferred tax assets	62,956	59,065	(3,890)
Other non-current assets	255	289	34
Total non-current assets	313,884	324,690	10,806
Total assets	989,737	991,984	2,247

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	60,615	55,436	(5,180)
Bonds and borrowings	29,943	34,307	4,365
Income tax payables	1,428	4,887	3,459
Advances received	163,110	146,266	(16,844)
Provisions	5,458	4,755	(703)
Other current financial liabilities	25,575	24,941	(634)
Other current liabilities	32,176	30,034	(2,142)
Total current liabilities	318,305	300,626	(17,679)
Non-current liabilities			
Bonds and borrowings	104,131	104,114	(17)
Retirement benefit liability	9,905	8,022	(1,883)
Provisions	5,048	5,028	(21)
Deferred tax liabilities	3,053	2,999	(54)
Other non-current financial liabilities	8,258	9,554	1,295
Other non-current liabilities	2,310	2,376	66
Total non-current liabilities	132,706	132,093	(612)
Total liabilities	451,011	432,719	(18,291)
EQUITY			
Share capital	65,476	65,476	—
Capital surplus	46,419	46,419	(0)
Treasury shares	(17,529)	(17,530)	(0)
Other components of equity	(14,133)	(7,556)	6,577
Retained earnings	457,352	469,943	12,590
Equity attributable to owners of parent	537,585	556,752	19,167
Non-controlling interests	1,141	2,513	1,372
Total equity	538,726	559,264	20,538
Total liabilities and equity	989,737	991,984	2,247

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

	Three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)		Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)		Changes
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)
Revenue	64,723	100.0	132,281	100.0	67,558
Cost of sales	(43,891)	(67.8)	(71,836)	(54.3)	(27,945)
Gross profit	20,832	32.2	60,445	45.7	39,613
Selling, general and administrative expenses	(41,643)		(43,387)		(1,744)
Other operating income	877		3,242		2,366
Other operating expenses	(603)		(339)		264
Operating profit (loss)	(20,536)	(31.7)	19,962	15.1	40,498
Finance income	1,496		1,571		75
Finance costs	(396)		(850)		(454)
Share of profit of investments accounted for using equity method	161		444		282
Profit (loss) before tax	(19,275)	(29.8)	21,127	16.0	40,402
Income tax expense	5,666		(5,306)		(10,972)
Profit (loss) for the period	(13,609)	(21.0)	15,821	12.0	29,430
Profit (loss) attributable to:					
Owners of parent	(13,594)	(21.0)	15,860	12.0	29,454
Non-controlling interests	(15)		(39)		(25)
Profit (loss) for the period	(13,609)	(21.0)	15,821	12.0	29,430
Earnings (loss) per share:					
Basic earnings (loss) per share (Yen)	(37.03)		43.19		
Diluted earnings (loss) per share (Yen)	(37.03)		42.98		

Quarterly Condensed Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)	Changes
Profit (loss) for the period	(13,609)	15,821	29,430
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	4,058	6,583	2,525
Share of other comprehensive income of investments accounted for using equity method	2	(1)	(3)
Total of items that will not be reclassified subsequently to profit or loss	4,060	6,582	2,522
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	2,520	217	(2,303)
Effective portion of cash flow hedges	(189)	166	355
Share of other comprehensive income of investments accounted for using equity method	17	32	15
Total of items that may be reclassified subsequently to profit or loss	2,348	415	(1,933)
Other comprehensive income, net of taxes	6,408	6,998	590
Total comprehensive income for the period	(7,201)	22,819	30,019
Comprehensive income attributable to:			
Owners of the parent	(7,172)	22,839	30,011
Non-controlling interests	(29)	(20)	8
Total comprehensive income for the period	(7,201)	22,819	30,019

(3) Quarterly Condensed Consolidated Statements 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, 2020	65,476	46,369	(17,639)	1,108	(964)
Profit (loss) for the period	—	—	—	—	—
Other comprehensive income	—	—	—	4,071	19
Total comprehensive income for the period	—	—	—	4,071	19
Dividends	—	—	—	—	—
Purchase and disposal of treasury shares	—	(0)	0	—	—
Share-based payment transactions	—	75	7	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(1,859)	—
Total transactions with owners	—	75	7	(1,859)	—
As of June 30, 2020	65,476	46,443	(17,631)	3,319	(945)

As of April 1, 2021	65,476	46,419	(17,529)	13,172	(873)
Profit (loss) for the period	—	—	—	—	—
Other comprehensive income	—	—	—	6,572	32
Total comprehensive income for the period	—	—	—	6,572	32
Dividends	—	—	—	—	—
Purchase and disposal of treasury shares	—	(0)	(0)	—	—
Share-based payment transactions	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(402)	—
Total transactions with owners	—	(0)	(0)	(402)	—
As of June 30, 2021	65,476	46,419	(17,530)	19,342	(841)

(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, 2020	(39,699)	53	(39,502)	485,948	540,652	1,108	541,760
Profit (loss) for the period	—	—	—	(13,594)	(13,594)	(15)	(13,609)
Other comprehensive income	2,522	(189)	6,422	—	6,422	(14)	6,408
Total comprehensive income for the period	2,522	(189)	6,422	(13,594)	(7,172)	(29)	(7,201)
Dividends	—	—	—	(3,671)	(3,671)	(38)	(3,709)
Purchase and disposal of treasury shares	—	—	—	—	(0)	—	(0)
Share-based payment transactions	—	—	—	—	82	—	82
Changes in ownership interest in subsidiaries	—	—	—	—	—	3	3
Transfer from other components of equity to retained earnings	—	—	(1,859)	1,859	—	—	—
Total transactions with owners	—	—	(1,859)	(1,812)	(3,589)	(35)	(3,624)
As of June 30, 2020	(37,178)	(136)	(34,940)	470,542	529,890	1,045	530,935

As of April 1, 2021	(26,204)	(228)	(14,133)	457,352	537,585	1,141	538,726
Profit (loss) for the period	—	—	—	15,860	15,860	(39)	15,821
Other comprehensive income	209	166	6,979	—	6,979	19	6,998
Total comprehensive income for the period	209	166	6,979	15,860	22,839	(20)	22,819
Dividends	—	—	—	(3,672)	(3,672)	(11)	(3,683)
Purchase and disposal of treasury shares	—	—	—	—	(0)	—	(0)
Share-based payment transactions	—	—	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	1,392	1,392
Changes in ownership interest in subsidiaries	—	—	—	—	—	11	11
Transfer from other components of equity to retained earnings	—	—	(402)	402	—	—	—
Total transactions with owners	—	—	(402)	(3,270)	(3,672)	1,392	(2,280)
As of June 30, 2021	(25,995)	(62)	(7,556)	469,943	556,752	2,513	559,264

(4) Quarterly Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
Cash flows from operating activities:		
Profit (loss) before taxes	(19,275)	21,127
Depreciation and amortization	7,417	6,062
Interest and dividend income	(1,075)	(816)
Share of (profit) loss of investments accounted for using equity method	(161)	(444)
Losses (gains) on sale of property, plant and equipment	(6)	(2,558)
Interest expenses	379	431
Decrease (increase) in trade and other receivables	14,685	820
Decrease (increase) in inventories	(24,269)	2,780
Increase (decrease) in trade and other payables	(8,184)	(5,739)
Increase (decrease) in advances received	14,050	(15,708)
Increase (decrease) in provisions	(315)	(1,429)
Others, net	(5,802)	(2,639)
Subtotal	(22,557)	1,887
Interest and dividend income received	1,090	815
Interest expenses paid	(73)	(423)
Income taxes refund (paid)	(1,203)	(1,330)
Net cash provided by (used in) operating activities	(22,743)	949
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,915)	(3,514)
Proceeds from sale of property, plant and equipment	27	3,632
Purchase of intangible assets	(990)	(1,657)
Purchase of investment securities	(573)	(2,535)
Proceeds from sale of investment securities	9,096	522
Acquisition of businesses resulting in change in scope of consolidation	—	(378)
Others, net	(149)	133
Net cash provided by (used in) investing activities	4,497	(3,798)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(0)	4,358
Repayments of long-term borrowings	—	(803)
Repayments of lease liabilities	(1,831)	(1,791)
Cash dividends paid	(3,574)	(3,573)
Cash dividends paid to non-controlling interests	(38)	—
Purchase of treasury shares	(0)	(0)
Others, net	(3)	(3)
Net cash provided by (used in) financing activities	(5,447)	(1,811)
Effect of exchange rate changes on cash and cash equivalents	1,038	210
Net increase (decrease) in cash and cash equivalents	(22,656)	(4,449)
Cash and cash equivalents at beginning of the period	324,034	351,798
Cash and cash equivalents at end of the period	301,378	347,349

(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 has integrated its business divisions into four reportable segments consisting of the Imaging Products Business, the Precision Equipment Business, the Healthcare Business and the Components Business.

The Imaging Products Business provides products and services of imaging products and its peripheral domain, such as digital SLR cameras, compact digital cameras and interchangeable camera lenses. 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 sciences solution field such as biological microscopes and cell culture observation systems, for the eye care solution 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 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.

(Regarding Revision of Reportable Business Segments)

Since the three months ended June 30, 2021, the Company has established the Components Business as a new reportable business segment with the aim of promoting business in Digital Manufacturing and Vision Systems/Robotics, which are defined as the areas of long-term growth. As part of establishing the new business segment, the Company has transferred the Digital Solutions Business, the Customized Products Business and the Glass Business, which were previously included in the Industrial Metrology and Others, to the Components Business. In addition, to promote the establishment of an effective production system across the Group, the Company has transferred some manufacturing subsidiaries related to the Imaging Products Business, the Precision Equipment Business and the Components Business to the Industrial Metrology and Others.

The segment information for the three months ended June 30, 2020 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 Three Months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated	
Revenue									
External customers	25,119	19,650	10,352	4,612	4,991	64,723	—	64,723	
Intersegment	469	57	37	1,259	19,772	21,594	(21,594)	—	
Total	25,588	19,707	10,389	5,870	24,763	86,317	(21,594)	64,723	
Segment profit (loss)	(8,336)	(5,708)	(2,435)	(342)	905	(15,917)	(4,620)	(20,536)	
Finance income									1,496
Finance costs									(396)
Shares of the profit of investments accounted for using equity method									161
Profit (loss) before tax									(19,275)

Notes: 1. The "Industrial Metrology and 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 (loss) reported in the quarterly condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of minus 514 million yen and corporate profit (loss) of minus 4,106 million yen. The main components of corporate profit (loss) are fundamental research expenses, general and administrative expenses of headquarter functions, expenses incurred to establish new business, and other income or expenses that cannot be attributed to any segments.

For the Three Months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated	
Revenue									
External customers	50,085	51,834	15,860	7,765	6,737	132,281	—	132,281	
Intersegment	116	36	30	2,542	14,463	17,187	(17,187)	—	
Total	50,202	51,870	15,890	10,307	21,200	149,468	(17,187)	132,281	
Segment profit (loss)	9,297	10,699	412	2,122	(1,021)	21,510	(1,548)	19,962	
Finance income									1,571
Finance costs									(850)
Shares of the profit of investments accounted for using equity method									444
Profit (loss) before tax									21,127

Notes: 1. The "Industrial Metrology and 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 (loss) reported in the quarterly condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 620 million yen and corporate profit (loss) of minus 2,168 million yen. Out of the corporate profit (loss) of minus 2,168 million yen, gains from sale of land of 2,352 million yen are recognized in other operating income reported in the quarterly condensed consolidated statement of profit or loss. The main components of corporate profit (loss) are fundamental research expenses, general and administrative expenses of headquarter functions, expenses incurred to establish new business, and other income or expenses that cannot be attributed to any segments.

(Contingent Liabilities)

(Litigation)

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

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

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