



May 12, 2022

Consolidated Financial Results of the Year Ended March 31, 2022 (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 annual general shareholders' meeting: June 29, 2022

Date for the filing of the Annual Securities Report: June 29, 2022

Date of year-end dividend payout: June 30, 2022

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 of the Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(Percentage represents year-on-year changes)

	Revenue		Operating Profit (Loss)		Profit (Loss) before Tax		Profit (Loss) for Year		Profit (Loss) 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	%
Year ended March 31, 2022	539,612	19.6	49,934	—	57,096	—	42,253	—	42,679	—	70,646	—
Year ended March 31, 2021	451,223	(23.7)	(56,241)	—	(45,342)	—	(34,509)	—	(34,497)	—	4,168	—

	Basic Earnings per Share	Diluted Earnings per Share	Ratio of Profit (Loss) to Equity Attributable to Owners of Parent	Ratio of Profit (Loss) before Tax to Total Assets	Ratio of Operating Profit (Loss) to Revenue
	Yen	Yen	%	%	%
Year ended March 31, 2022	116.23	115.58	7.5	5.6	9.3
Year ended March 31, 2021	(93.96)	(93.96)	(6.4)	(4.5)	(12.5)

(Notes) Share of profit of investments accounted for using equity method: Year ended March 31, 2022 1,213 million yen
Year ended March 31, 2021 1,969 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, 2022	1,039,566	599,967	597,681	57.5	1,627.34
As of March 31, 2021	989,737	538,726	537,585	54.3	1,464.06

(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
Year ended March 31, 2022	31,351	(385)	(26,151)	370,277
Year ended March 31, 2021	4,966	18,024	(4,991)	351,798

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	%	%
Year ended March 31, 2021	—	10.00	—	10.00	20.00	7,355	—	1.4
Year ended March 31, 2022	—	20.00	—	20.00	40.00	14,713	34.4	2.6
Year ending March 31, 2023 (Planned)	—	20.00	—	20.00	40.00		38.7	

3. Consolidated Financial Forecasts for the Year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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
Second quarter ending September 30, 2022	295,000	8.0	23,000	(28.4)	24,000	(33.2)	17,000	(35.8)	46.29
Fiscal year	620,000	14.9	50,000	0.1	52,000	(8.9)	38,000	(11.0)	103.47

4. Others

(1) Changes in Significant Subsidiaries during 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 fiscal year 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):

Year ended March 31, 2022	378,336,521	shares
Year ended March 31, 2021	378,336,521	shares

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

Year ended March 31, 2022	11,062,646	shares
Year ended March 31, 2021	11,147,773	shares

3. Average number of shares during the term:

Year ended March 31, 2022	367,209,005	shares
Year ended March 31, 2021	367,143,534	shares

(Note) The Company's shares held by the Executive Compensation BIP trust are included in the number of treasury shares.

(Reference)

1. Non-Consolidated Results of the Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Financial Results

(Percentage represents year-on-year changes)

	Net Sales		Operating Profit (Loss)		Ordinary Profit (Loss)		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	348,643	15.4	7,602	—	21,040	45.4	29,332	(51.7)
Year ended March 31, 2021	302,057	(25.6)	(41,646)	—	14,472	(47.1)	60,771	—

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Year ended March 31, 2022	79.88	79.43
Year ended March 31, 2021	165.52	164.67

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Ordinary Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2022	721,322	362,281	49.9	980.75
Year ended March 31, 2021	734,760	342,155	46.3	926.32

(Reference) Equity: Year ended March 31, 2022 360,202 million yen
 Year ended March 31, 2021 340,134 million yen

This report is out of scope of audit by certified public accountants or auditing firms.

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, please refer to page 8.

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1. Overview of Consolidated Operating Results and Others

(1) Overview of Consolidated Operating Results

During the fiscal year ended March 31, 2022, the global economy continued suffering from the impact of COVID-19 amid resurgences with the Omicron and other variants and, what was worse, the invasion of Ukraine by Russia that started around the end of the period immediately cast uncertainty over the global situation.

By the business segment, in the Imaging Products Business, constraints on procurement of components due in part to the shortage of semiconductors caused a prolonged supply shortage for the digital camera market. In the Precision Equipment Business, capital investments in the field related to FPDs, including both large-size panels and mid-to-small size panels, remained solid. Meanwhile, capital investments in the fields related to semiconductors were on an expansionary trend. In the Healthcare Business, while the life science solutions and eye care solutions markets recovered, a tight supply and demand balance for semiconductors and other electronic components continued to affect the supply of products. In the Components Business, the Digital Solutions Business performed strongly in the markets related to optical parts & components and encoders. In the Customized Products Business, the EUV-related markets remained brisk.

Under the medium-term management plan announced in May 2019, the Group worked to transform business models to achieve sustainable growth in corporate value over the medium to long term.

First, besides a further restructuring of the Imaging Products Business, the Group sought to expand the service businesses and peripheral businesses, let alone equipment sales, in the Precision Equipment Business. In addition, the Group put its efforts into expanding sales of optical and EUV-related components in the Components Business, while cultivating business through alliances and M&As in the Material Processing Business. Furthermore, the Group remained committed to strengthening risk management as well as enhancing corporate governance through such measures as to improve the effectiveness of the Board of Directors.

Under these circumstances, during the fiscal year ended March 31, 2022, revenue increased 88,388 million yen (19.6%) year on year to 539,612 million yen, operating profit amounted to 49,934 million yen (compared to operating loss of 56,241 million yen for the previous fiscal year), profit before tax amounted to 57,096 million yen (compared to loss before tax of 45,342 million yen for the previous fiscal year), and profit attributable to owners of parent amounted to 42,679 million yen (compared to loss attributable to owners of parent of 34,497 million yen for the previous fiscal year).

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 changed from the fiscal year ended March 31, 2022. 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.

[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, alongside strong sales of the Z 9 full-frame mirrorless camera, a flagship model released in December 2021.

As a result, in the Imaging Products Business segment, the Group recorded revenue of 178,234 million yen (up 18.7% year on year), and operating profit of 19,069 million yen (compared to operating loss of 36,391 million yen for the previous fiscal year), due to higher average unit selling prices from an improved product mix as well as favorable foreign exchange rates.

[Precision Equipment Business]

The FPD lithography systems field recorded year-on-year increases in both revenue and profit due to a largely smooth progress of installations despite some adverse effects of travel restrictions on the business amid the spread of COVID-19 and significantly increased unit sales of the systems for mid-to-small size panels.

The semiconductor lithography system field recorded increases in both revenue and profit from the previous fiscal year during which it recorded loss on disposal and write-down of inventories. This was because of increases in unit sales of refurbished systems and in profit from the service business. Meanwhile, unit sales of new systems decreased due to shipment delays caused by logistics disruptions and travel restrictions amid the spread of COVID-19.

As a result, in the Precision Equipment Business segment, the Group recorded revenue of 211,216 million yen (up 14.3% year on year) and operating profit of 27,719 million yen (compared to operating loss of 643 million yen for the previous fiscal year).

[Healthcare Business]

While a tight supply and demand balance for semiconductors and other electronic components continued to impact production, the life science solutions and eye care solutions fields posted record sales, a significant increase in revenue

compared to the previous fiscal year that was severely affected by COVID-19.

As a result, in the Healthcare Business segment, the Group recorded revenue of 73,243 million yen (up 16.5% year on year) and achieved profitability with operating profit of 4,385 million yen (compared to operating loss of 3,091 million yen for the previous fiscal year).

[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, in the Components Business segment, the Group recorded revenue of 40,869 million yen (up 58.5% year on year) and operating profit of 12,721 million yen (compared to operating profit of 187 million yen for the previous fiscal year).

[Industrial Metrology and Others]

In the Industrial Metrology Business, the Group recorded increases in both revenue and profit due to favorable sales of video measuring systems, industrial microscopes, and X-ray and CT inspection systems on the back of booming markets related to semiconductors, electronic components, EVs, and others.

As a result, in the Industrial Metrology and Others segment, the Group recorded revenue of 36,050 million yen (up 30.6% year on year) and operating profit of 2,964 million yen (compared to operating loss of 1,205 million yen for the previous fiscal year).

(2) Overview of Financial Position

The balance of total assets as of March 31, 2022 increased by 49,830 million yen from the end of the previous fiscal year to 1,039,566 million yen. This was mainly due to increases of 18,478 million yen in cash and cash equivalents, 18,145 million yen in property, plant and equipment, right-of-use assets, goodwill and intangible assets, and 17,671 million yen in trade and other receivables.

The balance of total liabilities as of March 31, 2022 decreased by 11,411 million yen from the end of the previous fiscal year to 439,600 million yen. This was primarily because of decreases of 23,810 million yen in advances received and 4,011 million yen in bonds and borrowings included in current and non-current liabilities mainly as a result of repayments of borrowings, despite increases of 9,779 million yen in other financial liabilities included in current and non-current liabilities mainly due to an increase in lease liabilities and 4,545 million yen in trade and other payables.

The balance of total equity as of March 31, 2022 increased by 61,241 million yen from the end of the previous fiscal year to 599,967 million yen. This was mainly due to increases of 43,560 million yen in retained earnings primarily as a result of posting profit attributable to owners of parent, 16,339 million yen in other components of equity as a result of increases in exchange differences on translation of foreign operations and in market value of shares held, and 1,144 million yen in non-controlling interests mainly as a result of making Morf3D Inc. a subsidiary.

(3) Overview of Cash Flows

During the current fiscal year ended March 31, 2022, for the cash flows from operating activities, net cash of 31,351 million yen was provided (4,966 million yen provided in the previous fiscal year). This was mainly attributable to the recording of profit before tax of 57,096 million yen, depreciation and amortization of 24,857 million yen, and an increase of trade and other payables, despite a decrease of advances received, an increase of trade and other receivables, and payment of income taxes.

For the cash flows from investing activities, net cash of 385 million yen was used (18,024 million yen provided in the previous fiscal year). This was primarily attributable to purchase of property, plant, and equipment of 17,981 million yen, purchase of intangible assets of 5,844 million yen, and purchase of investment securities of 4,224 million yen, despite proceeds from sale of investment securities of 20,459 million yen and proceeds from sale of property, plant and equipment of 5,484 million yen.

For the cash flows from financing activities, net cash of 26,151 million yen was used (4,991 million yen used in the previous year), primarily due to cash dividends paid of 11,024 million yen, repayments of long-term borrowings of 10,803 million yen, redemption of bonds of 10,000 million yen, and repayments of lease liabilities of 7,438 million yen, despite an increase in short-term borrowings of 13,189 million yen.

In addition, the effect of exchange rate changes on cash and cash equivalents increased by 13,664 million yen.

As a result of the above, the balance of cash and cash equivalents as of March 31, 2022 increased by 18,478 million yen from the end of the previous fiscal year to 370,277 million yen.

(4) Future Outlook

Regarding the business environment for the fiscal year ending March 31, 2023, for the Imaging Products Business, the digital camera market will continue to suffer supply problems due in part to the shortage of semiconductors. In the Precision Equipment Business, capital investments in the field related to FPDs, including both large-size panels and mid-to-small size panels, are expected to remain solid. Capital investments in the semiconductor field are expected to continue expanding, supported by the buoyant semiconductor market. In the Healthcare Business, the life science solutions and eye care solutions markets are expected to largely remain strong. However, it is also expected that the impact of a tight supply and demand balance for electronic components and others will continue. 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. The Customized Products Business is expected to see growing demand from EUV-related markets.

In the new medium-term management plan announced in April 2022, the Group has set forth its Vision 2030 to be “a key technology solutions company in a global society where humans and machines co-create seamlessly.” To make this vision a reality, we have articulated a direction for the entire company until 2025: “Strengthen delivery of integrated solutions to grow the business in a stable manner, expand both revenues and profits, and continually generate social and economic value.” To this end, we will first strive to secure stable revenues from “Main Businesses,” consisting of the Imaging Products Business and the Precision Equipment Business, and to scale earnings in “Strategic Businesses,” consisting primarily of the Healthcare Business and the Components Business. We will then ensure that each of the above Businesses will boost profits driven by “growth drivers” and diversify profits with expansion in “services and components.” The Group also focuses on sustainability strategy, human capital management, and DX for customers and employees to deliver the optimal value to the customer and society. Furthermore, the Group will promote to create synergies across a shared value base that spans technology and manufacturing and ensure highly transparent management with enhanced corporate governance.

For more details of our new medium-term management plan, please visit our website at the following URL.
https://www.nikon.com/about/ir/management/midtermbusiness/pdf/2022/0407e_all.pdf

(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 a mid to long-term perspective, while strengthening investments (including strategic investments, R&D, and capital expenditures) to ensure sustainable growth. Based on this policy, during the cumulative period of the new medium-term management plan for the year ending March 31, 2023 to the year ending March 31, 2026, the Company will return to shareholders targeting a total return ratio of 40% or more.

For the year ended March 31, 2022, the year-end dividend is 20 yen per share, and the full year dividend will be 40 yen per share, including the interim dividend of 20 yen.

The full year dividend for the year ending March 31, 2023 is forecast to be 40 yen per share (including the interim dividend of 20 yen per share), same as the current fiscal year.

(6) Business and Other Risks

Following are principal matters that are considered likely to have a significant impact on decisions made by investors regarding risks involved in executing strategy, business, and other concerns of the Group.

The Group organizes and manages risks through the Risk Management Committee, which identifies and prioritizes potential risks to management of the Group in general, then deliberates and decides on risk response policies.

Risks related to the spread of COVID-19 may fluctuate significantly due to further spread and resurgence of the disease. The Group will constantly track the latest information, while thoroughly organizing risks and opportunities in order to implement measures from a medium- to long-term perspective.

Matters concerning the future as stated herein are based on the Group's estimations as of March 31, 2022.

(i) Rapid changes in the business environment

The market for digital cameras, the leading products of the Imaging Products Business, is seeing intensified competition for mirrorless cameras. In addition, the business is adversely affected by the spread of COVID-19 and resulting tightening of restrictions in various countries and delays in component procurement. In response to this, the Group continues to strengthen the earnings structure of the business, such as optimizing production and sales bases, thoroughly reducing cost and increasing development efficiency, as well as reforms to supply chain and logistics.

The demand for FPD lithography systems handled by the Precision Equipment Business is expected to be stable in the display market. However, if there is over-supply as a reaction to large-scale capital investment or curbing of consumption, demand for lithography systems may also experience a decline. In response to this, the Group is working to secure a certain level of profit under such a business environment through new lithography systems and service business, in addition to reducing total costs.

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 the degree of the shift in the cutting-edge process development to EUVL. In addition, the Group's profit may be affected by such factors as changes in capital investment plans by its major customers. In response to this, the Group will vigorously work on business development other than with its existing customers and expand its service business, in accordance with the business strategy that prioritizes profitability.

Looking at the Precision Equipment Business as a whole, tighter regulations enforced by various countries in response to the spread of COVID-19 may potentially damage trust from customers due to delay or suspension of shipments, and cause an investment freeze due to decline in demand, as well as a decline in sales. In response, the Group will further strengthen communication with customers, as well as promoting local support for installation and service personnel.

In overseas business development, changes in political systems and economic environments, the effect of trade wars and conflicts between countries, social turmoil due to riots, terrorism, wars, disasters, and various infectious diseases, and other issues may cause major obstacles or losses to our business activities. It is difficult to make concrete predictions regarding the possibility and the extent of the effect of the materialization of these risks, as it depends on social conditions and other factors. In response to this, the Group examines and implements countermeasures by collecting information and analyzing the impact on business.

(ii) Revenue expansion of the growth drivers

In the new medium-term management plan (FY2022–FY2025) released in April 2022, the Group has positioned Material Processing and Robot Vision under the Digital Manufacturing Business, our strategic business, as medium-term growth drivers. If the transformation in the whole manufacturing industry is slow, the business may not grow to the expected scale by the end of the medium-term management plan, which is the fiscal year ending March 31, 2026.

In order to minimize the possibility of this risk materializing, the Group will provide the unique value to the manufacturing industry that has been embracing digitalization, to create a new market. With regard to strategic investment, the Group will take a range of measures to contribute to expanding the business.

(iii) Ability to develop new products and investment in development to maintain and enhance competitiveness

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 invest in product development, regardless of the fluctuation in the Group's profit. Enterprise value may decline and profit may decrease if in the event of investments do not produce adequate results and new products or next-generation technology cannot be developed or introduced to the market in a timely manner, the technology developed by the Group is not accepted by the market, or if the Company's technology becomes unnecessary due to drastic changes such as game changing developments. In order to minimize the possibility of such risks materializing, based on future social and market trends, the Group's Technology Strategy Committee is exploring new areas that the Group should focus on, formulating a technology strategy that will lead to improved competitiveness of the existing businesses, in addition to a research and development plan to realize this strategy, and also working to visualize and optimize the technology of the Group.

(iv) Procurement

In each business, the Group ensures stable procurement of supply such as raw materials, key components, and finished products, while maintaining close relationships with suppliers. The Group's profit and financial position may be adversely affected in the event of social turmoil due to natural disasters such as earthquakes, riots, terrorism, wars, or pandemics, quality problems, policy changes made by suppliers, procurement of supply being significantly affected by bankruptcy or business failure on the part of a specific supplier, or a steep increase in purchase price. Specifically, some delays in procurement of supply are already materializing due to the consequences of the spread of COVID-19 and a deterioration of international environment, such as tighter regulations on suppliers and regions, suspension of operations, bankruptcy, and disruptions in logistics. As a consequence of growing demand and decreased supply due to a fire and other reasons, supply shortages of components have also emerged to some extent. It is difficult to make concrete predictions regarding the scale and timing of these risks, as it depends greatly on the social conditions. In response to this, however, the Group conducts multiple purchases as much as possible and assesses alternative supplier candidates. The Group also collects information regarding the procurement status of all business divisions in the event of a natural disaster or other such disruption, and promptly reports the status to management. In addition, the Group implements measures from multiple perspectives, such as considering the availability of alternative supply and alternative measures such as design changes.

(v) Outflow of human resources and information

The Group is supported by its employees, who possess advanced technical expertise and other abilities, and securing such human resources is becoming increasingly more crucial in order to overcome intense competition in the market. There is a possibility that such key personnel will resign, resulting in an outflow of their expertise and know-how. In order to minimize the effect of such outflow of expertise and knowhow, the Group has established a specific study curriculum and is promoting to standardize, share and hand on proprietary technologies and skills within the company.

The Group also retains crucial information such as technical information, corporate information concerning business partners, and personal information of its customers and other persons concerned. In order to prevent the risk of information leakage from materializing, the Group is taking measures such as enhancing its internal regulations regarding the handling of information and educating its employees, while thoroughly controlling external access to such information and improving the level of storage security.

(vi) Environmental issues

The Group considers environmental issues, such as climate change, depletion of natural resources, problems with waste disposal, and pollution by harmful chemical substances, to be matters that affect the survival of the Company. As such, the Group is taking various measures and conducting management that is conscious of the global environment.

With regard to climate change, when it causes abnormal weather, environmental disasters such as floods and droughts, or the spread of infectious diseases, bringing serious damage to the R&D and production bases of the Group and of our suppliers, such negative factors can affect the Group's operations and cause delays in production and shipment. The Group is therefore aware that these are risks that it is facing. Moreover, as the moves toward a decarbonized society accelerate, the introduction of a carbon tax is taking place or being considered in various countries. Such trends may result in increases in energy and raw material costs. To reduce these risks, the Group is working on efforts to reduce greenhouse gases throughout the entire supply chain, such as energy saving activities, utilization of renewable energy and streamlining of development and production processes, as well as the formulation of a business continuity plan (BCP).

Inadequate compliance with environmental laws and regulations may result in an impact on production, surcharges, or loss of social credibility due to administrative sanctions, which can seriously damage corporate management. In particular, laws and regulations relating to, among other things, energy, greenhouse gases and chemical substances, have been tightened year by year. The Group therefore views them as risks that it is currently facing. In order to ensure compliance, the Group has established internal rules and conducted training for relevant employees, so as to strengthen its management system, and is also striving to track and respond to regulatory changes in a timely manner. The Group is also working to prevent environmental pollution by establishing voluntary standards that are more rigorous than statutory requirements.

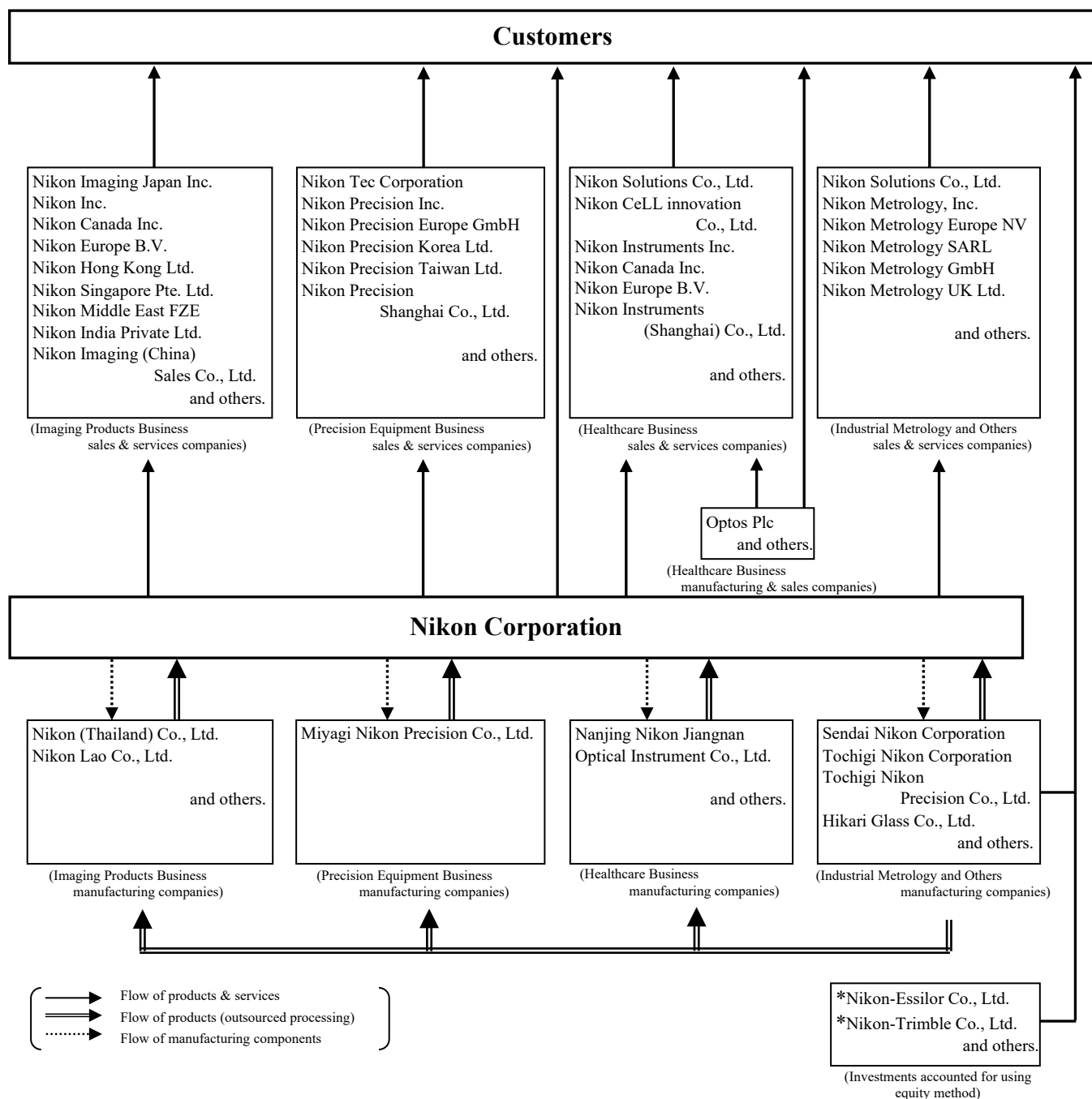
2. Status of Nikon Group

The Nikon Group is comprised of NIKON CORPORATION (the “Company”), its 71 consolidated subsidiaries, and 15 investments accounted for using equity method, running the Imaging Products Business, Precision Equipment Business, Healthcare Business, Components Business, and businesses such as Industrial Metrology.

From the fiscal year ended March 31, 2022, we have changed the reportable business segments to the Imaging Products Business, the Precision Equipment Business, the Healthcare Business and the Components Business by adding the Components Business. For details, please refer to “4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information).”

The structure of the Group is shown as below:

In the Components business, NIKON CORPORATION is mainly responsible for production, sale and service.



(Note) Only principal subsidiaries, associated companies, and joint ventures are listed.
No symbol: Subsidiaries, *: Investments accounted for using equity method

3. Basic Policy on the Adoption of Accounting Standards

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) from the consolidated financial statements in the Annual Securities Report from the 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, 2021	As of March 31, 2022	Changes
ASSETS			
Current assets			
Cash and cash equivalents	351,798	370,277	18,478
Trade and other receivables	72,900	90,571	17,671
Inventories	235,760	238,950	3,190
Other current financial assets	1,179	948	(231)
Other current assets	14,215	13,467	(748)
Total current assets	675,853	714,214	38,361
Non-current assets			
Property, plant and equipment	86,210	88,956	2,746
Right-of-use assets	12,233	22,310	10,077
Goodwill and intangible assets	44,056	49,379	5,323
Retirement benefit asset	5,984	8,685	2,701
Investments accounted for using equity method	11,099	10,702	(397)
Other non-current financial assets	91,090	93,308	2,217
Deferred tax assets	62,956	51,610	(11,346)
Other non-current assets	255	403	148
Total non-current assets	313,884	325,353	11,469
Total assets	989,737	1,039,566	49,830

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Changes
LIABILITIES / EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	60,615	65,161	4,545
Bonds and borrowings	29,943	37,347	7,405
Income taxes payables	1,428	4,770	3,342
Advances received	163,110	139,300	(23,810)
Provisions	5,458	5,403	(55)
Other current financial liabilities	25,575	27,424	1,849
Other current liabilities	32,176	34,516	2,340
Total current liabilities	318,305	313,921	(4,385)
Non-current liabilities			
Bonds and borrowings	104,131	92,715	(11,416)
Retirement benefit liability	9,905	5,543	(4,362)
Provisions	5,048	5,186	137
Deferred tax liabilities	3,053	3,360	308
Other non-current financial liabilities	8,258	16,188	7,930
Other non-current liabilities	2,310	2,687	376
Total non-current liabilities	132,706	125,679	(7,026)
Total liabilities	451,011	439,600	(11,411)
EQUITY			
Share capital	65,476	65,476	–
Capital surplus	46,419	46,483	63
Treasury shares	(17,529)	(17,395)	134
Other components of equity	(14,133)	2,206	16,339
Retained earnings	457,352	500,912	43,560
Equity attributable to owners of parent	537,585	597,681	60,097
Non-controlling interests	1,141	2,285	1,144
Total equity	538,726	599,967	61,241
Total liabilities and equity	989,737	1,039,566	49,830

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

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)		Changes (Millions of yen)
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	
Revenue	451,223	100.0	539,612	100.0	88,388
Cost of sales	(295,318)	(65.4)	(303,541)	(56.3)	(8,223)
Gross profit	155,906	34.6	236,070	43.7	80,165
Selling, general and administrative expenses	(181,339)		(189,465)		(8,126)
Other operating income	3,363		5,322		1,959
Other operating expenses	(34,170)		(1,994)		32,177
Operating profit (loss)	(56,241)	(12.5)	49,934	9.3	106,175
Finance income	11,167		9,592		(1,575)
Finance costs	(2,238)		(3,643)		(1,405)
Share of profit of investments accounted for using equity method	1,969		1,213		(757)
Profit (loss) before tax	(45,342)	(10.0)	57,096	10.6	102,438
Income tax expense	10,832		(14,843)		(25,675)
Profit (loss) for year	(34,509)	(7.6)	42,253	7.8	76,762
Profit (loss) attributable to:					
Owners of parent	(34,497)	(7.6)	42,679	7.9	77,176
Non-controlling interests	(13)		(426)		(414)
Profit (loss) for year	(34,509)	(7.6)	42,253	7.8	76,762
Earnings (loss) per share:					
Basic earnings (loss) per share (Yen)	(93.96)		116.23		
Diluted earnings (loss) per share (Yen)	(93.96)		115.58		

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Changes
Profit (loss) for year	(34,509)	42,253	76,762
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	24,034	7,421	(16,613)
Remeasurements of defined benefit plans	1,235	632	(603)
Share of other comprehensive income of investments accounted for using equity method	47	(34)	(80)
Total of items that will not be reclassified subsequently to profit or loss	25,315	8,019	(17,296)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	13,551	20,331	6,780
Effective portion of cash flow hedges	(282)	(140)	142
Share of other comprehensive income of investments accounted for using equity method	93	183	90
Total of items that may be reclassified subsequently to profit or loss	13,362	20,375	7,012
Other comprehensive income, net of taxes	38,678	28,393	(10,284)
Total comprehensive income for year	4,168	70,646	66,478
Comprehensive income attributable to:			
Owners of parent	4,090	70,903	66,813
Non-controlling interests	78	(257)	(335)
Total comprehensive income for year	4,168	70,646	66,478

(3) 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	Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2020	65,476	46,369	(17,639)	1,108	–	(964)
Profit (loss) for year	–	–	–	–	–	–
Other comprehensive income	–	–	–	23,998	1,235	140
Total comprehensive income for year	–	–	–	23,998	1,235	140
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(1)	–	–	–
Share-based payment transactions	–	51	110	–	–	–
Increase (decrease) by business combination	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(11,934)	(1,235)	(48)
Total transactions with owners	–	51	109	(11,934)	(1,235)	(48)
As of March 31, 2021	65,476	46,419	(17,529)	13,172	–	(873)
As of April 1, 2021	65,476	46,419	(17,529)	13,172	–	(873)
Profit (loss) for year	–	–	–	–	–	–
Other comprehensive income	–	–	–	7,451	632	150
Total comprehensive income for year	–	–	–	7,451	632	150
Dividends	–	–	–	–	–	–
Purchase and disposal of treasury shares	–	(0)	(2)	–	–	–
Share-based payment transactions	–	61	136	–	–	–
Increase (decrease) by business combination	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	2	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(11,285)	(632)	32
Total transactions with owners	–	63	134	(11,285)	(632)	32
As of March 31, 2022	65,476	46,483	(17,395)	9,338	–	(691)

(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 year	–	–	–	(34,497)	(34,497)	(13)	(34,509)
Other comprehensive income	13,495	(282)	38,587	–	38,587	91	38,678
Total comprehensive income for year	13,495	(282)	38,587	(34,497)	4,090	78	4,168
Dividends	–	–	–	(7,343)	(7,343)	(43)	(7,386)
Purchase and disposal of treasury shares	–	–	–	–	(1)	–	(1)
Share-based payment transactions	–	–	–	–	161	–	161
Increase (decrease) by business combination	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	24	24
Transfer from other components of equity to retained earnings	–	–	(13,218)	13,243	26	(26)	–
Total transactions with owners	–	–	(13,218)	5,901	(7,157)	(45)	(7,202)
As of March 31, 2021	(26,204)	(228)	(14,133)	457,352	537,585	1,141	538,726

As of April 1, 2021	(26,204)	(228)	(14,133)	457,352	537,585	1,141	538,726
Profit (loss) for year	–	–	–	42,679	42,679	(426)	42,253
Other comprehensive income	20,131	(140)	28,224	–	28,224	170	28,393
Total comprehensive income for year	20,131	(140)	28,224	42,679	70,903	(257)	70,646
Dividends	–	–	–	(11,016)	(11,016)	(17)	(11,033)
Purchase and disposal of treasury shares	–	–	–	–	(2)	–	(2)
Share-based payment transactions	–	–	–	–	198	35	233
Increase (decrease) by business combination	–	–	–	–	–	1,392	1,392
Changes in ownership interest in subsidiaries	–	–	–	–	2	2	4
Transfer from other components of equity to retained earnings	–	–	(11,885)	11,897	12	(12)	–
Total transactions with owners	–	–	(11,885)	881	(10,807)	1,401	(9,406)
As of March 31, 2022	(6,073)	(368)	2,206	500,912	597,681	2,285	599,967

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the year ended March 31 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31 2022 (from April 1, 2021 to March 31, 2022)
Cash flows from operating activities:		
Profit (loss) before tax	(45,342)	57,096
Depreciation and amortization	28,027	24,857
Impairment losses	26,054	449
Interest and dividend income	(2,727)	(2,163)
Share of (profit) loss of investments accounted for using equity method	(1,969)	(1,213)
Losses (gains) on sale of property, plant and equipment	(141)	(3,537)
Interest expenses	1,246	1,054
Decrease (increase) in trade and other receivables	17,271	(13,321)
Decrease (increase) in inventories	13,122	2,181
Increase (decrease) in trade and other payables	(9,615)	3,067
Increase (decrease) in advances received	(13,802)	(27,697)
Increase (decrease) in provisions	25	(699)
Others, net	(3,718)	(6,234)
Subtotal	8,431	33,840
Interest and dividend income received	3,606	3,920
Interest expenses paid	(1,250)	(1,123)
Income taxes refund (paid)	(5,821)	(5,285)
Net cash provided by (used in) operating activities	4,966	31,351
Cash flows from investing activities:		
Purchase of property, plant and equipment	(16,965)	(17,981)
Proceeds from sale of property, plant and equipment	681	5,484
Purchase of intangible assets	(6,134)	(5,844)
Acquisition of businesses resulting in change in scope of consolidation	—	(378)
Purchase of investment securities	(1,126)	(4,224)
Proceeds from sale of investment securities	38,754	20,459
Payments into time deposits	(3)	—
Proceeds from withdrawal of time deposits	1,857	—
Others, net	960	2,098
Net cash provided by (used in) investing activities	18,024	(385)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	—	13,189
Proceeds from long-term borrowings	1,000	—
Repayments of long-term borrowings	(1,000)	(10,803)
Proceeds from issuance of bonds	19,894	—
Redemption of bonds	(10,000)	(10,000)
Repayments of lease liabilities	(7,448)	(7,438)
Cash dividends paid	(7,350)	(11,024)
Cash dividends paid to non-controlling interests	(43)	(17)
Purchase of treasury shares	(1)	(2)
Others, net	(43)	(57)
Net cash provided by (used in) financing activities	(4,991)	(26,151)
Effect of exchange rate changes on cash and cash equivalents	9,766	13,664
Net increase (decrease) in cash and cash equivalents	27,765	18,478
Cash and cash equivalents at beginning of year	324,034	351,798
Cash and cash equivalents at end of year	351,798	370,277

(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: 71 companies

Principal subsidiaries:

Tochigi Nikon Corporation, Tochigi Nikon Precision Co., Ltd., Sendai Nikon Corporation, Miyagi Nikon Precision Co., Ltd., Nikon Imaging Japan Inc., Nikon Solutions Co., Ltd., Nikon (Thailand) Co., Ltd., Nikon Imaging (China) Sales Co., Ltd., Nikon Inc., Nikon Precision Inc., Nikon Instruments Inc., Nikon Europe B.V., Optos Plc, and others

The increase and decrease of the number of consolidated subsidiaries is as follows.

Increase: 1 company (due to share acquisition)

Decrease: 9 companies (due to merger and other reasons)

(b) Scope of Equity Method

Number of investments accounted for using equity method: 15 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 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 29, 2021).

(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 science solutions field such as biological microscopes and cell culture observation systems, 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 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)

As of April 1, 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 previous fiscal year 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 segments is as follows.

For the year ended March 31, 2021 (From April 1, 2020 to March 31, 2021) (Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated
Revenue								
External customers	150,203	184,774	62,848	25,788	27,610	451,223	–	451,223
Intersegment	1,176	378	162	6,944	75,717	84,377	(84,377)	–
Total	151,379	185,152	63,010	32,732	103,327	535,600	(84,377)	451,223
Segment profit (loss) (Note3)	(36,391)	(643)	(3,091)	187	(1,205)	(41,143)	(15,097)	(56,241)
Finance income								11,167
Finance costs								(2,238)
Shares of profit of investments accounted for using equity method								1,969
Profit (loss) before tax								(45,342)
Segment assets	68,370	191,196	93,818	31,881	73,154	458,418	531,319	989,737
Other items:								
Impairment losses	16,390	3,796	2,459	656	2,753	26,054	–	26,054
Depreciation and amortization	5,242	4,192	4,521	2,153	4,909	21,017	7,011	28,027
Increase in property, plant and equipment, right-of-use assets, goodwill and intangible assets	6,498	7,418	2,806	2,889	5,004	24,614	7,083	31,697

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 consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 3,608 million yen, and corporate profit (loss) of (18,705) million yen that cannot be attributed to any segments. 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 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 546,073 million yen that is not attributed to any segments, and elimination of intersegment transactions of (14,754) 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. Out of the total restructuring costs of (4,343) million yen recognized in “Other operating expenses” reported in the consolidated statement of profit or loss, (3,400) million yen and (943) million yen are recognized in the segment profit (loss) of the Imaging Products Business and the Industrial Metrology and Others, respectively.

For the year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Components	Industrial Metrology and Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated	
Revenue									
External customers	178,234	211,216	73,243	40,869	36,050	539,612	–	539,612	
Intersegment	720	157	189	9,793	66,166	77,025	(77,025)	–	
Total	178,954	211,373	73,432	50,662	102,216	616,637	(77,025)	539,612	
Segment profit (loss)	19,069	27,719	4,385	12,721	2,964	66,859	(16,924)	49,934	
Finance income									9,592
Finance costs									(3,643)
Shares of profit of investments accounted for using equity method									1,213
Profit (loss) before tax									57,096
Segment assets	79,984	192,019	102,209	41,989	72,139	488,340	551,226	1,039,566	
Other items:									
Impairment losses	2	–	447	–	0	449	–	449	
Depreciation and amortization	3,088	3,952	4,116	2,382	5,105	18,643	6,214	24,857	
Increase in property, plant and equipment, right-of-use assets, goodwill and intangible assets	4,564	6,918	4,949	9,142	6,440	32,012	13,844	45,857	

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 consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 1,216 million yen, cumulative translation on differences of (56) million yen reclassified to profit or loss due to the liquidation of a foreign subsidiary, and corporate profit (loss) of (18,084) million yen that cannot be attributed to any segments. Out of the corporate profit (loss) of (18,084) million yen, gains from sale of land of 2,352 million yen are recognized in other operating income reported in the 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 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 561,298 million yen that is not attributed to any segments, and elimination of intersegment transactions of (10,072) 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) Geographic Information

Revenue to external customers

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Japan	72,629	98,382
United States	114,786	129,274
Europe	71,386	72,203
China	121,058	153,471
Others	71,364	86,282
Total	451,223	539,612

(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, 2021	As of March 31, 2022
Japan	86,363	93,042
North America	5,523	12,926
Europe	43,032	45,231
China	2,151	3,192
Thailand	3,240	3,944
Others	2,446	2,713
Total	142,755	161,048

(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 is a customer group who contributed 10% or more to the consolidated revenue for the year ended March 31, 2021. The revenue recognized from this customer group for the year ended March 31, 2021 was 53,230 million yen (Precision Equipment Business and Industrial Metrology and Others). There is no customer group who contributed 10% or more to the consolidated revenue for the year ended March 31, 2022; therefore, the information was omitted.

(Selling, General and Administrative Expenses)

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

(Millions of yen)

	For the year ended March 31, 2021 (From April 1 2020 to March 31, 2021)	For the year ended March 31, 2022 (From April 1 2021 to March 31, 2022)
Depreciation and amortization	11,827	11,321
Research and development expenses	58,789	59,884
Employee benefit expenses	51,804	54,927
Advertising and sales promotion expenses	11,965	13,932
Others	46,954	49,400
Total	181,339	189,465

(Earnings Per Share)

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

(Millions of yen, unless otherwise indicated)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Basis for the calculation of basic earnings (loss) per share		
Profit (loss) for year attributable to owners of parent	(34,497)	42,679
Profit (loss) not attributable to ordinary equity holders of parent	—	—
Profit (loss) for year used in the calculation of basic earnings per share	(34,497)	42,679
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	367,144	367,209
Basic earnings (loss) per share (yen)	(93.96)	116.23
Basis for the calculation of diluted earnings (loss) per share		
Profit (loss) for year used in the calculation of basic earnings per share	(34,497)	42,679
Adjustments to profit for year		
Adjustment for potential shares issued by subsidiaries	—	—
Profit (loss) for year used in the calculation of diluted earnings per share	(34,497)	42,679
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	367,144	367,209
Increase in number of ordinary shares in respect of stock options (thousands of shares)	—	2,054
Weighted average number of dilutive ordinary shares outstanding during the period (thousands of shares)	367,144	369,263
Diluted earnings (loss) per share (yen)	(93.96)	115.58

- Notes
1. In the computation of basic earnings (loss) per share and diluted earnings (loss) per share, the number of the Company's shares held by the executive compensation BIP trust is included in the number of treasury shares that are deducted from the weighted average number of ordinary shares outstanding during the period. For both of the years ended March 31, 2021 and March 31, 2022, the number of shares was 576,900.
 2. For the fiscal year ended March 31, 2021, as the stock options the Company issued have no dilutive effect; therefore, they are not included in diluted loss per share.
For the fiscal year ended March 31, 2022, as the stock options that a subsidiary issued has no dilutive effect; therefore, they are not included in the calculation of diluted earnings per share.

(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 to as "Subsidiary in India") was inquired by the Indian Tax Authority regarding the import of the Company's digital cameras, and in October 2016, the imposition was confirmed in relation to the customs duty, interest, and penalty concerning those products. In January 2017, the Subsidiary in India appealed to the Customs, Excise and Service Tax Appellate Tribunal (hereinafter referred to as "CESTAT"); however, the appeal was dismissed in December 2017. To object to this decision, in January 2018, the Subsidiary in India filed an appeal to the Supreme Court of India (hereinafter referred to as the "Supreme Court"). In March 2021, the Supreme Court delivered a judgment revoking the decision of CESTAT and consequently the demand notice by the Indian Tax Authority. Subsequently in April 2021, the Indian Tax Authority filed a request for retrial. As it is currently unable to forecast the outcome of the request for retrial, the provision is not recognized in accordance with the aforementioned accounting policy. In regard to any other cases, no significant impact on the Company's consolidated performance and financial position is expected at this point in time.

(Significant Subsequent Events)

The Company decided the repurchase of its own shares in accordance with the written resolution of the Board of Directors established on April 7, 2022 pursuant to Article 156 of the Companies Act of Japan as applicable through Article 165, Paragraph 3 of the Act, and to cancel treasury shares pursuant to Article 178 of the Companies Act of Japan.

(1) Reason for the repurchase of own shares

The Company has decided to repurchase its own shares to enhance shareholder returns, while improving capital efficiency and ensuring a flexible capital policy.

(2) Details of the repurchase

- | | |
|---|--|
| (a) Type of shares to be repurchased: | Ordinary shares |
| (b) Total number of shares to be repurchased: | 36,000,000 shares (maximum)
(Percentage of the total number of shares issued excluding treasury shares: 9.8%) |
| (c) Total amount of shares repurchased: | 30,000 million yen (maximum) |
| (d) Repurchase period: | From May 13, 2022 to March 24, 2023 |

(3) Details of the cancellation

- | | |
|---|--|
| (a) Type of shares to be cancelled: | Ordinary shares |
| (b) Total number of shares to be cancelled: | 5,000,000 shares out of 10,485,746 treasury shares owned by the Company as of March 31, 2022, in addition to all the treasury shares that the Company will repurchase pursuant to the above. |
| (c) Scheduled date of cancellation: | March 31, 2023 |