



HOYA Corporation and its Subsidiaries  
Consolidated Financial Statements under IFRSs  
and Independent Auditor's Report

For the year ended 31 March 2021

HOYA Corporation

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HOYA CORPORATION:

### Opinion

We have audited the consolidated financial statements of HOYA CORPORATION and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

<b>Recoverability of the suspense payments of income tax (Note 11. Deferred taxes and income taxes and Note 13. Other assets and liabilities)</b>	
<b>Key Audit Matter Description</b>	<b>How the Key Audit Matter Was Addressed in the Audit</b>
<p>As disclosed in "Note 11. Deferred taxes and income taxes" and "Note 13. Other assets and liabilities" to the consolidated financial statements, HOYA CORPORATION (the "Company") received reassessment notices from the Tokyo Regional Taxation Bureau ("TRTB") for additional tax on the transfer pricing taxation of transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five financial years ended 31 March 2007 to 2011 and the three financial years ended 31 March 2012 to 2014. As a result of the objections with TRTB seeking the withdrawal of the assessment, the Company received written verdicts from the National Tax Tribunal (the "Tribunal"), which partially cancel the reassessments. However, the Company disagrees with the remaining findings of the Tribunal's verdicts that maintain portions of the reassessments and expects that all the reassessments be cancelled in the trials. Consequently, the paid amount of 7,916 million yen and 4,544 million yen are included in "Other current assets" as suspense payments.</p> <p>There are differences in claims with the authorities regarding the tax treatment and there is uncertainty as to whether the court will accept the Company's claims.</p> <p>In accordance with the Japanese tax law, auditing the recoverability of the suspense payments required not only high-level expertise related to interpretations of the tax law and practical judgment but also complex and professional judgment. Therefore, we identified the recoverability of the suspense payments of income tax as a key audit matter.</p>	<p>In order to evaluate the appropriateness of the judgment of the Company for the recoverability of the suspense payments of income tax, we performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• With the assistance of our tax specialists, we critically evaluated the appropriateness of the Company's position about points of dispute in the trials based on inquiries of the Company's management and in-house tax accountants and inspections of the briefs and written answers; and</li> <li>• We received external legal counsel confirmation letters and inspected the view on the current situation of the trials and the recoverability.</li> </ul>

### **Responsibilities of Management and the Audit Committee**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Deloitte Touche Tohmatsu LLC*

June 4, 2021

## Consolidated Statement of Financial Position

### HOYA Corporation and its Subsidiaries

**As at 31 March 2021**

	Notes	(Millions of Yen) As at 31 March 2020	(Millions of Yen) As at 31 March 2021	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2021
<b><u>ASSETS</u></b>				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6, 9, 33	152,302	164,957	1,489,989
Goodwill	8, 9	42,082	35,688	322,358
Intangible assets	8, 9, 33	39,796	37,110	335,198
Investments in associates	10	1,007	661	5,970
Long-term financial assets	7, 12, 21	45,975	52,005	469,743
Other non-current assets	13	685	797	7,198
Deferred tax assets	11	7,990	7,488	67,633
Total non-current assets		289,836	298,705	2,698,089
CURRENT ASSETS:				
Inventories	14	78,130	77,367	698,824
Trade and other receivables	7, 15, 21	103,339	117,251	1,059,079
Other short-term financial assets	12, 21	1,303	3,897	35,196
Income taxes receivable		510	1,218	10,998
Other current assets	13	19,907	19,956	180,255
Cash and cash equivalents	21	317,982	334,897	3,024,991
Total current assets		521,171	554,584	5,009,341
Total assets		811,008	853,290	7,707,430

	Notes	(Millions of Yen) As at 31 March 2020	(Millions of Yen) As at 31 March 2021	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2021
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>EQUITY</u></b>				
Share capital	20(1)	6,264	6,264	56,582
Capital reserves	20(1)	15,899	15,899	143,606
Treasury shares	20(2)	(27,963)	(43,560)	(393,462)
Other capital reserves	20(2)	(8,428)	(10,354)	(93,520)
Retained earnings	20(3), 34	676,058	710,274	6,415,628
Accumulated other comprehensive income/(loss)		(16,788)	9,477	85,603
Equity attributable to owners of the Company		645,042	688,000	6,214,436
Non-controlling interests	20(4), 29	(15,777)	(15,589)	(140,805)
Total equity		629,265	672,412	6,073,631
<b><u>LIABILITIES</u></b>				
NON-CURRENT LIABILITIES:				
Interest-bearing long-term debt	7, 16, 21	14,472	13,234	119,536
Other long-term financial liabilities	12, 21	23,923	21,874	197,579
Retirement benefit liabilities	17	3,203	3,248	29,342
Provisions	18	2,539	2,587	23,369
Other non-current liabilities	13	1,363	1,455	13,140
Deferred tax liabilities	11	3,851	6,870	62,051
Total non-current liabilities		49,350	49,268	445,016
CURRENT LIABILITIES:				
Interest-bearing short-term debt	7, 16, 21	7,494	7,515	67,882
Trade and other payables	19, 21	62,895	57,354	518,052
Other short-term financial liabilities	12, 21	2,824	2,598	23,466
Income tax payables		17,765	17,041	153,923
Provisions	18	1,234	1,161	10,482
Other current liabilities	13	40,181	45,942	414,978
Total current liabilities		132,393	131,610	1,188,783
Total liabilities		181,743	180,878	1,633,799
Total equity and liabilities		811,008	853,290	7,707,430



# Consolidated Statement of Comprehensive Income

## HOYA Corporation and its Subsidiaries

**For the year ended 31 March 2021**

	Notes	(Millions of Yen) For the year ended 31 March 2020	(Millions of Yen) For the year ended 31 March 2021	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2021
Continuing operations				
Revenue:				
Sales	23	576,546	547,921	4,949,152
Finance income	7, 25	3,461	2,204	19,906
Other income	21, 24	2,463	8,139	73,520
Total revenue		582,470	558,264	5,042,578
Expenses:				
Changes in goods, products and work in progress		1,003	3,898	35,205
Raw materials and consumables used		93,381	79,390	717,103
Employee benefits expense	17, 22, 24	133,734	120,004	1,083,952
Depreciation and amortisation	6, 7, 8, 24	34,374	36,336	328,211
Subcontracting cost		4,657	4,082	36,869
Advertising and promotion expense		12,214	9,999	90,321
Commissions expense	24	33,723	30,475	275,270
Impairment losses	9	300	8,166	73,760
Finance costs	7, 17, 25	791	2,010	18,159
Share of loss of associates	10	1,652	369	3,330
Foreign exchange (gain)/loss, net	24	1,606	(330)	(2,982)
Other expenses	6, 7, 8, 24	117,768	104,646	945,229
Total expenses		435,202	399,046	3,604,427
Profit before tax		147,268	159,218	1,438,151
Income tax expense	11	32,681	33,997	307,083
Profit for the year from continuing operations		114,587	125,221	1,131,068
Profit for the year		114,587	125,221	1,131,068
Other comprehensive income/(loss):	26			
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Financial assets measured at fair value through other comprehensive income		933	8,363	75,536
Remeasurements of the net defined benefit asset and liability, net	17	(50)	280	2,531
Income tax relating to components of other comprehensive income/(loss)	11	(212)	(2,562)	(23,144)
Subtotal		670	6,081	54,923
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		(16,806)	21,093	190,526
Share of other comprehensive income/(loss) of associates	10	76	(144)	(1,301)
Income tax relating to components of other comprehensive income/(loss)	11	(203)	(78)	(701)
Subtotal		(16,932)	20,871	188,524
Total other comprehensive income/(loss)		(16,262)	26,952	243,447
Total comprehensive income/(loss) for the year		98,325	152,173	1,374,515

	Notes	(Millions of Yen) For the year ended 31 March 2020	(Millions of Yen) For the year ended 31 March 2021	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2021
Profit attributable to:				
Owners of the Company		114,406	125,446	1,133,102
Non-controlling interests		181	(225)	(2,034)
Total		114,587	125,221	1,131,068
Total comprehensive income/(loss) attributable to:				
Owners of the Company		98,364	151,984	1,372,814
Non-controlling interests		(39)	188	1,701
Total		98,325	152,173	1,374,515

	Notes	(Yen) For the year ended 31 March 2020	(Yen) For the year ended 31 March 2021	(U.S. Dollars (Note 2)) For the year ended 31 March 2021
Basic earnings per share	27			
Continuing operations		303.27	335.77	3.03
Discontinued operations		—	—	—
Basic earnings per share		303.27	335.77	3.03
Diluted earnings per share	27			
Continuing operations		302.74	335.25	3.03
Discontinued operations		—	—	—
Diluted earnings per share		302.74	335.25	3.03

# Consolidated Statement of Changes in Equity

## HOYA Corporation and its Subsidiaries

**For the year ended 31 March 2021**

(Millions of Yen)

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
<b>Balance at 1 April 2019</b>		<b>6,264</b>	<b>15,899</b>	<b>(8,319)</b>	<b>(7,434)</b>	<b>617,459</b>
Cumulative effect of accounting change						533
<b>Restated balance at April 1, 2019</b>		<b>6,264</b>	<b>15,899</b>	<b>(8,319)</b>	<b>(7,434)</b>	<b>617,992</b>
Total comprehensive income/(loss) for the year						
Profit for the year						114,406
Other comprehensive income/(loss)	26					
Total comprehensive income/(loss) for the year						114,406
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(44,261)	(22)	
Disposal of treasury shares	20(2)			2,309	(1,032)	
Cancellation of treasury shares	20(2)			22,308		(22,308)
Dividends, 90 yen per share	20(3)					(34,064)
Change in non-controlling interests	20(4)				(65)	
Share-based payments (stock options)	22				125	
Transfer to retained earnings						32
Total contributions by and distributions to owners		—	—	(19,644)	(994)	(56,340)
Total transactions with owners		—	—	(19,644)	(994)	(56,340)
<b>Balance at 31 March 2020</b>		<b>6,264</b>	<b>15,899</b>	<b>(27,963)</b>	<b>(8,428)</b>	<b>676,058</b>
Total comprehensive income/(loss) for the year						
Profit for the year						125,446
Other comprehensive income/(loss)	26					
Total comprehensive income/(loss) for the year						125,446
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(76,671)	(4)	
Disposal of treasury shares	20(2)			3,312	(2,007)	
Cancellation of treasury shares	20(2)			57,762		(57,762)
Dividends, 90 yen per share	20(3)					(33,741)
Share-based payments (stock options)	22				86	
Transfer to retained earnings						274
Total contributions by and distributions to owners		—	—	(15,597)	(1,926)	(91,230)
Total transactions with owners		—	—	(15,597)	(1,926)	(91,230)
<b>Balance at 31 March 2021</b>		<b>6,264</b>	<b>15,899</b>	<b>(43,560)</b>	<b>(10,354)</b>	<b>710,274</b>

(Millions of Yen)

	Notes	Financial assets	Exchange differences	Remeasurements of	Share of other	Accumulated other
		measured at fair value through other comprehensive income	on translation of foreign operations	the net defined benefit liability (asset)	comprehensive income of associates	comprehensive income/(loss)
<b>Balance at 1 April 2019</b>		<b>1,070</b>	<b>201</b>	<b>—</b>	<b>(1,985)</b>	<b>(713)</b>
Cumulative effect of accounting change						
<b>Restated balance at April 1, 2019</b>		<b>1,070</b>	<b>201</b>	<b>—</b>	<b>(1,985)</b>	<b>(713)</b>
Total comprehensive income/(loss) for the year						
Profit for the year						
Other comprehensive income/(loss)	26	715	(16,805)	(29)	76	(16,042)
Total comprehensive income/(loss) for the year		715	(16,805)	(29)	76	(16,042)
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)					
Disposal of treasury shares	20(2)					
Cancellation of treasury shares	20(2)					
Dividends, 90 yen per share	20(3)					
Change in non-controlling interests	20(4)					
Share-based payments (stock options)	22					
Transfer to retained earnings		(61)		29		(32)
Total contributions by and distributions to owners		(61)	—	29	—	(32)
Total transactions with owners		(61)	—	29	—	(32)
<b>Balance at 31 March 2020</b>		<b>1,724</b>	<b>(16,604)</b>	<b>—</b>	<b>(1,909)</b>	<b>(16,788)</b>
Total comprehensive income/(loss) for the year						
Profit for the year						
Other comprehensive income/(loss)	26	5,813	20,606	264	144	26,539
Total comprehensive income/(loss) for the year		5,813	20,606	264	144	26,539
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)					
Disposal of treasury shares	20(2)					
Cancellation of treasury shares	20(2)					
Dividends, 90 yen per share	20(3)					
Share-based payments (stock options)	22					
Transfer to retained earnings		(10)		(264)		(274)
Total contributions by and distributions to owners		(10)	—	(264)	—	(274)
Total transactions with owners		(10)	—	(264)	—	(274)
<b>Balance at 31 March 2021</b>		<b>7,527</b>	<b>4,002</b>	<b>—</b>	<b>(2,053)</b>	<b>9,477</b>

(Millions of Yen)

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>Balance at 1 April 2019</b>		<b>623,155</b>	<b>4,552</b>	<b>627,707</b>
Cumulative effect of accounting change		533		533
<b>Restated balance at April 1, 2019</b>		<b>623,688</b>	<b>4,552</b>	<b>628,240</b>
Total comprehensive income/(loss) for the year				
Profit for the year		114,406	181	114,587
Other comprehensive income/(loss)	26	(16,042)	(220)	(16,262)
Total comprehensive income/(loss) for the year		98,364	(39)	98,325
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(44,283)		(44,283)
Disposal of treasury shares	20(2)	1,277		1,277
Cancellation of treasury stock	20(2)	—		—
Dividends, 90 yen per share	20(3)	(34,064)	—	(34,064)
Change in non-controlling interests	20(4)	(65)	(20,289)	(20,354)
Share-based payments (stock options)	22	125		125
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(77,011)	(20,289)	(97,300)
Total transactions with owners		(77,011)	(20,289)	(97,300)
<b>Balance at 31 March 2020</b>		<b>645,042</b>	<b>(15,777)</b>	<b>629,265</b>
Total comprehensive income/(loss) for the year				
Profit for the year		125,446	(225)	125,221
Other comprehensive income/(loss)	26	26,539	413	26,952
Total comprehensive income/(loss) for the year		151,984	188	152,173
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(76,675)		(76,675)
Disposal of treasury shares	20(2)	1,304		1,304
Cancellation of treasury stock	20(2)	—		—
Dividends, 90 yen per share	20(3)	(33,741)	—	(33,741)
Share-based payments (stock options)	22	86		86
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(109,026)	—	(109,026)
Total transactions with owners		(109,026)	—	(109,026)
<b>Balance at 31 March 2021</b>		<b>688,000</b>	<b>(15,589)</b>	<b>672,412</b>



# Consolidated Statement of Changes in Equity

## HOYA Corporation and its Subsidiaries

### For the year ended 31 March 2021-Continued

(Thousands of U.S. Dollars (Note 2))

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
<b>Balance at 31 March 2020</b>		<b>56,582</b>	<b>143,606</b>	<b>(252,582)</b>	<b>(76,127)</b>	<b>6,106,567</b>
Total comprehensive income/(loss) for the year						
Profit for the year						1,133,102
Other comprehensive income/(loss)	26					
Total comprehensive income/(loss) for the year						1,133,102
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(692,535)	(40)	
Disposal of treasury shares	20(2)			29,912	(18,132)	
Cancellation of treasury shares	20(2)			521,743		(521,743)
Dividends, 90 yen per share	20(3)					(304,770)
Share-based payments (stock options)	22				778	
Transfer to retained earnings						2,472
Total contributions by and distributions to owners		—	—	(140,880)	(17,394)	(824,041)
Total transactions with owners		—	—	(140,880)	(17,394)	(824,041)
<b>Balance at 31 March 2021</b>		<b>56,582</b>	<b>143,606</b>	<b>(393,462)</b>	<b>(93,520)</b>	<b>6,415,628</b>

(Thousands of U.S. Dollars (Note 2))

	Notes	Financial assets	Exchange differences	Remeasurements of	Share of other	Accumulated other
		measured at fair value through other comprehensive income	on translation of foreign operations	the net defined benefit liability (asset)	comprehensive income of associates	comprehensive income/(loss)
<b>Balance at 31 March 2020</b>		<b>15,575</b>	<b>(149,973)</b>	<b>—</b>	<b>(17,240)</b>	<b>(151,638)</b>
Total comprehensive income/(loss) for the year						
Profit for the year						
Other comprehensive income/(loss)	26	52,506	186,126	2,382	(1,301)	239,712
Total comprehensive income/(loss) for the year		52,506	186,126	2,382	(1,301)	239,712
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)					
Disposal of treasury shares	20(2)					
Cancellation of treasury shares	20(2)					
Dividends, 90 yen per share	20(3)					
Share-based payments (stock options)	22					
Transfer to retained earnings		(90)		(2,382)		(2,472)
Total contributions by and distributions to owners		(90)	—	(2,382)	—	(2,472)
Total transactions with owners		(90)	—	(2,382)	—	(2,472)
<b>Balance at 31 March 2021</b>		<b>67,991</b>	<b>36,152</b>	<b>—</b>	<b>(18,541)</b>	<b>85,603</b>

(Thousands of U.S. Dollars (Note 2))

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>Balance at 31 March 2020</b>		<b>5,826,409</b>	<b>(142,506)</b>	<b>5,683,903</b>
Total comprehensive income/(loss) for the year				
Profit for the year		1,133,102	(2,034)	1,131,068
Other comprehensive income/(loss)	26	239,712	3,735	243,447
Total comprehensive income/(loss) for the year		1,372,814	1,701	1,374,515
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(692,575)		(692,575)
Disposal of treasury shares	20(2)	11,780		11,780
Cancellation of treasury shares	20(2)	—		—
Dividends, 90 yen per share	20(3)	(304,770)	—	(304,770)
Share-based payments (stock options)	22	778		778
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(984,787)	—	(984,787)
Total transactions with owners		(984,787)	—	(984,787)
<b>Balance at 31 March 2021</b>		<b>6,214,436</b>	<b>(140,805)</b>	<b>6,073,631</b>

**Consolidated Statement of Cash Flows**  
**HOYA Corporation and its Subsidiaries**  
**For the year ended 31 March 2021**

	Notes	(Millions of Yen) For the year ended 31 March 2020	(Millions of Yen) For the year ended 31 March 2021	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2021
<b>Cash flows from operating activities</b>				
Profit before tax		147,268	159,218	1,438,151
Depreciation and amortisation		34,374	36,336	328,211
Impairment losses		300	8,166	73,760
Finance income		(3,461)	(2,204)	(19,906)
Finance costs		791	2,010	18,159
Share of (profits)/losses of associates		1,652	369	3,330
(Gain)/loss on sales of property, plant and equipment		(258)	(1,266)	(11,435)
Loss on disposal of property, plant and equipment		375	147	1,331
Foreign exchange (gain)/loss		(567)	(357)	(3,227)
Others		(4,265)	(4,957)	(44,770)
Cash generated from operations (before movements in working capital)		176,209	197,463	1,783,603
<b>Movements in working capital</b>				
Decrease/(increase) in inventories		(2,300)	4,017	36,283
Decrease/(increase) in trade and other receivables		4,186	(9,788)	(88,412)
Increase/(decrease) in trade and other payables		5,152	(6,352)	(57,379)
Increase/(decrease) in retirement benefit liabilities and provisions		433	(69)	(623)
Subtotal		183,680	185,270	1,673,471
Interest received		3,201	1,286	11,618
Dividends received		14	8	73
Interest paid		(511)	(580)	(5,239)
Income taxes paid		(23,169)	(34,875)	(315,015)
Income taxes refunded		152	703	6,352
Net cash generated from operating activities		163,366	151,812	1,371,261
<b>Cash flows from investing activities</b>				
Withdrawals of time deposits		2,804	560	5,058
Payments for time deposits		(2,367)	(12)	(106)
Proceeds from sales of property, plant and equipment		472	2,077	18,765
Payments for acquisition of property, plant and equipment		(45,177)	(31,246)	(282,230)
Proceeds from sales of investment		1,948	665	6,009
Payments for acquisition of investment		(1,562)	(163)	(1,470)
Payments for acquisition of subsidiaries		(969)	(335)	(3,025)
Payments for business transfer		(542)	(800)	(7,226)
Other proceeds		226	2,300	20,771
Other payments		(2,217)	(2,837)	(25,625)
Net cash used in investing activities		(47,384)	(29,790)	(269,081)

Consolidated Statement of Cash Flows  
**HOYA Corporation and its Subsidiaries**  
**For the year ended 31 March 2021-Continued**

	Notes	(Millions of Yen) For the year ended 31 March 2020	(Millions of Yen) For the year ended 31 March 2021	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2021
Cash flows from financing activities				
Dividends paid to owners of the Company		(34,042)	(33,720)	(304,582)
Net decrease in short-term borrowings	16	(775)	(27)	(245)
Proceeds from long-term borrowings	16	—	738	6,663
Repayments of long-term borrowings	16	(134)	(20)	(180)
Repayments of lease liabilities	16	(7,547)	(7,273)	(65,690)
Payments for purchase of treasury shares	20(2)	(44,283)	(76,675)	(692,575)
Proceeds from exercise of stock options		1,277	1,304	11,780
Proceeds from share issuance to non-controlling shareholders	20(4)	187	—	—
Payments for acquisition of non-controlling interests	20(4)	(149)	—	—
Net cash used in financing activities		(85,468)	(115,673)	(1,044,829)
Net increase/(decrease) in cash and cash equivalents		30,514	6,349	57,351
Cash and cash equivalents at the beginning of the year		293,397	317,982	2,872,203
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		(5,930)	10,566	95,437
Cash and cash equivalents at the end of the year		317,982	334,897	3,024,991

Note:

Non-cash transactions are stated in Note 28 “Non-cash transactions”.

There are no short-term investments within three months as at 31 March 2021.

# Notes to the Consolidated Financial Statements

## HOYA Corporation and its Subsidiaries

For the year ended 31 March 2021

### 1. General information

HOYA Corporation (the “Company”) is a limited company incorporated in Japan. The addresses of its registered office and principal place of business are disclosed on the Company’s website (URL <https://www.hoya.co.jp/english>). The principal activities of the Company, its subsidiaries and its associates (the “Group”) are described in Note 5 “Operating segment information”.

### 2. Basis of consolidated financial statements

#### (1) Basis of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The accompanying consolidated financial statements are stated in Japanese yen.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan using the rate of ¥110.71 to \$1, the foreign exchange rate at 31 March 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Amounts of less than one million yen and one thousand U.S. dollars have been rounded to the nearest million yen and one thousand U.S. dollars in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

The Company and its domestic subsidiaries maintain their books and prepare their financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”) while its foreign subsidiaries maintain their books and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform to IFRSs. These adjustments were not recorded in their statutory books and ledgers.

#### (2) Effects of applying new accounting standards

The Group adopted the following IFRS for the year ended 31 March 2021:

IFRSs		Subject of new standards/amendments
IFRS 16 (Revised)	Leases	The amendment that permits lessees, as a practical expedient, not to assess whether particular rent abatements and deferral of payments meeting certain criteria are lease modifications.

The impact of the amendment is immaterial to the consolidated financial statements.

#### (3) Standards and interpretations in issue but not yet adopted by the Group

At the date of approval of the consolidated financial statements, the main standards and interpretations that were issued but not yet effective for mandatory adoption are as follows. There are no standards and interpretations that were early adopted by the Group. The impact of the adoption of these standards and interpretations on the consolidated financial statements of the Group is immaterial.

IFRSs		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IFRS 10 (Revised)	Consolidated Financial Statements	Not determined	Not determined	Amendments to the accounting treatment for sale or contribution of assets between an investor and its associate or joint venture
IAS 28 (Revised)	Investments in Associates and Joint Ventures			



### 3. Significant accounting policies

#### (1) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments measured at revalued amounts or fair value. The principal accounting policies are set out below.

#### (2) Basis of consolidation

##### ① Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as at 31 March of each year. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to elements of control.

The operating results of the subsidiaries are included in the consolidated statement of comprehensive income from the effective date the Group obtained control of the subsidiaries to the effective date the Group lost control, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intragroup transactions, balances, income and expenses are eliminated in full in preparing the consolidated financial statements.

Changes in an interest of a subsidiary without losing control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective percentage of interests in the subsidiary. If there is a difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, the difference is recognised directly in equity and attributed to the owners of the parent.

If loss in control of a subsidiary occurs, the Group recognises in profit or loss any resulting difference of the following:

1. sum of the fair value of any consideration received and any investment retained in the former subsidiary at its fair value; and
2. previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### ② Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The results of and the investments in associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as an asset held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and then adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and the excess of those losses is no longer recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is tested for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss. When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

### ③ Joint arrangements

The Group classifies joint arrangements as either joint operations (having rights to assets and obligations for liabilities accounted for accordingly) or joint ventures (having rights to net assets and equity accounted). The classification depends upon the rights and obligations of the parties to the arrangement.

Joint operators shall account for the assets, liabilities, revenues and expenses relating to their interests in joint operations. Joint ventures shall apply the equity method. The Group has neither joint operations nor joint ventures.

### (3) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognised in profit or loss as incurred. The acquiree's identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date, except for the following:

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed, and a liability (or asset, if any) related to the acquiree's employee benefit arrangements;
- a liability or an equity instrument related to the replacement of an acquiree's share-based payment awards with share-based payment awards of the acquirer; and
- an asset or disposal group that is classified as held for sale at the acquisition date in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Changes in the fair value of the contingent consideration resulting from events after the acquisition date are accounted for as follows:

- (a) Contingent consideration classified as equity is not remeasured and any subsequent settlement is accounted for in equity; or
- (b) Contingent consideration classified as an asset or a liability is accounted for in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and IFRS 9, "Financial Instruments", or other IFRSs as appropriate. The changes in the fair value are recognised in profit or loss.

Goodwill is measured on the basis of the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets acquired, net of liabilities assumed at acquisition date. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests in subsidiaries are reported in equity separately from the equity attributable to owners of the Company. Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to the fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that were previously recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill arising from business combinations before the IFRSs transition date is measured at carrying amount in accordance with the previous GAAP (i.e., Japanese GAAP) after performing an impairment test.

## (4) Foreign currencies

### ① Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (i.e., its functional currency). For the purpose of the consolidated financial statements, the financial results, financial position and cash flows of each Group entity are presented in Japanese yen, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss during the period.

### ② Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen at the foreign exchange rates prevailing at the end of the reporting period. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange for the year. Where there are material fluctuations in exchange rates, the exchange rate at the transaction date is used. Foreign exchange differences arising from translation are initially recognised as exchange differences on translation of foreign operations in other comprehensive income and accumulated in 'accumulated other comprehensive income', which are reclassified from equity to profit or loss on disposal of the net investment and included in 'other expenses' in the consolidated statement of comprehensive income.

## (5) Property, plant and equipment

The Group applies the cost model for measuring property, plant and equipment.

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment losses. Cost includes the expenses directly attributable to the assets; the initial estimated costs relating to scrap, removal and retirement; and, for qualifying assets, the borrowing cost for long-term projects. Depreciation of these assets commences when the assets are available for their intended use.

When significant components of property, plant and equipment are required to be replaced periodically, the Group recognises such components as individual assets to be depreciated with specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment other than land and construction in progress are depreciated mainly on a straight-line basis over the following estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Buildings and structures: 3-50 years

Machinery and carriers: 3-10 years

Tools, equipment and fixtures: 2-10 years

## (6) Leases

As a lessee, the Group recognises a right-of-use asset and a lease liability at the commencement date. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The right-of-use asset is measured at cost comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs, such as the cost to dismantle and remove the underlying asset to the original condition required by the terms and conditions of lease contracts.

After the commencement date, the right-of-use asset is depreciated on a straight-line basis over the useful life or lease term, whichever is shorter.

The lease payments comprise of interest expense recognised as finance costs in the consolidated statement of comprehensive income and repayments of the lease liability that are calculated by the interest method.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases as expense on straight-line basis over the lease term or other systematic basis.

Right-of-use assets are included in ‘Property, plant and equipment—net’ and ‘Intangible assets’ in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses. Lease liabilities are included in ‘Interest-bearing long-term debt’ and ‘Interest-bearing short-term debt’ in the consolidated statement of financial position.

As a lessor, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

At the commencement date, the asset held under a finance lease is recognised on the consolidated statement of financial position and presented as a receivable at an amount equal to the net investment in the lease.

The assets held under an operating lease are on the consolidated statement of financial position and the lease payments received are recognised as income on a straight-line basis over the lease term in the consolidated statements of comprehensive income.

## (7) Intangible assets

The Group uses the cost model for measuring intangible assets. Intangible assets are carried at cost less accumulated amortisation and impairment losses.

### ① Intangible assets acquired separately and/or acquired in a business combination

Intangible assets acquired separately are carried at cost at initial recognition. Intangible assets acquired in a business combination are recognised separately from goodwill at their fair value at the acquisition date, when they are satisfied with the definition of intangible assets, identifiable, and their fair value is reasonably measured.

### ② Internally-generated intangible assets—research and development (“R&D”) costs

Expenditures on research activities are recognised as expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the followings have been demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet all of the recognition criteria listed above. The assets are amortised over the estimated period in which the development costs are expected to be recovered. If no future economic benefit is expected before the end of the life of assets, the residual carrying amount is expensed.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and impairment losses. Where no internally-generated intangible asset can be recognised, development costs are recognised as an expense in the period in which they are incurred.

### ③ Amortisation of intangible assets

Amortisation is recognised on a straight-line basis over the estimated useful lives below. The Group does not have any intangible assets with indefinite useful lives.

Technology: 5-20 years

Customer related assets: 5-16 years

Software: 3-5 years

#### ④ Derecognition of intangible assets

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

### (8) Goodwill

Goodwill arising from the acquisition of a business is recognised as an asset at the date that control is acquired (i.e., the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the acquisition-date amounts of the net fair value of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment at least annually. Goodwill is recorded at cost less accumulated impairment losses on the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in subsequent periods. Upon disposal of a cash-generating unit, goodwill attributed to the unit is included in the determination of the profit or loss upon disposal.

The Group's accounting policy for goodwill arising on the acquisition of an associate is described at "(2) Basis of consolidation – ② Investments in associates" above.

### (9) Impairment of property, plant and equipment and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, corporate assets (i.e., assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units) are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. A reversal of impairment losses is recognised immediately in profit or loss.



## (10) Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

## (11) Financial assets other than derivative financial instruments

### ① Initial recognition and measurement

Financial assets are classified as “financial assets measured at amortised cost,” “financial assets measured at fair value through other comprehensive income” (“FVTOCI”) or “financial assets measured at fair value through profit and loss” (“FVTPL”). The classification is determined at the time of initial recognition

The Group recognises a financial asset on the trade date when it becomes party to the contract of the financial asset.

All financial assets are measured at the fair value plus transaction costs, except for FVTPL.

### ② Financial assets measured at amortised cost

Such financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, “Financial assets measured at amortised cost” are measured at amortised cost by using the effective interest method, less the cumulative amount of impairment losses.

### ③ Financial assets classified as FVTOCI

Such financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The change in fair value is recognised in other comprehensive income.

The fair value of a particular asset in an equity instrument for which the Group makes an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in its fair value is recognised in other comprehensive income.

### ④ Financial assets classified as FVTPL

Any other securities not included in the classifications above are classified into financial assets measured at fair value through profit and loss. The change in fair value is recognised in profit or loss.

### ⑤ Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on “financial assets measured at amortised cost”.

The Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. For trade receivables, the Group always measures the loss allowance at an amount equal to the lifetime expected credit losses. The Group assesses the expected credit losses by using the change in the risk of a default or ageing of trade receivables, etc. The impairment of financial assets is recognised in profit or loss.

### ⑥ Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and a collateralised borrowing for the proceeds received.

## (12) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs, including purchase costs, process costs, storage costs and all other costs incurred in bringing the inventories to their present location and condition, are assigned to inventories mainly by the weighted-average method. The production costs include an appropriate portion of fixed and variable overhead expenses.

## (13) Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand and bank deposits including short-term investments. The short-term investments with original maturities of three months or less are deemed as cash equivalents since they are readily convertible to cash without restriction and with low risk of fluctuation of values.

## (14) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised after their classification.

## (15) Treasury shares

The Group's own equity instruments, which are reacquired (i.e., treasury shares), are recognised at cost and deducted from equity. No gain or loss is recognised on the purchase, disposal or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration given is recognised in other capital reserves.

## (16) Share-based payments

Equity-settled share-based payments (i.e., stock options), which are incentive plans to the Group's directors, officers and certain employees, are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22 "Share-based payments".

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period while the corresponding amount to other capital reserves is recognised, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other capital reserves.

## (17) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Company's board of directors.

## (18) Financial liabilities issued by the Group excluding derivative instruments

### ① Financial liabilities

Financial liabilities are classified as either financial liabilities classified as FVTPL or financial liabilities measured at amortised cost. This classification is determined at initial recognition.

### ② Financial liabilities classified as FVTPL

Financial liabilities classified as FVTPL are either held for trading or designated as FVTPL at initial recognition. They are measured at fair value, and the subsequent changes are recognised in profit and loss.

### ③ Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are measured at fair value minus transaction costs at initial recognition. After the initial recognition, they are measured at amortised cost by using the effective interest method. The gain or loss on cease of amortisation or derecognition is recognised in profit and loss as part of financial costs.

### ④ Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

### ⑤ Financial guarantee contracts

Financial guarantee contracts are initially measured at their fair values and subsequently measured at the higher of:

- the amount of loss allowance for expected credit losses, as determined in accordance with IFRS 9, "Financial Instruments"; and
- the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15, "Revenue from Contracts with Customers".

## (19) Retirement benefit costs

For defined benefit plans, the cost of providing retirement benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (other than interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; or
- Remeasurement.

The Group presents the first two components of defined benefit cost in profit or loss as "Employee benefits expense" or "Finance cost".

The retirement benefit liabilities recognised in the consolidated statement of financial position represent the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service to the Group.

## (20) Provisions and contingent liabilities assumed in a business combination

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation by outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (i.e., future cash outflow), taking into account the risks and uncertainties surrounding the obligation.

Where time value of money is material, a provision is measured at the present value to which estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the obligation. Interest cost associated with the passage of time is recognised as finance cost.

The types of provisions are as follows:

### ① Asset retirement obligation

The Group recognises provisions for an asset retirement obligation for estimated costs arising from a contractual obligation to a landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract, and estimated costs to decontaminate certain fixed assets. An asset retirement obligation is provided based on past experience of actual cost and each asset is considered individually. The discount rate depends on the useful life of the corresponding assets and the country in which such assets are located. Future expected timing of outflow of economic benefits is mainly more than one year from each reporting period.

### ② Warranties provision

Warranties provision is estimated and recognised based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period. Expected outflow of economic benefits in the future is within one year from each reporting period.

### ③ Contingent liabilities assumed in a business combination

Contingent liabilities resulting from a business combination are initially measured at fair value at the date of acquisition. Subsequent to initial recognition, such contingent liabilities are remeasured considering expected future payments, possible occurrence and timing of payments at each reporting period.

## (21) Revenue

The Group recognises revenue based on the five-step approach below:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when the entity satisfies a performance obligation

The Group sells health care related products, medical related products, electronics related products and imaging related products, etc. Revenue is recognised at the fair value of the consideration received or receivable less discount, rebate and consumption taxes on the shipping or delivery date, or upon the completion of inspection by customers when the control of products is transferred to the customer and the performance obligation is satisfied by the Group.

## (22) Government grants

Government grants are measured and recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants associated with an expense are recognised as revenue in the same accounting period when the expense is incurred. Government grants for purchase of assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

## (23) Income taxes

Income tax expense represents the sum of the current tax and deferred tax. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised directly in other comprehensive income or equity, or where they arise from the initial accounting for a business combination.

The current tax is calculated based on estimated refund or payment from/to taxation authorities. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period based on the taxable profit or loss for the Group's operating activity in each country.

Deferred tax is provided using the asset and liability method on temporary differences, tax loss carryforwards and tax credits at the reporting date.

Deferred tax assets or liabilities are not recognised for:

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of assets and liabilities in transactions that do not affect either accounting profit or taxable profit (excluding business combinations)
- Taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same tax authority.

In the case of a business combination, the tax effect is included in the accounting for the business combination when measuring the amount of goodwill or determining negative goodwill.

## (24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the parent and the weighted-average number of ordinary shares outstanding, for the effect of all potential dilutive ordinary shares.

## (25) Reclassification

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

## 4. Critical accounting judgements and key sources of estimation uncertainty

### (1) Application of estimates and judgements

Preparation of consolidated financial statements requires management to make estimates and judgements in order to determine the reported amounts of certain assets, liabilities, income and expense items. As the impact of the novel coronavirus on items that require estimates and judgements was limited in the consolidated fiscal year, a reasonable estimate was made based on the assumption that impact on the following consolidated fiscal year and beyond will also be limited.

The following are items that require estimates and judgements and are considered significant:

- Determination of net realisable value of obsolete inventory (Note 14 “Inventories”)
- Expected cash flow from overdue trade and other receivables (Note 21 “Financial instruments”)
- Useful lives of property, plant and equipment, right-of-use assets and intangible assets (Note 3 “Significant accounting policies”, (5) “Property, plant and equipment”, (6) “Leases” and (7) “Intangible assets”)
- Lease period of right-of-use assets (Note 3 “Significant accounting policies”, (6) “Leases”)
- Assumptions used to estimate future cash flows of cash-generating units to assess the recoverability of property, plant and equipment and intangible assets, including goodwill (Note 9 “Impairment losses”)
- Financial asset measured at fair value (Note 21 “Financial instruments”)
- Recoverability of suspense payments of income taxes (Note 11 “Deferred taxes and income taxes” and Note 13 “Other assets and liabilities”)
- Recoverability of deferred tax assets (Note 11 “Deferred taxes and income taxes”)
- Assumptions used for treatment of retained earnings of overseas subsidiaries and associates for tax purposes (Note 11 “Deferred taxes and income taxes”)
- Assumptions used to calculate retirement benefit obligations (Note 17 “Retirement benefit plans”)
- Asset retirement obligations arising from legal obligations and constructive obligations (Note 18 “Provisions”)
- Fair value of stock options (Note 22 “Share-based payments”)

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates will affect current and/or future periods.

### (2) Key sources of risk and estimation uncertainty

The Group’s financial position, financial performance and cash flows are exposed to the following risks and uncertainties:

- Tough competition and excess-supply of inventory in markets in which the Group operates
- Development of new products and timing of development
- Changes in the political, economic and regulatory environment, shortage of labour, labour strikes, natural disasters, pandemic and impacts of unexpected international affairs in the countries in which the Group is located and operates
- The effect of deferred taxes and income taxes on transactions between locations in different tax jurisdictions with different tax rates, or transactions between taxable and tax-exempt businesses (including discrepancies in opinion between the Company and the tax authority)
- Fluctuations of currency exchange rates
- The trend of environmental and governmental regulations

Global economic stagnation and the occurrence of natural disasters may have a significant impact on future profitability of the Group. Future profitability of the Group may affect the estimates for the following:

- Impairment of property, plant and equipment and intangible assets including goodwill (Note 9 “Impairment losses”)
- Recoverability of deferred tax assets (Note 11 “Deferred taxes and income taxes”)

## 5. Operating segment information

### (1) Overview of major products and services of reportable segments

Reportable segments are components of the Group for which separate financial information is obtained and examined on a regular basis by the board of directors and the chief operating decision maker to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorised “life and culture” and “information technology” as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: Life Care business, Information Technology business and Other business, which are consistent with the above business domains.

In the Life Care business, the Group produces and sells health care related products that are used routinely in health maintenance fields, and medical related products including medical equipment and medical supplies used in medical treatment. Some unique features of this business segment are that approvals and permits are required from relevant authorities in each country and that advanced technological strength and reliable quality control systems are the key requirement.

In the Information Technology business, the Group produces and sells essential items for digital devices. Included are electronics related products that are indispensable for today's digital information and communication technology, and imaging related products that are necessary to capture images as digital data based on optical technologies.

Other business includes the business that provides mainly speech synthesis software and information system services and new businesses.

The main products and services for each reportable segment described above are as follows:

Reportable Segment		Major Products and Services
Life Care	Health Care related products	Eyeglass lenses and Contact lenses
	Medical related products	Medical endoscopes, Medical accessories, Automated endoscope reproprocessors (AERs), Intraocular lenses, Ophthalmic medical equipment, Artificial bone, Metallic implants for orthopedics
Information Technology	Electronics related products	Photomasks and Maskblanks for semiconductors, Photomasks for FPD, Glass disks for hard disk drives (HDDs)
	Imaging related products	Optical lenses, Optical glass material, Laser equipment, Light source
Other		Speech synthesis software, Design of information systems

## (2) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 "Significant accounting policies".

(Millions of Yen)

For the year ended 31 March 2020	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	375,049	196,731	4,766	576,546	—	576,546
Inter-segment sales	3	26	1,148	1,177	(1,177)	—
Total	375,051	196,757	5,915	577,723	(1,177)	576,546
Interest income	529	944	11	1,484	1,967	3,452
Interest expense	(1,343)	(422)	(1)	(1,766)	1,154	(612)
Depreciation and amortisation	(23,845)	(9,548)	(494)	(33,888)	(486)	(34,374)
Share of profit (loss) of associates	69	17	—	86	(1,739)	(1,652)
Impairment losses	(1)	(300)	—	(300)	—	(300)
Others	(288,230)	(99,314)	(5,399)	(392,942)	(2,849)	(395,791)
Segment profit before tax	62,230	88,135	32	150,397	(3,129)	147,268
Other disclosure						
Capital expenditure	24,944	28,939	70	53,952	196	54,148

Note:

Adjustments to segment profit before tax of (3,129) million yen for the year ended 31 March 2020 consist of elimination of inter-segment transactions of 1 million yen, and profit or loss of the Company's headquarters, the R&D department and overseas holding companies (after elimination of dividend income from Group companies) of (3,130) million yen.

(Millions of Yen)

For the year ended 31 March 2021	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	341,801	200,965	5,154	547,921	—	547,921
Inter-segment sales	165	79	1,162	1,406	(1,406)	—
Total	341,965	201,045	6,317	549,327	(1,406)	547,921
Interest income	295	633	0	928	616	1,544
Interest expense	(1,120)	(360)	(2)	(1,482)	757	(725)
Depreciation and amortisation	(23,806)	(11,566)	(412)	(35,784)	(553)	(36,336)
Share of profit (loss) of associates	72	5	—	78	(446)	(369)
Impairment losses	(7,803)	(363)	—	(8,166)	—	(8,166)
Others	(246,058)	(94,489)	(5,098)	(345,645)	994	(344,651)
Segment profit before tax	63,544	94,905	806	159,256	(38)	159,218
Other disclosure						
Capital expenditure	12,644	27,053	188	39,886	207	40,093



(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2021	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	3,087,352	1,815,241	46,558	4,949,152	—	4,949,152
Inter-segment sales	1,486	718	10,499	12,703	(12,703)	—
Total	3,088,838	1,815,959	57,057	4,961,855	(12,703)	4,949,152
Interest income	2,660	5,718	4	8,383	5,564	13,947
Interest expense	(10,118)	(3,256)	(14)	(13,388)	6,840	(6,547)
Depreciation and amortisation	(215,033)	(104,469)	(3,718)	(323,220)	(4,992)	(328,211)
Share of profit (loss) of associates	653	50	—	703	(4,033)	(3,330)
Impairment losses	(70,485)	(3,275)	—	(73,760)	—	(73,760)
Others	(2,222,546)	(853,485)	(46,046)	(3,122,078)	8,978	(3,113,100)
Segment profit before tax	573,970	857,242	7,283	1,438,496	(345)	1,438,151
Other disclosure						
Capital expenditure	114,210	244,362	1,700	360,272	1,872	362,145

Note:

Adjustments to segment profit before tax of (38) million yen ((345) thousand U.S. dollars) for the year ended 31 March 2021 consist of elimination of inter-segment transactions of (23) million yen ((209) thousand U.S. dollars), and profit or loss of the Company's headquarters, the R&D department and overseas holding companies (after elimination of dividend income from Group companies) of (15) million yen ((136) thousand U.S. dollars).

**(3) Revenue from major products and services**

The following is an analysis of the Group's revenue from continuing operations from its major products and services for the years ended 31 March 2020 and 2021:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Life Care			
Health Care related products	277,798	251,626	2,272,835
Medical related products	97,251	90,175	814,518
Life Care total	375,049	341,801	3,087,352
Information Technology			
Electronics related products	162,655	171,887	1,552,588
Imaging related products	34,076	29,078	262,654
Information Technology total	196,731	200,965	1,815,241
Other	4,766	5,154	46,558
Corporate (R&D)	—	—	—
Total revenue from external customers	576,546	547,921	4,949,152

#### (4) Information about geographical areas

Revenue from external customers

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Japan	163,045	144,680	1,306,834
U.S.A.	83,816	68,378	617,635
Singapore	54,656	57,640	520,635
China	44,835	47,804	431,795
South Korea	31,702	34,833	314,631
Others	198,492	194,586	1,757,621
Total	576,546	547,921	4,949,152

Note:

Geographical areas are based on the location of the customers.

Non-current assets in China and South Korea are insignificant; therefore, the amount is included in Others.

Non-current assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
U.S.A.	66,763	56,470	510,069
Japan	36,634	35,310	318,942
Singapore	17,210	22,979	207,565
Laos	11,654	21,541	194,567
Thailand	20,213	19,039	171,975
Others	81,752	82,463	744,857
Total	234,224	237,802	2,147,974

Note:

(i) Geographical areas are based on the physical location of non-current assets.

(ii) Financial instruments, deferred tax assets, and pension plan assets are not included.

Revenue from external customers in Laos and Thailand is insignificant; therefore, the amount is included in Others.

#### (5) Information about major customers

The Group has no revenue from transactions with a single external customer that amounts to 10% or more of revenue of the Group.

## 6. Property, plant and equipment

The following are the cost, accumulated depreciation, impairment losses and carrying amount of property, plant and equipment:

(Millions of Yen)

Cost	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 2019	101,418	282,687	64,465	9,233	16,348	—	474,150
Cumulative effect of accounting change	(780)	(15)	(635)	—	—	25,903	24,473
Restated balance at 1 April 2019	100,637	282,672	63,829	9,233	16,348	25,903	498,624
Additions	543	1,797	2,495	—	42,026	5,925	52,786
Acquisitions through business combinations	33	—	16	—	—	116	165
Disposals (i)	(1,751)	(8,004)	(2,297)	(38)	(301)	(1,019)	(13,410)
Transfer from construction in progress	3,198	16,526	1,949	—	(21,673)	—	—
Effect of foreign currency exchange differences	(3,112)	(8,844)	(2,415)	(136)	(572)	(1,039)	(16,119)
Others	(597)	79	1,009	(199)	986	200	1,478
Balance at 31 March 2020	98,951	284,225	64,586	8,860	36,815	30,087	523,524
Additions	502	1,011	1,486	—	31,110	5,016	39,124
Acquisitions through business combinations	—	3	—	—	—	135	138
Disposals (i)	(2,066)	(5,680)	(1,611)	(725)	(41)	(2,995)	(13,118)
Transfer from construction in progress	12,328	24,873	2,194	—	(39,395)	—	—
Effect of foreign currency exchange differences	3,630	9,996	3,304	182	624	886	18,622
Others	(132)	(2,128)	537	(22)	(674)	(66)	(2,485)
Balance at 31 March 2021	113,213	312,299	70,495	8,296	28,440	33,063	565,805

(Millions of Yen)

<u>Accumulated depreciation and impairment losses</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 2019	(67,966)	(254,395)	(39,472)	(1,082)	(159)	—	(363,074)
Cumulative effect of accounting change	416	10	346	—	—	(772)	—
Restated balance at 1 April 2019	(67,551)	(254,385)	(39,125)	(1,082)	(159)	(772)	(363,074)
Depreciation expense	(3,776)	(13,869)	(4,025)	—	0	(7,028)	(28,697)
Impairment losses (ii)	(61)	(223)	(16)	—	—	—	(300)
Disposals (i)	584	7,382	2,072	35	—	523	10,596
Effect of foreign currency exchange differences	2,006	7,480	1,428	0	1	269	11,183
Others	324	(151)	(871)	(35)	115	(311)	(930)
Balance at 31 March 2020	(68,473)	(253,767)	(40,537)	(1,082)	(43)	(7,320)	(371,222)
Depreciation expense	(4,025)	(15,393)	(4,516)	—	—	(7,244)	(31,179)
Impairment losses (ii)	(0)	(408)	—	—	(23)	—	(431)
Disposals (i)	1,949	5,559	1,244	128	23	2,415	11,319
Effect of foreign currency exchange differences	(2,359)	(8,721)	(2,010)	—	(3)	(331)	(13,424)
Others	(52)	3,069	891	—	45	136	4,088
Balance at 31 March 2021	(72,961)	(269,661)	(44,929)	(954)	(1)	(12,343)	(400,848)

(Millions of Yen)

<u>Carrying amount</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Restated balance at 1 April 2019	33,087	28,287	24,704	8,151	16,189	25,131	135,550
Balance at 31 March 2020	30,478	30,458	24,049	7,778	36,772	22,767	152,302
Balance at 31 March 2021	40,252	42,638	25,567	7,342	28,438	20,720	164,957

(Thousands of U.S. Dollars (Note 2))

<u>Cost</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2020	893,787	2,567,291	583,378	80,031	332,538	271,763	4,728,788
Additions	4,531	9,131	13,422	—	281,003	45,309	353,396
Acquisitions through business combinations	—	24	—	—	—	1,219	1,243
Disposals (i)	(18,665)	(51,305)	(14,553)	(6,548)	(367)	(27,055)	(118,493)
Transfer from construction in progress	111,354	224,667	19,817	—	(355,838)	—	—
Effect of foreign currency exchange differences	32,792	90,289	29,842	1,645	5,635	8,001	168,203
Others	(1,193)	(19,222)	4,849	(196)	(6,088)	(593)	(22,442)
Balance at 31 March 2021	1,022,606	2,820,875	636,756	74,931	256,883	298,644	5,110,696

(Thousands of U.S. Dollars (Note 2))

<u>Accumulated depreciation and impairment losses</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2020	(618,493)	(2,292,176)	(366,154)	(9,773)	(393)	(66,115)	(3,353,104)
Depreciation expense	(36,358)	(139,039)	(40,795)	—	—	(65,432)	(281,625)
Impairment losses (ii)	(1)	(3,682)	—	—	(205)	—	(3,889)
Disposals (i)	17,605	50,214	11,240	1,157	205	21,816	102,237
Effect of foreign currency exchange differences	(21,307)	(78,777)	(18,159)	—	(24)	(2,987)	(121,255)
Others	(474)	27,718	8,047	—	406	1,231	36,928
Balance at 31 March 2021	(659,029)	(2,435,742)	(405,822)	(8,616)	(10)	(111,488)	(3,620,707)

(Thousands of U.S. Dollars (Note 2))

<u>Carrying amount</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2021	363,577	385,133	230,934	66,315	256,873	187,156	1,489,989

Note:

(i) Gain and loss arising from the sale or disposal of property, plant and equipment for the years ended 31 March 2020 and 2021, are set out in Note 24 “Revenue and expenses (excluding finance income and costs)”. Gain and loss on sale of assets held for sale are included in ‘gain on sale of property, plant and equipment’ and ‘loss on sale of property, plant and equipment’ in Note 24.

(ii) Details of impairment losses are set out in Note 9 “Impairment losses”.

(iii) Property, plant and equipment under construction are included in “construction in progress” in the table above.

Details of commitments for the acquisition of property, plant and equipment are set out in Note 33 “Commitments for expenditure”.

There is no borrowing cost capitalised and included in the cost of acquisition of property, plant and equipment.

The following are carrying amounts for property, plant and equipment under Right-of-use assets:

(Millions of Yen)

Right-of-use assets	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Others	Total
Balance at 31 March 2020	17,244	947	918	3,654	5	22,767
Balance at 31 March 2021	15,525	909	704	3,583	—	20,720

(Thousands of U.S. Dollars (Note 2))

Right-of-use assets	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Others	Total
Balance at 31 March 2021	140,230	8,209	6,355	32,362	—	187,156

## 7. Leases

(Lessee)

As a lessee, the Group leases buildings mainly for offices and stores. Certain lease contracts include renewals or options and escalation clauses (clauses that increase the lease contract amount). There are no restrictions imposed by lease contracts (such as restrictions on dividends, additional borrowings and additional leases).

Details of expenses relating to leases are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Depreciation of right-of-use assets			
Buildings and structures	5,967	6,185	55,863
Machinery and carriers	564	562	5,079
Tools, equipment and fixtures	354	334	3,018
Land	134	163	1,472
Software	9	1	7
Total	7,028	7,245	65,439
Interest expense on lease liabilities	407	338	3,052
Expense relating to short-term leases	1,548	1,307	11,803
Expense relating to leases of low-value assets	461	437	3,949
Expense relating to variable lease payments (Note)	1,190	628	5,670

(Note) The expense is not included in the measurement of lease liabilities.

Expense relating to variable lease payments is linked with sales revenue stipulated in the lease contracts of the store operated in shopping center, etc.

Depreciation of right-of-use assets is included in the line item 'Depreciation and amortisation', interest expense on lease liabilities is in 'Finance costs' and expenses relating to short-term leases, leases of low-value assets and variable lease payments are in 'Other expenses' in the consolidated statement of comprehensive income.

For the year ended 31 March 2020 and 2021, total cash outflows for leases are 10,746 million yen and 9,644 million yen (87,111 thousand U.S. dollars) for each period.

A maturity analysis of lease liabilities is set out in Note 21 "Financial instruments".

(Lessor)

① Finance leases

The Group leases its products and merchandises as a lessor.

Profit from finance lease contracts is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Finance income on the net investment in the lease	45	47	427

A maturity analysis of the receivable under finance lease contracts is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Not later than one year	371	436	3,940
Later than one year but not later than two years	319	334	3,013
Later than two years but not later than three years	223	261	2,356
Later than three years but not later than four years	146	158	1,427
Later than four years but not later than five years	70	81	735
Later than five years	95	121	1,089
Total	1,224	1,391	12,560
Unearned finance income	(66)	(66)	(600)
Net investment on the lease	1,158	1,324	11,960



## 8. Goodwill and intangible assets

The following are the cost, accumulated amortisation, impairment losses and carrying amount of goodwill and intangible assets:

(Millions of Yen)

Cost	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others (i)	Total
Balance at 1 April 2019	51,136	22,342	21,339	31,887	7,462	83,031
Additions	—	1,288	4	—	70	1,362
Acquisitions through business combinations	28	—	—	1,473	—	1,473
Disposals	—	(341)	(15)	(27)	(3)	(386)
Effect of foreign currency exchange differences	(1,676)	(607)	(530)	(2,826)	(1,130)	(5,093)
Others	(58)	510	(37)	(107)	15	381
Balance at 31 March 2020	49,430	23,193	20,762	30,400	6,413	80,767
Additions	—	865	—	—	104	969
Acquisitions through business combinations	28	—	—	805	—	805
Disposals	—	(182)	—	(292)	(808)	(1,282)
Effect of foreign currency exchange differences	180	838	579	136	194	1,747
Others	23	(202)	2	(6)	11	(195)
Balance at 31 March 2021	49,661	24,511	21,343	31,043	5,915	82,811

(Millions of Yen)

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 1 April 2019	(8,293)	(17,896)	(5,818)	(10,249)	(4,760)	(38,723)
Amortisation expense (ii)	—	(1,136)	(1,575)	(2,460)	(504)	(5,676)
Impairment losses (iii)	—	—	—	—	—	—
Disposals	—	335	—	—	1	335
Effect of foreign currency exchange differences	909	459	141	1,880	1,008	3,488
Others	35	(448)	59	18	(23)	(395)
Balance at 31 March 2020	(7,348)	(18,687)	(7,194)	(10,811)	(4,280)	(40,971)
Amortisation expense (ii)	—	(1,113)	(1,458)	(2,189)	(398)	(5,158)
Impairment losses (iii)	(7,732)	(4)	—	—	—	(4)
Disposals	—	172	—	292	801	1,265
Effect of foreign currency exchange differences	1,107	(629)	(251)	171	(118)	(827)
Others	—	0	—	—	(8)	(7)
Balance at 31 March 2021	(13,973)	(20,260)	(8,902)	(12,537)	(4,002)	(45,702)

(Millions of Yen)

Carrying amount	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 1 April 2019	42,843	4,446	15,521	21,639	2,702	44,308
Balance at 31 March 2020	42,082	4,506	13,567	19,589	2,133	39,796
Balance at 31 March 2021	35,688	4,252	12,440	18,506	1,912	37,110

(Thousands of U.S. Dollars (Note 2))

<u>Cost</u>	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others (i)	Total
Balance at 31 March 2020	446,482	209,490	187,531	274,589	57,925	729,534
Additions	—	7,813	—	—	936	8,748
Acquisitions through business combinations	255	—	—	7,274	—	7,274
Disposals	—	(1,645)	—	(2,638)	(7,294)	(11,577)
Effect of foreign currency exchange differences	1,625	7,565	5,232	1,231	1,755	15,783
Others	207	(1,824)	18	(56)	103	(1,760)
Balance at 31 March 2021	448,568	221,399	192,781	280,399	53,425	748,003

(Thousands of U.S. Dollars (Note 2))

<u>Accumulated amortisation and impairment losses</u>	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 31 March 2020	(66,371)	(168,789)	(64,983)	(97,650)	(38,655)	(370,077)
Amortisation expense (ii)	—	(10,053)	(13,166)	(19,775)	(3,593)	(46,586)
Impairment losses (iii)	(69,838)	(33)	—	—	—	(33)
Disposals	—	1,555	—	2,638	7,232	11,424
Effect of foreign currency exchange differences	9,999	(5,680)	(2,264)	1,543	(1,067)	(7,467)
Others	—	4	—	—	(70)	(66)
Balance at 31 March 2021	(126,210)	(182,996)	(80,412)	(113,244)	(36,153)	(412,805)

(Thousands of U.S. Dollars (Note 2))

<u>Carrying amount</u>	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 31 March 2021	322,358	38,403	112,368	167,155	17,272	335,198

Note:

- (i) There were no significant internally generated intangible assets for the years ended 31 March 2020 and 2021.
- (ii) Amortisation expense is included in the line item ‘Depreciation and amortisation’ in the consolidated statement of comprehensive income.
- (iii) Details of impairment losses are set out in Note 9 “Impairment losses”.

No intangible assets have been pledged as collateral to secure the debt. There is no restriction on legal title of these assets. Details of commitments for the acquisition of intangible assets are set out in Note 33 “Commitments for expenditure”.

Details of intangible assets in the consolidated statement of financial position are as follows:

		As at 31 March 2020		As at 31 March 2021		
		Carrying amount (Millions of Yen)	Remaining useful lives (Years)	Carrying amount (Millions of Yen)	Carrying amount (Thousands of U.S. Dollars (Note 2))	Remaining useful lives (Years)
Technology	Health Care related products	1,683	8	1,522	13,750	7
	Medical related products	11,772	9	10,853	98,027	8
Customer related assets	Health Care related products	12,368	10	11,850	107,033	9
	Medical related products	5,292	12	4,915	44,398	12

## 9. Impairment losses

The following are the details of impairment losses recognised.

Impairment losses have been included in the line item 'Impairment losses' in the consolidated statement of comprehensive income.

	(Millions of Yen) For the year ended 31 March 2020	(Millions of Yen) For the year ended 31 March 2021	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2021
Buildings and structures	61	0	1
Machinery and equipment	223	408	3,682
Tools, equipment and fixtures	16	—	—
Construction in progress	—	23	205
Total impairment losses on property, plant and equipment	300	431	3,889
Goodwill	—	7,732	69,838
Software	—	4	33
Total impairment losses on intangible assets	—	4	33
Total impairment losses	300	8,166	73,760

### (1) Cash-generating units

The Group identifies each strategic business unit ("SBU") as a cash-generating unit for impairment testing purposes. Each business unit has been set based on the production and sale of product lines. For any asset expected to be sold or disposed, or any idle asset, the asset is individually tested for impairment.

### (2) Impairment losses on assets in business units

For the year ended 31 March 2020

No impairment losses on assets were recognised in business units.

For the year ended 31 March 2021

As a result of impairment test for the goodwill in Life Care business which the Group performed during the year ended 31 March 2021, the Group recognised impairment losses on goodwill of two companies.

For one of these companies, which is located in the U.S.A and operates in medical endoscopes business, the book value of the asset group was reduced to the recoverable amount and an impairment loss of ¥2,984 million (26,956 thousand U.S. dollars) was recognized due to expected delays in the timing of the introduction of new products to the market and the difficulty in achieving the plan at the time of acquisition because of the impact of the novel coronavirus and other factors. The recoverable amount of the asset group is measured at the value in use, and cash flows projections are discounted to the present value using the pre-tax weighted-average cost of capital (WACC) of the SBU, 5.5%.

For another company, which is also located in the U.S.A and operates in ophthalmic medical equipment business, its profitability was originally high and sales and profits were extremely favorable at the time of the acquisition. However, in the current situation, its performance is sluggish due to decrease in customer sales and inventory adjustments triggered by the impact of the novel coronavirus, etc. and there are many uncertainties during the slow recovery. As a result, the book value of this asset group was reduced to the recoverable amount and an impairment loss of ¥4,747 million (42,882 thousand U.S. dollars) was recognised. The recoverable amount is measured at the value in use, and cash flows projections are discounted to the present value using the pre-tax WACC of the SBU, 6.7%.

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Impairment losses	Impairment losses
Life Care		
Medical related products (Medical endoscopes)		
Goodwill	2,984	26,956
Medical related products (Ophthalmic medical equipment)		
Goodwill	4,747	42,882
Total	7,732	69,838

### (3) Impairment losses on idle assets

For the year ended 31 March 2020, the carrying amount of the related assets, which were not expected to be used in the future due to business restructuring, was written down to the recoverable amount which was measured at fair value less related selling costs, and the corresponding impairment loss was recognised. The fair value is mainly based on market approach and categorised within Level 3 of the fair value hierarchy as it contains unobservable inputs such as third party's valuation.

Impairment losses were recognised as follows for the year ended 31 March 2020:

	(Millions of Yen)
	Impairment losses
Life Care	
Tools, equipment and fixtures	1
Life Care Total	1
Information Technology	
Buildings and structures	61
Machinery and carriers	223
Tools, equipment and fixtures	16
Information Technology Total	300
Total	300

For the year ended 31 March 2021, the carrying amount of the related assets, which were not expected to be used in the future due to business restructuring, was written down to the recoverable amount which was measured at fair value less related selling costs, and the corresponding impairment loss was recognised. The fair value is mainly based on market approach and categorised within Level 3 of the fair value hierarchy as it contains unobservable inputs such as third party's valuation.

Impairment losses were recognised as follows for the year ended 31 March 2021:

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Impairment losses	Impairment losses
Life Care		
Machinery and carriers	68	614
Software	4	33
Life Care Total	72	647
Information Technology		
Buildings and structures	0	1
Machinery and carriers	340	3,069
Construction in progress	23	205
Information Technology Total	363	3,275
Total	434	3,922

**(4) Goodwill allocated to cash-generating units**

When the recoverable amount of the goodwill specifically associated with a cash-generating unit is lower than the carrying amount of such goodwill, an impairment loss is recognised and the goodwill is written down to the recoverable amount. The recoverable amount of goodwill allocated to cash-generating units was measured at the value in use and it was determined using cash flow projections based on the financial budgets that had been approved by the Group's management and applying a discount rate of 5.5% to 16% per annum which is the cash-generating units' pre-tax WACC. Cash flow projections during the budgeted period are based on the expected gross margins and taking into account inflation. The cash flows beyond the budget period have been extrapolated using a steady annum growth rate which is the projected long-term average growth rate for the main products market. Management believes that any reasonably possible change in the key assumptions (e.g., profit ratio, inflation, the projected long-term average growth rate and the pre-tax WACC) on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The carrying amount of goodwill was allocated to the cash-generating units as follows:

(Millions of Yen)

As at 31 March 2020				
	Life Care		Other	Total
	Health Care related products	Medical related products		
	Eyeglass lenses	Medical accessories		
Japan	849	733	—	1,582
Americas	25,444	12,981	—	38,425
Europe	551	769	504	1,823
Asia	252	—	—	252
Total	27,096	14,482	504	42,082

(Millions of Yen)

As at 31 March 2021				
	Life Care		Other	Total
	Health Care related products	Medical related products		
	Eyeglass lenses	Medical accessories		
Japan	842	733	—	1,575
Americas	26,308	5,483	—	31,791
Europe	663	834	547	2,045
Asia	278	—	—	278
Total	28,091	7,050	547	35,688

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2021				
	Life Care		Other	Total
	Health Care related products	Medical related products		
	Eyeglass lenses	Medical accessories		
Japan	7,607	6,619	—	14,225
Americas	237,629	49,525	—	287,154
Europe	5,986	7,537	4,945	18,469
Asia	2,510	—	—	2,510
Total	253,732	63,681	4,945	322,358

## 10. Investments in associates

A summary of the Group's associates, which are not individually significant, is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2020	As at / for the year ended 31 March 2021	As at / for the year ended 31 March 2021
The Group's share of net income (loss)	(1,652)	(369)	(3,330)
The Group's share of other comprehensive income (loss)	76	(144)	(1,301)
The Group's share of comprehensive income (loss)	(1,576)	(513)	(4,631)
The Group's share of net assets	1,007	661	5,970

Details of the Group's major associates, which are not individually significant, are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Segment	Ownership interest (%)	
				As at 31 March 2020	As at 31 March 2021
AVANSTRATE, INC.	Production and sale of glass substrate for thin film transistor (TFT) liquid crystal	JAPAN	Corporate	46.6	46.6
EYE-Q VISION PRIVATE LIMITED	Medical services related to ophthalmology	INDIA	Corporate	24.3	24.3
HTK LENTES OFTALMICAS LTDA	Sale of optical lens	BRAZIL	Life Care	37.6	36.2
JIASHAN CANDEO OPTICAL GLASS CO., LTD.	Production and sale of special glass, such as coloured glass	CHINA	Information Technology	49.0	49.0

The Group's unrecognised share of loss on associates is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2020	As at / for the year ended 31 March 2021	As at / for the year ended 31 March 2021
The Group's unrecognised share of net loss	6,392	2,341	21,149
The Group's unrecognised share of accumulated net loss	14,394	16,736	151,165

## 11. Deferred taxes and income taxes

### (1) Deferred taxes

Details of deferred tax assets and liabilities are as follows:

(Millions of Yen)

	As at 1 April 2019	Cumulative effect of accounting change	As at 1 April 2019 (Restated)	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2020
Temporary differences						
Enterprise tax payable	353	—	353	340	—	693
Write-down of inventories	1,511	—	1,511	(61)	—	1,450
Allowance for doubtful accounts	737	—	737	(326)	—	411
Provisions	817	—	817	330	—	1,147
Accrued expenses	4,504	—	4,504	(929)	—	3,575
Unrealised profit on inventories	3,187	—	3,187	(300)	—	2,887
Depreciation and amortisation	1,437	—	1,437	690	—	2,126
Impairment losses	748	—	748	(156)	—	592
Exchange differences on translating foreign operations	127	—	127	—	(203)	(75)
Lease liabilities	—	2,772	2,772	—	—	2,772
Others	1,590	—	1,590	1,053	(5)	2,638
Subtotal	15,010	2,772	17,783	641	(208)	18,216
Undistributed retained earnings of subsidiaries	(3,053)	—	(3,053)	(799)	—	(3,852)
Depreciation and amortisation	(8,389)	—	(8,389)	70	—	(8,319)
Lease liabilities	—	(2,948)	(2,948)	—	—	(2,948)
Financial assets measured at fair value through other comprehensive income	(300)	—	(300)	—	(207)	(507)
Others	(444)	—	(444)	30	—	(414)
Subtotal	(12,185)	(2,948)	(15,134)	(699)	(207)	(16,040)
Tax loss carryforwards and tax credits						
Tax loss carryforwards	2,392	—	2,392	(477)	—	1,915
Tax credits	29	—	29	18	—	47
Subtotal	2,421	—	2,421	(459)	—	1,962
Total	5,246	(176)	5,070	(516)	(415)	4,139

Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 11 “Deferred tax and income taxes” (2) Income taxes is due to foreign exchange fluctuations.



(Millions of Yen)

	As at 1 April 2020	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2021
Temporary differences				
Enterprise tax payable	693	(12)	—	681
Write-down of inventories	1,450	82	—	1,532
Allowance for doubtful accounts	411	140	—	551
Provisions	1,147	293	—	1,440
Accrued expenses	3,575	(633)	—	2,943
Unrealised profit on inventories	2,887	(107)	—	2,780
Depreciation and amortisation	2,126	390	—	2,517
Impairment losses	592	(84)	—	508
Exchange differences on translating foreign operations	(75)	—	(78)	(153)
Lease liabilities	2,772	(96)	—	2,677
Others	2,638	176	(17)	2,798
Subtotal	18,216	150	(94)	18,273
Undistributed retained earnings of subsidiaries	(3,852)	(1,258)	—	(5,110)
Depreciation and amortisation	(8,319)	560	—	(7,759)
Lease liabilities	(2,948)	127	—	(2,822)
Financial assets measured at fair value through other comprehensive income	(507)	—	(2,546)	(3,052)
Others	(414)	(1,001)	—	(1,416)
Subtotal	(16,040)	(1,573)	(2,546)	(20,158)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	1,915	573	—	2,488
Tax credits	47	(32)	—	15
Subtotal	1,962	542	—	2,504
Total	4,139	(881)	(2,640)	618

Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 11 “Deferred taxes and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

(Thousands of U.S. Dollars (Note 2))

	As at 1 April 2020	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2021
Temporary differences				
Enterprise tax payable	6,255	(104)	—	6,151
Write-down of inventories	13,097	745	—	13,842
Allowance for doubtful accounts	3,711	1,262	—	4,973
Provisions	10,359	2,646	—	13,005
Accrued expenses	32,295	(5,714)	—	26,581
Unrealised profit on inventories	26,078	(967)	—	25,111
Depreciation and amortisation	19,206	3,526	—	22,733
Impairment losses	5,351	(763)	—	4,588
Exchange differences on translating foreign operations	(682)	—	(701)	(1,383)
Lease liabilities	25,043	(864)	—	24,179
Others	23,828	1,592	(150)	25,270
Subtotal	164,542	1,359	(851)	165,050
Undistributed retained earnings of subsidiaries	(34,794)	(11,363)	—	(46,157)
Depreciation and amortisation	(75,141)	5,056	—	(70,085)
Lease liabilities	(26,630)	1,144	—	(25,486)
Financial assets measured at fair value through other comprehensive income	(4,576)	—	(22,995)	(27,571)
Others	(3,739)	(9,043)	—	(12,782)
Subtotal	(144,880)	(14,206)	(22,995)	(182,081)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	17,296	5,178	—	22,474
Tax credits	425	(285)	—	140
Subtotal	17,721	4,893	—	22,614
Total	37,383	(7,954)	(23,846)	5,583

## Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 11 “Deferred taxes and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

Tax loss carryforwards and deductible temporary differences for which deferred tax assets have not been recognised are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Tax loss carryforwards	11,120	10,680	96,470
Deductible temporary differences	4,226	4,739	42,802
Total	15,346	15,419	139,272

The expiration date and amounts of tax loss carryforwards for which deferred tax assets are not recognised are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Year 1	1,329	459	4,147
Year 2	611	566	5,116
Year 3	820	377	3,403
Year 4	403	435	3,930
Year 5 or later	7,956	8,843	79,874
Total	11,120	10,680	96,470

The aggregate amounts of temporary differences associated with undistributed retained earnings of the subsidiaries for which deferred tax liabilities have not been recognised at 31 March 2020 and 2021, were 327,573 million yen and 393,353 million yen (3,553,001 thousand U.S. dollars) for each period. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## (2) Income taxes

In Japan, the normal effective statutory tax rates are 30.5% for each of the years ended 31 March 2020 and 2021.

Current or deferred taxes in other tax jurisdictions are calculated by the tax rates generally applied to those tax jurisdictions.

Details of current tax expense and deferred tax expense are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Current tax expense: (i)			
Current year	31,948	32,055	289,543
Prior years	454	177	1,601
Total current tax expense	32,402	32,233	291,144
Deferred tax expense: (ii)			
Origination and reversal of temporary difference	252	1,651	14,913
Changes in tax rates	27	114	1,026
Total deferred tax expense	279	1,765	15,939
Total income tax expense	32,681	33,997	307,083
Continuing operations	32,681	33,997	307,083
Discontinued operations	—	—	—

Note:

(i) "Current tax expense" includes previously unrecognised tax benefits from tax loss carryforwards, tax credits and deductible temporary differences. These benefits were 15 million yen and 169 million yen (1,530 thousand U.S. dollars) for the years ended 31 March 2020 and 2021 for each period.

(ii) “Deferred tax expense” includes previously unrecognised tax benefits from tax loss carryforwards, tax credits, deductible temporary differences, and expenses or benefits arising from write-downs of deferred tax assets or the reversal of previous write-downs of deferred tax assets. These effects increased the deferred tax expense by 660 million yen and 381 million yen (3,445 thousand U.S. dollars) for the years ended 31 March 2020 and 2021, for each period.

(iii) On 26 June 2013, the Company received a reassessment notice from the Tokyo Regional Taxation Bureau (“TRTB”) for additional tax on the transfer pricing taxation of transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five financial years ended 31 March 2007 to 2011. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On 29 March 2018, the Company received a written verdict from the National Tax Tribunal (the “Tribunal”), which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal’s verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of 7,916 million yen (71,505 thousand U.S. dollars) is included in “Other current assets” as a suspense payment.

On 27 June 2018, the Company received a reassessment notice from TRTB for additional taxes on the transfer pricing taxation of transactions with overseas subsidiaries that developed and manufactured electronics-related products for the three financial years ended 31 March 2012, 2013 and 2014. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On November 11, 2020, the Company received a written verdict from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal’s verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of 4,544 million yen (41,046 thousand U.S. dollars) is included in “Other current assets” as a suspense payment.

A reconciliation of the normal effective statutory tax rate with the actual tax rate is as follows. The actual tax rate represents the ratio of income tax expense and profit before tax from continuing operations.

	For the year ended 31 March 2020	For the year ended 31 March 2021
Effective statutory tax rate	30.5%	30.5%
Expenses not deductible for tax purposes	1.1%	1.3%
Income not taxable for tax purposes	(0.6)%	(0.4)%
Effect of unrecognised deferred tax assets	0.1%	(0.0)%
Impact of different tax rates applied to overseas subsidiaries	(12.0)%	(12.0)%
Profits and losses on investments in associates	0.1%	0.2%
Adjustment on deferred tax assets and liabilities due to the change of corporate tax rate	(0.0)%	(0.0)%
Tax rate difference due to the elimination of unrealised profit on inventories	(0.2)%	0.2%
Increase/decrease in deferred tax liabilities related to undistributed earnings of foreign subsidiaries	0.5%	0.8%
Prior year income taxes	0.3%	0.1%
Foreign withholding tax arising from dividends from subsidiaries	0.0%	0.6%
Others	2.4%	0.1%
Actual tax rate	22.2%	21.4%

There was no effect on income tax resulting from dividends paid to shareholders.

## 12. Other financial assets and liabilities

### (1) Details of other financial assets and liabilities

Details of other financial assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
<b>Other financial assets</b>			
Other financial assets measured at amortised cost	16,490	16,760	151,390
FVTOCI financial assets	30,789	39,141	353,549
Total	47,278	55,902	504,939
Total non-current assets (long-term financial assets)	45,975	52,005	469,743
Total current assets (other short-term financial assets)	1,303	3,897	35,196

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
<b>Other financial liabilities</b>			
FVTPL financial liabilities	542	96	869
Other financial liabilities measured at amortised cost	26,205	24,376	220,176
Total	26,746	24,472	221,045
Total non-current liabilities (other long-term financial liabilities)	23,923	21,874	197,579
Total current liabilities (other short-term financial liabilities)	2,824	2,598	23,466

### (2) Details of FVTOCI financial assets

Details of FVTOCI financial assets are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
KIOXIA Holdings Corporation	28,200	35,507	320,721

The asset above is designated as FVTOCI because its profit and loss is not related to the business profit and loss, while there is a possibility of selling it in the future.

(3) Derecognition of FVTOCI financial assets

The Group derecognises FVTOCI financial assets when they are partially sold, considering the capital efficiency, reconsideration of business relationships and so on.

Details of fair value and cumulative gain or loss in other comprehensive income at the time of selling in the year ended 31 March 2020 and 2021 are as follows:

Fair value			Cumulative gain or loss		
(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
357	23	205	88	11	95

Cumulative gain or loss in other comprehensive income is transferred to retained earnings when FVTOCI assets are derecognised. The amount of cumulative other comprehensive income or loss (after deduction of tax) which was transferred to retained earnings were 61 million yen and 10 million yen (90 thousand U.S. dollars) in the year ended 31 March 2020 and 2021.

Details of dividends income recognised from equity instruments are as follows:

Derecognised investment			Investment held as at end of fiscal year		
(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
—	—	—	10	8	73

### 13. Other assets and liabilities

Details of other assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
<b>Non-current: Other assets</b>			
Long-term prepaid expenses	412	404	3,650
Others	274	393	3,548
Total	685	797	7,198
<b>Current: Other assets</b>			
Suspense payment (Note)	13,090	12,460	112,550
Prepaid expenses	2,368	3,057	27,609
Refundable consumption taxes	1,457	1,831	16,538
Others	2,992	2,608	23,557
Total	19,907	19,956	180,255

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
<b>Non-current: Other liabilities</b>			
Deposit received and long-term advance revenue, etc.	1,363	1,455	13,140
Total	1,363	1,455	13,140
<b>Current: Other liabilities</b>			
Accrued salary/bonus/vacation pay	15,894	16,292	147,159
Other accrued expenses	16,504	21,055	190,180
Advance received/deferred revenue	4,410	5,045	45,573
Accrued consumption taxes	1,536	1,678	15,158
Others	2,107	1,872	16,908
Total	40,181	45,942	414,978

Note:

On 26 June 2013, the Company received a reassessment notice from the TRTB for additional tax on the transfer pricing taxation of transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five financial years ended 31 March 2007 to 2011. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On 29 March 2018, the Company received a written verdict from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of 7,916 million yen is included in "Other current assets" as a suspense payment.

On 27 June 2018, the Company received a reassessment notice from the TRTB for additional taxes on the transfer pricing taxation of transactions with overseas subsidiaries that developed and manufactured electronics-related products for the three financial years ended 31 March 2012, 2013 and 2014. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On 11 November 2020, the Company received a written verdict from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of 4,544 million yen (41,046 thousand U.S. dollars) is included in "Other current assets" as a suspense payment.

## 14. Inventories

Details of inventories are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Goods and products	39,042	37,122	335,304
Work in progress	7,791	9,412	85,018
Raw materials	18,506	18,075	163,263
Supplies	12,791	12,758	115,237
Total	78,130	77,367	698,824
Inventories expected to be sold after more than 12 months	4	46	419

The cost of inventories recognised as an expense during the years ended 31 March 2020 and 2021, was 252,630 million yen and 235,558 million yen (2,127,702 thousand U.S. dollars) for each period.

The cost of inventories recognised as an expense in respect of write-down and the reversal of such write-down is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Amount of write-down	1,960	2,163	19,538
Amount of reversal of write- down	—	—	—

The reversal of write-down was due to an increase in net realisable value, as a result of an increase in new orders with positive sales activities.

## 15. Trade and other receivables

Details of trade and other receivables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Accounts receivable	97,422	111,226	1,004,660
Notes receivable and electronically recorded monetary claims-operating	5,694	5,427	49,022
Other receivables	3,078	3,395	30,662
Allowance for doubtful accounts	(2,855)	(2,797)	(25,266)
Total	103,339	117,251	1,059,079

The credit terms for customers are set between 90 days and 120 days on average.

Refer to Note 21 “Financial instruments” for credit risk management and fair value of trade and other receivables.



## 16. Interest-bearing debt

Details of interest-bearing debt are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	Average interest rate (%) (i)	Due
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021		
Long-term bank loans (excluding current portion)	234	995	8,986	2.23%	2023-2035
Current portion of long-term bank loans	19	23	203	—	—
Short-term bank loans	864	855	7,723	1.20%	—
Long-term lease liabilities	14,237	12,239	110,549	1.79%	2023-2049
Short-term lease liabilities	6,610	6,638	59,955	1.51%	—
Total Interest-bearing debt	21,966	20,749	187,417		
Total Interest-bearing long-term debt	14,472	13,234	119,536		
Total Interest-bearing short-term debt	7,494	7,515	67,882		

Note:

(i) Interest rates are based on the weighted-average rates that applied to the balances at the end of each fiscal year.

The obligations under leases are secured by the leased assets for which the lessor has ownership.

There is no debt with covenants as at 31 March 2021.

Details of the remaining contractual maturity for long-term borrowings and its fair values are set out in Note 21 “Financial instruments”.

The changes in liabilities arising from financial activities are as follows:

(Millions of Yen)

	As at 1 April 2019	Change in accounting policy (IFRS 16)	As at 1 April 2019 (after adjustment)	Cash flow	Non-cash changes		As at 31 March 2020
					Exchange differences on translation of foreign operations	Others	
Short-term bank loans	1,648	—	1,648	(775)	(9)	—	864
Long-term bank loans	328	—	328	(134)	59	—	253
Lease liabilities	862	21,375	22,237	(7,547)	(630)	6,787	20,848
Total	2,838	21,375	24,214	(8,456)	(579)	6,787	21,966

(Millions of Yen)

	As at 1 April 2020	Cash flow	Non-cash changes			As at 31 March 2021
			Change of scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	864	(27)	—	18	—	855
Long-term bank loans	253	718	—	46	—	1,017
lease liabilities	20,848	(7,273)	135	625	4,541	18,877
Total	21,966	(6,582)	135	690	4,541	20,749

(Thousands of U.S. Dollars (Note 2))

	As at 1 April 2020	Cash flow	Non-cash changes			As at 31 March 2021
			Change of scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	7,806	(245)	—	162	—	7,723
Long-term bank loans	2,289	6,483	—	417	—	9,190
lease liabilities	188,311	(65,690)	1,219	5,649	41,016	170,505
Total	198,406	(59,452)	1,219	6,228	41,016	187,417

## 17. Retirement benefit plans

The Group has contributory defined contribution plans and defined benefit plans, and non-contributory defined benefit plans. The accounting policies adopted by the Group for retirement benefit plans are stated in Note 3 “Significant accounting policies (19) Retirement benefit costs”.

The Company and its domestic subsidiaries mainly have defined contribution plans. Overseas subsidiaries have benefit plans required by the local laws and regulations of each country. Unless a defined benefit plan is required by the laws of the country in which the overseas subsidiaries operate, a defined contribution plan has been put into place. The plan in the U.K. represents a substantial portion of the pension plans of the Group, where it is the closed plan that stopped new registrations. Management believes that general risks, such as investment, credit and salary risks are not significant in the plan.

The Group does not have retirement benefit plans other than pension plans and lump-sum retirement allowances.

### (1) Defined benefit plans

The amounts included in the consolidated statement of financial position arising from the Group’s obligations in respect of its defined benefit plans are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Present value of funded defined benefit obligation	7,036	7,575	68,421
Fair value of plan assets	(3,889)	(4,399)	(39,731)
Total	3,147	3,176	28,690
Effect of changes to the asset ceiling	56	65	587
Net liability arising from defined benefit plans obligations	3,203	3,241	29,277
Balance in the consolidated statement of financial position			
Liability	3,203	3,248	29,342
Asset (Other non-current assets)	—	7	65

Amounts recognised in the consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Service cost			
Current service cost	1,192	572	5,170
Past service cost	(274)	274	2,479
Net interest expense	47	59	534
Components of defined benefit costs recognised in profit or loss	966	906	8,183
Remeasurement of net defined benefit liability			
Return on plan assets	81	(178)	(1,605)
Actuarial gains and losses arising from changes in demographic assumptions	(24)	(59)	(530)
Actuarial gains and losses arising from changes in financial assumptions	(105)	178	1,612
Actuarial gains and losses arising from experience adjustments	102	(219)	(1,975)
Adjustments for restrictions on the defined benefit asset	(5)	(4)	(33)
Components of defined benefit costs recognised in other comprehensive income	50	(280)	(2,531)
Total	1,015	626	5,651

Service cost and net interest expense are included in 'Employee benefits expense' and 'Finance cost' in the consolidated statement of comprehensive income.

Movements in the present value of the defined benefit obligations are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Beginning balance	6,610	7,036	63,553
Current service cost	1,192	572	5,170
Interest cost	116	129	1,167
Remeasurement (gains)/losses			
Actuarial gains and losses arising from changes in demographic assumptions	(24)	(59)	(530)
Actuarial gains and losses arising from changes in financial assumptions	(105)	178	1,612
Actuarial gains and losses arising from experience adjustments	102	(219)	(1,975)
Past service cost	(274)	274	2,479
Decrease due to settlements	(12)	(151)	(1,361)
Benefits paid	(190)	(882)	(7,967)
Effect of foreign currency exchange differences	(380)	694	6,273
Ending balance	7,036	7,575	68,421

Movements in the present value of the plan assets are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2020	For the year ended 31 March 2021
Beginning balance	3,907	3,889	35,129
Interest income	69	75	678
Remeasurement gain (loss)			
Return on plan assets (excluding amounts included in net interest expense)	(81)	178	1,605
Contributions from the employer	283	329	2,971
Benefits paid	(212)	(580)	(5,240)
Effect of foreign currency exchange differences	(76)	508	4,587
Ending balance	3,889	4,399	39,731

Movements in the effect of changes to the asset ceiling are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Beginning balance	66	56	504
Interest cost	—	5	45
Remeasurement gain (loss)			
Effect of changes in the asset ceiling	(5)	(4)	(33)
Effect of foreign currency exchange differences	(6)	8	70
Ending balance	56	65	587

The fair values of major categories of plan assets as at 31 March 2020 and 2021, are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Cash and cash equivalents	1,240	1,481	13,375
Equity instruments - Foreign equity instruments	1,768	1,402	12,662
Debt instruments - Foreign governmental bonds	167	5	44
Debt instruments - Foreign bonds	688	765	6,909
Others	25	746	6,741
Total	3,889	4,399	39,731

The fair values of financial instruments are measured at quoted market price in active markets. No transferable instrument is included in plan assets.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31 March 2020	As at 31 March 2021
Discount rate	2.4%	2.2%

The Group believes there is no material impact on the operating results, financial positions and cash flows due to the defined benefit plan of the Group, including the amount, timing and uncertainty of future cash flows.

**(2) Defined contribution plans**

The total expense recognised was 2,371 million yen and 2,414 million yen (21,805 thousand U.S. dollars) for the years ended 31 March 2020 and 2021 for each period.

**(3) Severance payments**

Under certain circumstances (such as retirement before the predetermined retirement date), additional payments are made upon retirement. The total expense recognised was 1,770 million yen and 3,696 million yen (33,386 thousand U.S. dollars) for the years ended 31 March 2020 and 2021 for each period.

## 18. Provisions

Details of provisions are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Asset retirement obligation	2,559	2,604	23,519
Warranties provision	1,214	1,144	10,333
Total	3,773	3,748	33,852
Non-current liabilities	2,539	2,587	23,369
Current liabilities	1,234	1,161	10,482

An analysis of the change in provisions is as follows:

(Millions of Yen)

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2020	2,559	1,214	3,773
Provision for the year	32	872	904
Acquisitions through business combinations	10	—	10
Interest cost associated with passage of time	17	—	17
Reduction resulting from settlement for the year	(45)	(977)	(1,022)
Effect of foreign currency exchange differences	30	35	65
Balance at 31 March 2021	2,604	1,144	3,748

(Thousands of U.S. Dollars (Note 2))

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2020	23,113	10,968	34,080
Provision for the year	291	7,873	8,164
Acquisitions through business combinations	94	—	94
Interest cost associated with passage of time	158	—	158
Reduction resulting from settlement for the year	(408)	(8,821)	(9,230)
Effect of foreign currency exchange differences	272	314	586
Balance at 31 March 2021	23,519	10,333	33,852

Note:

Refer to Note 3 “Significant accounting policies (20) Provisions and contingent liabilities assumed in a business combination” for details of each provision.

## 19. Trade and other payables

Details of trade and other payables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Accounts payable	31,296	31,893	288,073
Notes payable, trade	5,943	6,159	55,628
Processing cost payable	830	876	7,916
Other payables	23,968	18,105	163,538
Notes payable for capital investment	858	321	2,897
Total	62,895	57,354	518,052

Trade notes payable are due 120 days on average.

Accounts payable are due 30 to 60 days from the invoice date in Asia except for Japan, and due 90 to 120 days from the invoice date in Japan. Accounts payable in Europe and U.S.A. are mainly payables related to intragroup transactions; thus, upon consolidation, these trade accounts payable are eliminated. The Group arranges cash pooling for Japan, Europe and U.S.A. to ensure that all payables are paid within the agreed-upon credit terms.

## 20. Share capital and other equity items

### (1) Share capital and capital reserves

	Number of authorised shares (Ordinary shares with no par value)	Number of issued shares (Ordinary shares with no par value)	Number of outstanding shares (Ordinary shares with no par value)	Share capital (Millions of Yen)	Capital reserves (Millions of Yen)	Share capital (Thousands of U.S. Dollars (Note 2))	Capital reserves (Thousands of U.S. Dollars (Note 2))
Balance at 1 April 2019	1,250,519,400	381,436,420	379,967,603	6,264	15,899	56,582	143,606
Decrease (i), (ii)	—	3,085,200	4,967,819	—	—	—	—
Balance at 31 March 2020	1,250,519,400	378,351,220	374,999,784	6,264	15,899	56,582	143,606
Decrease (i), (ii)	—	5,518,000	5,693,985	—	—	—	—
Balance at 31 March 2021	1,250,519,400	372,833,220	369,305,799	6,264	15,899	56,582	143,606

Note:

(i) Decrease in number of issued shares is due to cancellation of treasury shares.

(ii) Increase or decrease in number of outstanding shares is due to increase or decrease in treasury shares.

### (2) Treasury shares and other capital reserves

#### ① Treasury shares

	Numbers of shares	Amount (Millions of Yen)
Balance at 1 April 2019	1,468,817	8,319
Repurchase of treasury shares	5,295,700	44,256
Cancellation of treasury shares	(3,085,200)	(22,308)
Repurchase of odd-lot shares	519	5
Decrease on exercise of stock options	(328,400)	(2,309)
Balance at 31 March 2020	3,351,436	27,963
Repurchase of treasury shares	6,015,800	76,664
Cancellation of treasury shares	(5,518,000)	(57,762)
Repurchase of odd-lot shares	585	7
Decrease on exercise of stock options	(322,400)	(3,312)
Balance at 31 March 2021	3,527,421	43,560

	Numbers of shares	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2020	3,351,436	252,582
Repurchase of treasury shares	6,015,800	692,473
Cancellation of treasury shares	(5,518,000)	(521,743)
Repurchase of odd-lot shares	585	62
Decrease on exercise of stock options	(322,400)	(29,912)
Balance at 31 March 2021	3,527,421	393,462



## ② Other capital reserves

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Balance at 1 April 2019	(9,272)	2,940	(1,102)	(7,434)
Repurchase of treasury shares	—	—	(22)	(22)
Disposal of treasury shares	(771)	(261)	—	(1,032)
Share-based payments (i)	—	125	—	125
Change in non-controlling interests (ii)	—	—	(65)	(65)
Balance at 31 March 2020	(10,043)	2,804	(1,189)	(8,428)
Repurchase of treasury shares	—	—	(4)	(4)
Disposal of treasury shares	(1,731)	(276)	—	(2,007)
Share-based payments (i)	—	86	—	86
Balance at 31 March 2021	(11,774)	2,614	(1,194)	(10,354)

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2020	(90,713)	25,327	(10,741)	(76,127)
Repurchase of treasury shares	—	—	(40)	(40)
Disposal of treasury shares	(15,637)	(2,495)	—	(18,132)
Share-based payments (i)	—	778	—	778
Balance at 31 March 2021	(106,350)	23,610	(10,781)	(93,520)

(i) Refer to Note 22 “Share-based payments” for details of share-based payments (stock option).

(ii) The Group acquired 5.0% of outstanding shares in HOYA LENS GUANGZHOU LTD. As a result, the ownership interest of the Group increased to 100%. 65 million yen, which is the difference between the decrease of non-controlling interests (i.e., proportional interests of the carrying amount of the net assets) and the consideration paid for the shares, is included in ‘Other capital reserves’ in the consolidated statement of financial position.

## (3) Retained earnings and dividends

	Amount (Millions of Yen)
Balance at 1 April 2019	617,459
Cumulative effect of change in accounting policy	533
Profit for the year (attributable to owners of the Company)	114,406
Cancellation of treasury shares	(22,308)
Dividends	(34,064)
Transfer to retained earnings from other comprehensive income	32
Balance at 31 March 2020	676,058
Profit for the year (attributable to owners of the Company)	125,446
Cancellation of treasury shares	(57,762)
Dividends	(33,741)
Transfer to retained earnings from other comprehensive income	274
Balance at 31 March 2021	710,274

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2020	6,106,567
Profit for the year (attributable to owners of the Company)	1,133,102
Cancellation of treasury shares	(521,743)
Dividends	(304,770)
Transfer to retained earnings from other comprehensive income	2,472
Balance at 31 March 2021	6,415,628

Details of dividends are as follows:

Date of resolution	Dividends per share (Yen)	Dividends per share (U.S. Dollars (Note 2))	Total dividends (Millions of Yen)	Total dividends (Thousands of U.S. Dollars (Note 2))	Record date	Effective date
23 May 2019	45	0.41	17,099	154,444	31 March 2019	3 June 2019
29 October 2019	45	0.41	16,966	153,246	30 September 2019	29 November 2019
20 May 2020	45	0.41	16,875	152,425	31 March 2020	8 June 2020
27 October 2020	45	0.41	16,866	152,345	30 September 2020	30 November 2020
28 May 2021	45	0.41	16,619	150,111	31 March 2021	1 June 2021

Dividends payable are included in the line item 'Other short-term financial liabilities' in the consolidated statement of financial position.

#### (4) Non-controlling interests

	Amount (Millions of Yen)
Balance at 1 April 2019	4,552
Profit for the year, attributable to non-controlling interests	181
Other comprehensive income	(220)
Increase due to establishment of subsidiaries	187
Decrease due to acquisition of non-controlling interests	(84)
Put option granted to non-controlling interests, etc.(i)	(20,392)
Balance at 31 March 2020	(15,777)
Profit for the year, attributable to non-controlling interests	(225)
Other comprehensive income	413
Balance at 31 March 2021	(15,589)

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2020	(142,506)
Profit for the year, attributable to non-controlling interests	(2,034)
Other comprehensive income	3,735
Balance at 31 March 2021	(140,805)

(i) The Group recognised a financial liability at the present value of the expected future payment for the acquisition of additional shares of the joint venture based on the contract with the non-controlling shareholder.

## 21. Financial instruments

### (1) Capital risk management

The Group manages its capital for continuous growth and to maximise the corporate value of the Group.

The net debt and equity of the Group are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Interest-bearing debt	21,966	20,749	187,417
Less: Cash and cash equivalents	317,982	334,897	3,024,991
Net debt	(296,016)	(314,148)	(2,837,574)
Equity	629,265	672,412	6,073,631

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2020 and 2021, the Group maintained cash and cash equivalent balances in excess of interest-bearing debt balances. The Group is not subject to any externally imposed capital regulations as at 31 March 2021.

Details of interest-bearing debt and equity are described in Note 16 “Interest-bearing debt” and Note 20 “Share capital and other equity items”, respectively.

### (2) Significant accounting policies

Accounting policies and criteria for recognition of financial assets, financial liabilities, basis of measurement and recognition of income and expenses are described in Note 3 “Significant accounting policies”.

### (3) Categories of financial instruments

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
<b>Financial assets</b>			
Financial assets measured at amortised cost			
Trade and other receivables	103,339	117,251	1,059,079
Other financial assets (ii)	16,490	16,760	151,390
FVTOCI financial assets (iv)			
Other financial assets (ii)	30,789	39,141	353,549
Cash and cash equivalents	317,982	334,897	3,024,991
<b>Financial liabilities</b>			
FVTPL financial liabilities (v)			
Trade and other payables	3,460	133	1,201
Other financial liabilities (iii)	542	96	869
Financial liabilities measured at amortised cost			
Trade and other payables	59,435	57,221	516,852
Interest-bearing debt	21,966	20,749	187,417
Other financial liabilities (iii)	26,205	24,376	220,176

Note:

(i) The items above are not included in discontinued operations and disposal groups held for sale. The Group does not have derivative instruments designated as hedging instruments. Likewise, the Group does not have financial assets or financial liabilities using the fair value option.

(ii) Other financial assets are included in 'Long-term financial assets' or 'Other short-term financial assets' in the consolidated statement of financial position.

(iii) Other financial liabilities are included in 'Other long-term/short-term financial liabilities' in the consolidated statement of financial position.

(iv) FVTOCI financial assets mainly consist of unlisted shares.

(v) FVTPL financial liabilities mainly consist of contingent considerations resulting from business combinations.

(vi) Financial assets or liabilities to be offset as at 31 March 2020 and 2021, are immaterial.

### (4) Financial risk management

In its operations, the Group is exposed to various financial risks. The Group undertakes risk management steps to minimise the effects of these financial risks. In an effort to manage these risks, the Group's risk management approach is to eliminate the sources of these risks or to minimise the risks that are not avoidable.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. In certain cases, the Group obtains additional borrowings from financial institutions to react to temporary cash shortages or uses forward foreign exchange contracts to sustain cash flows. The above financial risks are managed by the financial department of the Group.

## (5) Market risk management

The Group is exposed to risks arising from changes in the economic environment and financial markets. The factors of the risk relating to financial markets are fluctuation risk of foreign currency exchange rates, interest rates, and fair value of equity instruments.

### ① Foreign currency risk

#### 1) Foreign currency risk management

As the Group's businesses have expanded globally, foreign exchange fluctuations, in particular from the Thai Baht, the Euro and the U.S. dollar, have a significant impact on the Group's financial results. If the Japanese yen appreciates against these currencies, both sales and profit stated in the Japanese yen might decrease even though sales and profits stated in local currencies have increased.

The Group intends to marry major currencies the Group uses (i.e., Euro, U.S. dollar and Yen) in settlements of receivables/payables resulting from operating activities. Specifically, the subsidiaries that continuously conduct import or export transactions retain foreign currencies obtained from exports of goods for payables on imported supplies. This enables the Group to mitigate foreign currency risk. In contrast, as the Company has multiple SBUs and conducts its own finance and dividend payments to the Company's shareholders, and the holding companies under the Company receive dividends from their subsidiaries and distribute them to the Company and/or other group companies, the Group's foreign currency-dominated balances in receivables, liabilities and/or bank deposits may not fully offset each other. This might cause significant gains or losses on foreign exchange differences when the Yen appreciates or depreciates against the U.S. dollar or the Euro, or when the Euro appreciates or depreciates against the U.S. dollar.

#### 2) Foreign currency sensitivity analysis

The chart below shows the impact on profit and equity of a 1% appreciation of the Yen against the Thai Baht, the Euro and the U.S. dollar with the assumption that the exchange rates for other currencies are constant.

	For the year ended 31 March 2020	For the year ended 31 March 2021
Average exchange rate (Yen per each currency)		
Thai Baht	3.51	3.42
Euro	120.85	124.07
U.S. dollar	108.95	105.94
Impact on profit for the year (Millions of Yen)		
Thai Baht	(202)	(206)
Euro	(50)	(62)
U.S. dollar	(325)	(325)
Impact on equity (Millions of Yen)		
Thai Baht	(294)	(340)
Euro	(380)	(319)
U.S. dollar	(581)	(527)

	For the year ended 31 March 2021
Impact on profit for the year (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(1,858)
Euro	(561)
U.S. dollar	(2,933)
Impact on equity (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(3,075)
Euro	(2,884)
U.S. dollar	(4,763)

Note:

Numbers in parentheses are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Yen. The amounts above represent the impact on the consolidated financial statements of the Group resulting from foreign currency conversion and not the impact on the Group's cash flows or operations themselves.

Likewise, the tables below show the impact of a 1% appreciation of functional currencies of the Company and its holding company within the Group on their receivables/liabilities and bank deposits denominated in foreign currencies on the assumption that exchange rates for other currencies are constant. The information about the holding companies with immaterial risk is not included in the tables below.

## 2)-1. Parent company (the Company)

(Millions of Yen)

	Euro		U.S. dollar	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
Trade and other receivables	(28)	(22)	(74)	(79)
Trade and other payables	1	1	13	13
Short-term financial assets	(0)	(0)	(0)	(0)
Cash and cash equivalents	(3)	(3)	(51)	(39)
Total	(29)	(23)	(113)	(105)

(Thousands of U.S. Dollars (Note 2))

	Euro	U.S. dollar
	31 March 2021	31 March 2021
Trade and other receivables	(195)	(710)
Trade and other payables	12	118
Short-term financial assets	(0)	(0)
Cash and cash equivalents	(25)	(356)
Total	(207)	(948)

Note:

Numbers in parentheses are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Yen. A 1% depreciation of the Yen has a positive impact in the same amount.

Intercompany receivables/payables are included in the calculation of the impact as they cause foreign exchange gain or loss in the process of translation.

## 2)-2. Holding company (Europe)

(Millions of Yen)

	Yen		U.S. dollar	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
Cash and cash equivalents	(0)	(0)	(35)	(1)
Total	(0)	(0)	(35)	(1)

(Thousands of U.S. Dollars (Note 2))

	Yen	U.S. dollar
	31 March 2021	31 March 2021
Cash and cash equivalents	(0)	(7)
Total	(0)	(7)

Note:

Numbers in parentheses are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Euro. A 1% depreciation of the Euro has a positive impact in the same amount.

Intercompany receivables/payables are included in the calculation of the impact as they cause foreign exchange gain or loss in the process of translation.

### 3) Currency derivatives

The Group's policy prohibits the use of derivative instruments such as forward foreign exchange contracts, except in certain circumstances in which the use of such derivatives is determined to be beneficial. In such case, the Group can enter into contracts upon obtaining formal approval from the Chief Financial Officer ("CFO") of the Group in accordance with its Group headquarters approval process.

In order to economically hedge foreign currency exposures on intercompany receivables, payables and dividends, forward foreign exchange contracts are occasionally entered into. In these cases, the same approval policy as that stated above is adhered to.

Details of the forward foreign exchange contracts at the end of each reporting period are as follows:

(Millions of Yen)

For the year ended	Average	Foreign	Notional	Fair value
31 March 2020	exchange rate	currency (mil)	amount	
<b>Forward foreign exchange contracts</b>				
N/A				

(Millions of Yen)

(Thousands of U.S. Dollars (Note 2))

For the year ended	Average	Foreign	Notional	Fair value	Notional	Fair value
31 March 2021	exchange rate	currency (mil)	amount		amount	
<b>Forward foreign exchange contracts</b>						
N/A						

#### ② Interest rate risk management

The Group's cash and cash equivalents exceed the interest-bearing debt, and currently, the impact of interest expense on the Group's profit/loss is immaterial. Therefore, the Group considers the interest rate risk to be immaterial and has not performed sensitivity analyses such as Basis Point Value.

#### ③ Price risks management in equity instruments

The Group is exposed to equity price risks arising from equity instruments (i.e., listed shares). These investments are held from a viewpoint of business strategy, not for short-term trading purposes. The Group does not sell these investments frequently and the Group periodically reviews the fair value of these instruments as well as the financial condition of investees.

The sensitivity analysis has been based on the exposure to the price of equity instruments (listed shares) at the end of the reporting period. If equity prices increase or decrease by 5%, accumulated other comprehensive income (pre-tax) would change by 51 million yen and 101 million yen (914 thousand U.S. dollars) as at 31 March 2020 and 2021 for each period as a result of changes in fair value of the equity instruments.

## (6) Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group manages its credit risk by setting credit limits that are approved by the authorised personnel of each SBU.

The main customers for the Information Technology business are globalised companies that have relatively large-scale and stable financial conditions. In contrast, credit losses were incurred on a sporadic basis in the Life Care business as those products were sold to relatively small and diversified customers, such as end consumers, retailers, and medical institutions. Accordingly, no significant credit losses were incurred in the past. A division in the Life Care business that sells goods to medical institutions and operates wholesale businesses in certain countries has some past-due receivables due to the financial conditions of those medical institutions or customers. Credit limits have been set for those customers to minimise the loss from a failure to collect the receivables.

Trade receivables consist of a large number of customers across a diverse range of industries and geographical areas. The Group has neither significant credit risk exposure for a specific customer or customer group categorised by similarity, nor concentration of credit risk over 5% of total financial assets as at 31 March 2021.

The carrying amounts after impairment presented in the consolidated financial statements are the maximum exposure for the Group's credit risk without considering the appraised value of the related collateral.

The Group continuously monitors the financial status of customers that appear to represent a credit risk in collecting receivables, including restructured receivables. Based on this monitoring, the Group sets the allowance for doubtful accounts considering the collectability of the receivables.

Each financial asset should be recognised as a credit-impaired financial asset if the debtor claims legal proceedings such as bankruptcy, company reorganization, civil rehabilitation and special liquidation in cases of overdue payments despite performance by enforcement. The Group directly writes off an asset by reducing the total carrying amount in cases where collection of contractual cashflow is not reasonably expected, entirely or partially.



### Impaired or past-due financial assets

The following table provides the ageing details of the financial assets not yet due and the financial assets past-due but not impaired at the end of the reporting period:

(Millions of Yen)

Balance at 31 March 2020	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	106,194	89,830	7,709	2,482	1,099	1,077	3,997
Allowance for doubtful accounts	(2,855)	(518)	(154)	(135)	(105)	(262)	(1,682)
Trade and other receivables (net)	103,339	89,312	7,555	2,347	994	815	2,316
Other financial assets (gross)	16,889	16,449	—	—	—	1	439
Allowance for doubtful accounts	(399)	(2)	—	—	—	(1)	(396)
Other financial assets (net)	16,490	16,447	—	—	—	—	43

(Millions of Yen)

Balance at 31 March 2021	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	120,048	106,991	6,022	1,857	1,501	981	2,696
Allowance for doubtful accounts	(2,797)	(414)	(33)	(73)	(86)	(326)	(1,866)
Trade and other receivables (net)	117,251	106,578	5,989	1,784	1,415	655	830
Other financial assets (gross)	17,129	16,751	6	—	—	—	372
Allowance for doubtful accounts	(369)	—	—	—	—	—	(369)
Other financial assets (net)	16,760	16,751	6	—	—	—	4

(Thousands of U.S. Dollars (Note 2))

Balance at 31 March 2021	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	1,084,345	966,409	54,391	16,770	13,559	8,865	24,351
Allowance for doubtful accounts	(25,266)	(3,736)	(296)	(658)	(776)	(2,947)	(16,853)
Trade and other receivables (net)	1,059,079	962,673	54,095	16,111	12,783	5,918	7,499
Other financial assets (gross)	154,722	151,304	53	—	—	—	3,364
Allowance for doubtful accounts	(3,332)	—	—	—	—	—	(3,332)
Other financial assets (net)	151,390	151,304	53	—	—	—	32

The Group does not hold any collateral or other credit enhancements on the above financial assets, excluding the following:

As at 31 March 2020

Loans to subsidiaries and affiliates of 8,454 million yen

As at 31 March 2021

Loans to subsidiaries and affiliates of 8,668 million yen (78,293 thousand U.S. dollars)

Details of collaterals are described in Note 30 “Related party disclosures”.

In case of impairment of financial assets, the Group does not directly write off such assets by reducing the carrying amount; instead, it records an allowance for doubtful accounts. Movement in the allowance for doubtful accounts is as follows:

(Millions of Yen)

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 1 April 2019	—	219	509	3,061	3,790
Provision for the year	—	—	6	626	632
Reduction resulting from settlement for the year	—	(185)	(70)	(495)	(751)
Reduction for the year (reversal)	—	—	(70)	(133)	(203)
Other (foreign exchange translation gains or losses, etc.)	—	(7)	(3)	(203)	(214)
Balance at 31 March 2020	—	27	372	2,855	3,255

(Millions of Yen)

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 1 April 2020	—	27	372	2,855	3,255
Provision for the year	—	—	4	490	494
Reduction resulting from settlement for the year	—	—	(33)	(486)	(519)
Reduction for the year (reversal)	—	(2)	(3)	(239)	(244)
Other (foreign exchange translation gains or losses, etc.)	—	2	1	177	180
Balance at 31 March 2021	—	28	341	2,797	3,166

(Thousands of U.S. Dollars (Note 2))

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 1 April 2020	—	246	3,362	25,790	29,398
Provision for the year	—	—	38	4,427	4,465
Reduction resulting from settlement for the year	—	—	(297)	(4,389)	(4,686)
Reduction for the year (reversal)	—	(19)	(26)	(2,160)	(2,205)
Other (foreign exchange translation gains or losses, etc.)	—	22	6	1,599	1,626
Balance at 31 March 2021	—	249	3,083	25,266	28,599

## (7) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the CFO of the Group who is appointed by the board of directors. Based on the instructions from the CFO, the financial headquarters of the Group mainly manages the Group's liquidity risk by maintaining an appropriate level of retained earnings and credit facilities, and monitors the actual cash flows and forecasted cash flows. The credit lines for commercial paper are secured for temporary cash shortages due to dividends or bonus payments.

The following table details the contractual maturity of its financial liabilities, including derivative financial instruments but excluding guarantee liabilities:

(Millions of Yen)

Balance at 31 March 2020	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
<b>Non-derivative liabilities</b>								
Trade and other payables	62,895	62,895	62,895	—	—	—	—	—
Long-term bank loans (excluding current portion)	234	234	—	38	19	19	19	140
Current portion of long-term bank loans	19	19	19	—	—	—	—	—
Short-term bank loans	864	864	864	—	—	—	—	—
Long-term lease liabilities	14,237	14,909	—	5,170	3,398	2,169	1,309	2,863
Short-term lease liabilities	6,610	6,610	6,610	—	—	—	—	—
Other financial liabilities	26,746	29,709	2,824	2,922	522	4,125	—	19,318
Total	111,607	115,242	73,212	8,129	3,939	6,312	1,328	22,321

(Millions of Yen)

Balance at 31 March 2021	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
<b>Non-derivative liabilities</b>								
Trade and other payables	57,354	57,354	57,354	—	—	—	—	—
Long-term bank loans	1,017	1,231	45	67	200	40	40	839
Short-term bank loans	855	865	865	—	—	—	—	—
Long-term lease liabilities	12,239	12,874	—	4,992	2,847	1,685	908	2,442
Short-term lease liabilities	6,638	6,638	6,638	—	—	—	—	—
Other financial liabilities	24,472	27,178	2,598	735	4,194	—	—	19,651
Total	102,574	106,140	67,499	5,795	7,240	1,725	948	22,932

(Thousands of U.S. Dollars (Note 2))

Balance at 31 March 2021	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
<b>Non-derivative liabilities</b>								
Trade and other payables	518,052	518,052	518,052	—	—	—	—	—
Long-term bank loans	9,190	11,123	410	610	1,803	362	358	7,580
Short-term bank loans	7,723	7,811	7,811	—	—	—	—	—
Long-term lease liabilities	110,549	116,287	—	45,093	25,714	15,221	8,204	22,056
Short-term lease liabilities	59,955	59,955	59,955	—	—	—	—	—
Other financial liabilities	221,045	245,490	23,466	6,643	37,880	—	—	177,502
Total	926,515	958,720	609,694	52,345	65,397	15,583	8,562	207,139

The Company secures the financing methods below for temporary cash shortages due to dividends or bonus payments.

Details of financing methods and status are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Bank overdraft			
Used	—	—	—
Unused	65,000	85,000	767,772
Total	65,000	85,000	767,772
Commercial paper			
Used	—	—	—
Unused	50,000	50,000	451,630
Total	50,000	50,000	451,630

## (8) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that have been measured at fair value subsequent to initial recognition.

The fair values are categorised into Levels 1 to 3.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Fair value derived from inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

· FVTOCI financial assets classified as Level 3 mainly consist of unlisted shares and are measured using valuation techniques such as net asset approach, discount cash flow method or comparable company method.

· FVTPL financial liabilities classified as Level 3 consist of contingent considerations and are measured based on the achievement of milestones considering time value of money.

### ① Financial instruments that are measured at fair value

(Millions of Yen)

As at 31 March 2020	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	1,028	—	29,761	30,789
Total	1,028	—	29,761	30,789
FVTPL financial liabilities	—	—	4,001	4,001
Total	—	—	4,001	4,001

(Millions of Yen)

As at 31 March 2021	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	2,024	—	37,117	39,141
Total	2,024	—	37,117	39,141
FVTPL financial liabilities	—	—	229	229
Total	—	—	229	229

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2021	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	18,286	—	335,263	353,549
Total	18,286	—	335,263	353,549
FVTPL financial liabilities	—	—	2,069	2,069
Total	—	—	2,069	2,069

Note:

As at 31 March 2020

No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2020.

As at 31 March 2021

No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2021.

② Reconciliation of financial assets categorised at Level 3 from beginning balance to ending balance

(Millions of Yen)

For the year ended 31 March 2020	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	28,364	4,268
Total gains or losses recognised:	1,753	3
- in profit or loss (i)	—	96
- in other comprehensive income (i)	1,753	(92)
Purchase	0	—
Increase	—	20
Sale	(357)	—
Settlement	—	(289)
Closing balance	29,761	4,001

(Millions of Yen)

For the year ended 31 March 2021	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	29,761	4,001
Total gains or losses recognised:	7,356	(3,456)
- in profit or loss (i)	—	(3,440)
- in other comprehensive income (i)	7,356	(16)
Settlement	—	(316)
Closing balance	37,117	229

(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2021	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	268,819	36,143
Total gains or losses recognised:	66,445	(31,216)
- in profit or loss (i)	—	(31,069)
- in other comprehensive income (i)	66,445	(148)
Settlement	—	(2,858)
Closing balance	335,263	2,069

Note:

As at 31 March 2020

(i) Total gains or losses included in profit or loss are included in the line item 'Finance costs' in the consolidated statement of comprehensive income.

In total gains or losses included in other comprehensive income, gains or losses related to FVTOCI assets are included in 'Financial assets measured at fair value through other comprehensive income' or 'Exchange differences on translation of foreign operations' in the consolidated statement of comprehensive income. Gains or losses related to FVTPL liabilities are included in 'Exchange differences on translation of foreign operations' in the consolidated statement of comprehensive income.

As at 31 March 2021

(i) In total gains or losses included in profit or loss, the difference by settlement of the contingent consideration arising from business combination is recorded at 3,442 million yen (31,091 thousand U.S. dollars). It is included in the line item 'Other income' in the consolidated statement of comprehensive income. Gains or losses due to changes in the fair value is included in 'Finance costs' in the consolidated statement of comprehensive income.

In total gains or losses included in other comprehensive income, gains or losses related to FVTOCI assets are included in 'Financial assets measured at fair value through other comprehensive income' or 'Exchange differences on translation of foreign operations' in the consolidated statement of comprehensive income. Gains or losses related to FVTPL liabilities are included in 'Exchange differences on translation of foreign operations' in the consolidated statement of comprehensive income.

(9) Fair value of financial assets and liabilities that are measured at fair value on a non-recurring basis

① Carrying amounts and fair value

	(Millions of Yen)		(Millions of Yen)		(Thousands of U.S. Dollars (Note 2))	
	As at 31 March 2020		As at 31 March 2021		As at 31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>						
Financial assets measured at amortised cost						
Long-term loans to subsidiaries and affiliates (excluding current portion)	8,454	8,742	6,004	6,080	54,229	54,922
Lease deposits	5,304	5,304	5,351	5,351	48,331	48,331
Total	13,758	14,046	11,354	11,431	102,560	103,253
<b>Liabilities</b>						
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	234	243	995	1,018	8,986	9,192
Long-term guarantee deposits	2,989	2,974	768	768	6,939	6,935
Long-term other payables	—	—	21,010	20,772	189,772	187,625
Total	3,224	3,217	22,773	22,557	205,697	203,752

## ② Fair value hierarchy

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Fair value of long-term loans to subsidiaries and affiliates and lease deposits are measured by the present value of future cash flows of each loan categorised according to a certain range of term and discounted by the risk-free rate, etc.

- Fair value of interest-bearing debt, long-term guarantee deposits and long-term other payables is measured by the present value of future cash flows of each debt categorised according to a certain range of term, and discounted by the interest rate that reflects the remaining period to the maturity and credit risk.

Level 3: Fair value derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Millions of Yen)

As at 31 March 2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets measured at amortised cost				
Long-term loans to subsidiaries and affiliates	—	8,742	—	8,742
Lease deposits	—	5,304	—	5,304
Total	—	14,046	—	14,046
<b>Liabilities</b>				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	243	—	243
Long-term guarantee deposits	—	2,974	—	2,974
Total	—	3,217	—	3,217

(Millions of Yen)

As at 31 March 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets measured at amortised cost				
Long-term loans to subsidiaries and affiliates (excluding current portion)	—	6,080	—	6,080
Lease deposits	—	5,351	—	5,351
Total	—	11,431	—	11,431
<b>Liabilities</b>				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	1,018	—	1,018
Long-term guarantee deposits	—	768	—	768
Long-term other payables	—	20,772	—	20,772
Total	—	22,557	—	22,557

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets measured at amortised cost				
Long-term loans to subsidiaries and affiliates (excluding current portion)	—	54,922	—	54,922
Lease deposits	—	48,331	—	48,331
Total	—	103,253	—	103,253
<b>Liabilities</b>				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	9,192	—	9,192
Long-term guarantee deposits	—	6,935	—	6,935
Long-term other payables	—	187,625	—	187,625
Total	—	203,752	—	203,752



## 22. Share-based payments

The Company has a performance-based stock compensation plan (Performance Share Unit), a phantom stock option plan and a stock option plan. The purpose of the plans is to increase the value of the Group and to improve the financial results of the Group by motivating members such as directors, officers, employees of the Group, as well as to retain valuable employees.

### (1) Performance Share Unit

#### ① Details of transactions

The Company has adopted Performance Share Unit (PSU) for officers instead of a stock option plan since the year ended 31 March 2020. The variable number of shares will be distributed to the granted officers based on the achievement of pre-determined performance goal during the three years subsequent to the grant date. The number of distributed shares is variable from 0% to 200% based on the achievement of the performance goal that consists of consolidated sales, earnings per share (EPS) and ROE. PSU granted to officers are accounted for as cash-settled share-based payment transactions. Expense recorded in the consolidated statement of comprehensive income from undertaking shared-based payment transactions was 31 million yen and 81 million yen (732 thousand U.S. dollars) for the year ended 31 March 2020 and 2021 for each period.

Details of PSU that are outstanding for the year ended 31 March 2020 and 2021, are as follows:

No.	Number of shares	Grant date	Fair value at grant date (Yen)
1	15,500	1 July 2019	8,045
2	11,400	1 July 2020	10,260

#### ② Determination of fair value

The fair value of the PSU granted during the years ended 31 March 2020 and 2021, was 8,045 yen and 10,260 yen and was determined based on the Company's share price of the grant day for each period.

### (2) Phantom Stock Option Plan

#### ① Details of transactions

Phantom Stock Option (PSO) is granted to eligible individuals chosen from those who have been employed or are newly hired by the Group on the condition that they render services over the vesting period, that is, subsequent to the grant date, if a member terminates his or her employment prior to the vesting date, the options will expire. The exercise period of the options is the period determined when each option is granted. The options not exercised within this exercise period will expire.

PSO granted to eligible grantees are accounted for as cash-settled share-based payment transactions. Expense recorded in the consolidated statement of comprehensive income from undertaking shared-based payment transactions was 251 million yen (2,266 thousand U.S. dollars) for the year ended 31 March 2021.

Details of PSO that are outstanding for the year ended 31 March 2021, are as follows:

No.	Number of shares	Grant date	Fair value at grant date (Yen)
1	107,600	1 October 2020	5,930
2	4,500	1 January 2021	7,135

#### ② Determination of fair value

The weighted-average fair value of the PSO granted during the years ended 31 March 2021, was 5,978 yen. The fair values of the options were determined based on the Company's share prices of the grant days.

### (3) Stock Option Plan

#### ① Details of transactions

After the details and eligible members are approved at the meeting of the board of directors, options are granted to individuals on the condition that they render services over the vesting period, that is, subsequent to the grant date, if a member terminates his or her employment prior to the vesting date, the options will expire. The exercise period of the options is the period determined in each option contract. The options not exercised within this exercise period will expire. The option contract includes a clause that limits the maximum number of stock options a member can exercise each year during the exercisable periods.

Stock options granted to members are accounted for as share-settled share-based payment transactions. Expense recorded in the consolidated statement of comprehensive income from undertaking shared-based payment transactions was 125 million yen and 86 million yen (778 thousand U.S. dollars) for the years ended 31 March 2020 and 2021, for each period.

Details of the stock options that are outstanding for the years ended 31 March 2020 and 2021, are as follows

No.	Number of shares	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
11	1,225,600	7 December 2010	30 September 2020	1,947	465
12	680,800	17 January 2012	30 September 2021	1,616	357
13	560,800	16 January 2013	30 September 2022	1,648	427
14	758,800	15 January 2014	30 September 2023	2,846	785
15	582,400	14 January 2015	30 September 2024	3,972.5	896
16	460,400	13 January 2016	30 September 2025	4,928	852
17	386,800	17 January 2017	30 September 2026	4,839	935
18	40,400	13 February 2018	30 September 2027	5,765	1,002
19	123,600	2 October 2018	30 September 2028	6,590	1,586
20	20,000	13 August 2019	30 September 2029	8,542	1,911
21	24,000	11 August 2020	30 September 2030	10,490	2,477

② Determination of stock option value

The weighted-average fair value of the stock options granted during the years ended 31 March 2020 and 2021, was 1,911 yen and 2,477 yen for each period.

In determining the expense of the stock options, the options were priced using the Black-Scholes model. The following table details the assumptions used in the Black-Scholes model for the options granted in the years ended 31 March 2020 and 2021.

Expected volatility was determined based on recent historical daily share price volatility from the grant date to the forecasted remaining period.

	No. 20	No. 21
Share price at grant date (Yen)	8,515	10,250
Exercise price (Yen)	8,542	10,490
Expected volatility	27.69%	28.98%
Expected remaining option life (Years)	6.4	6.4
Dividends yield	1.06	0.88
Risk free rate	(0.35%)	(0.09%)

③ The number and weighted-average exercise prices of stock options

The weighted-average exercise price of the outstanding options was 4,078 yen and 4,600 yen as at the years ended 31 March 2020 and 2021 for each period. Weighted-average remaining contractual life was 4.8 years and 4.6 years as at 31 March 2020 and 2021 for each period.

	For the year ended 31 March 2020		For the year ended 31 March 2021	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Outstanding at the beginning of the period	1,510,000	3,911	1,098,000	4,078
Granted	20,000	8,542	24,000	10,490
Forfeited (i)	(31,200)	5,184	(12,000)	3,901
Exercised	(328,400)	3,888	(322,400)	4,045
Expired	(72,400)	2,215	(92,000)	1,947
Outstanding at the end of the period	1,098,000	4,078	695,600	4,600
Exercisable at the end of the period	890,600	3,623	587,700	4,038

Note:

(i) Stock options forfeited were due to employee retirements.

Stock options exercised during the year ended 31 March 2020, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
11	10,400	May 2020 to September 2020	10,400
12	14,800	April 2020 to January 2021	11,740
13	800	August 2020 to September 2020	10,398
14	90,000	April 2020 to March 2021	12,568
15	39,600	June 2020 to February 2021	12,190
16	71,600	May 2020 to March 2021	12,119
17	75,600	June 2020 to March 2021	12,146
18	8,800	August 2020 to November 2020	11,730
18	8,400	August 2020 to November 2020	12,224
18	2,400	November 2020 to November 2020	12,420
Total	322,400		12,176

Note:

The number of shares exercised and the amount paid by key management personnel are 120,800 shares and 494 million yen.

Stock options exercised during the year ended 31 March 2021, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
10	16,400	April 2019 to September 2019	7,936
11	25,600	April 2019 to February 2020	8,181
12	23,600	April 2019 to February 2020	8,080
13	13,200	May 2019 to February 2020	8,393
14	34,000	April 2019 to March 2020	8,093
15	44,000	April 2019 to January 2020	8,074
16	101,200	April 2019 to March 2020	8,077
17	54,800	April 2019 to January 2020	8,039
18	9,200	May 2019 to November 2019	8,169
19	6,400	November 2019 to February 2020	8,730
Total	328,400		

Note:

The number of shares exercised and the amount paid by key management personnel are 80,000 shares and 286 million yen.

## 23. Revenue

### (1) Disaggregation of revenue

The relationship between the major geographical areas and the Group's revenue from continuing operations from its major products and services for the year ended 31 March 2020 and 2021 is as follows:

(Millions of Yen)

For the year ended 31 March 2020	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	113,541	27,109	64,516	68,392	4,240	277,798
Medical related products	20,647	13,525	22,160	37,819	3,101	97,251
Life Care total	134,188	40,633	86,676	106,210	7,341	375,049
Information Technology						
Electronics related products	17,068	134,515	9,002	2,071	1	162,655
Imaging related products	8,845	23,696	937	597	1	34,076
Information Technology total	25,913	158,211	9,939	2,667	1	196,731
Other	2,944	561	579	683	-	4,766
Total revenue from external customers	163,045	199,405	97,194	109,561	7,343	576,546

(Millions of Yen)

For the year ended 31 March 2021	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	102,191	27,408	51,740	66,668	3,619	251,626
Medical related products	18,590	14,658	17,468	37,457	2,002	90,175
Life Care total	120,781	42,066	69,208	104,125	5,621	341,801
Information Technology						
Electronics related products	14,367	145,678	9,573	2,269	0	171,887
Imaging related products	6,677	21,200	710	490	1	29,078
Information Technology total	21,043	166,878	10,283	2,759	2	200,965
Other	2,855	617	658	1,024	-	5,154
Total revenue from external customers	144,680	209,560	80,150	107,909	5,623	547,921

(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2021	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	923,050	247,565	467,351	602,184	32,685	2,272,835
Medical related products	167,917	132,400	157,780	338,336	18,085	814,518
Life Care total	1,090,967	379,965	625,130	940,520	50,770	3,087,352
Information Technology						
Electronics related products	129,770	1,315,853	86,468	20,494	3	1,552,588
Imaging related products	60,307	191,489	6,416	4,429	13	262,654
Information Technology total	190,077	1,507,341	92,884	24,923	16	1,815,241
Other	25,790	5,569	5,947	9,252	-	46,558
Total revenue from external customers	1,306,834	1,892,875	723,962	974,695	50,786	4,949,152

Note:

Geographical areas are based on the location of the customers.

**(2) Contract balances**

Receivables from contracts with customers and contract liabilities are as follows. Contract liabilities consist mainly of advance received from customers.

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Receivables from contracts with customers	100,262	113,856	1,028,416
Contract liabilities	2,904	3,509	31,695

Note:

Revenues recognised in the years ended 31 March 2020 and 2021 that were included in the contract liability balances as at 1 April 2019 and 2020 were 1,710 million yen and 1,183 million yen (10,687 thousand U.S. dollars) for each period.

**(3) Transaction price allocated to the remaining performance obligations**

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year. In addition, no significant financing components are included in consideration from contracts with customers.

**(4) Assets recognised from the costs to obtain a contract with a customer**

If the amortisation period of the assets is one year or less, the Group uses the practical expedient of recognising the incremental costs of obtaining the contract as an expense when incurred.

## 24. Revenue and expenses (excluding finance income and costs)

### (1) Other income from continuing operations

The following is an analysis of the Group's other income from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Commission	377	85	764
Rent	130	89	803
Government grants	423	92	834
Gain on sale of plant, property and equipment and intangible assets	438	3,286	29,684
Insurance proceeds	92	71	639
Others (Note)	1,003	4,517	40,796
Total other income	2,463	8,139	73,520

Note:

The difference by settlement of the contingent consideration arising from business combination is recorded at 3,442 million yen (31,091 thousand U.S. dollars).

### (2) R&D expenses recognised as incurred

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Employee benefits expense	10,053	9,081	82,028
Depreciation and amortisation	2,743	3,477	31,405
Commission expenses	3,423	3,178	28,704
Other expenses	10,633	7,520	67,928
Total R&D expenses recognised as incurred	26,851	23,256	210,066

Note:

The above items are included in the corresponding line items in the consolidated statement of comprehensive income.

**(3) Employee benefits expense**

The following is an analysis of the Group's employee benefits expense from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Salary, bonuses and others	122,370	107,607	971,974
Retirement benefit			
Defined benefit	918	847	7,649
Defined contribution	2,371	2,414	21,805
Retirement benefit total	3,290	3,261	29,453
Share-based payments	157	418	3,776
Severance payments	1,770	3,696	33,386
Others	6,147	5,022	45,362
Total employee benefits expense	133,734	120,004	1,083,952

**(4) Foreign exchange gains or losses**

Foreign exchange gains or losses include gains or losses resulting from changes in fair value of currency derivatives.

**(5) Other expenses**

The following is an analysis of the Group's other expenses from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Packaging/shipping/transportation	11,318	11,045	99,763
Travel	6,596	2,525	22,808
Utilities	11,928	10,720	96,832
Repair and maintenance	13,185	12,031	108,669
Loss on sales of property, plant and equipment	180	20	184
Loss on disposal of property, plant and equipment	375	147	1,331
Others	74,186	68,158	615,642
Total other expenses	117,768	104,646	945,229

## 25. Finance income and costs

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Finance income			
Interest income			
Cash and cash equivalents, financial assets measured at amortized cost	3,452	1,544	13,947
Dividend income			
FVTOCI financial assets	10	8	73
Changes in fair value			
FVTPL financial assets	—	652	5,886
Total finance income	3,461	2,204	19,906
Finance costs			
Interest costs			
Interest-bearing debt	431	373	3,372
Retirement benefits liabilities	47	59	534
Provisions	18	17	158
Other financial liabilities	116	275	2,483
Impairment losses			
Financial assets measured at amortised cost	178	1,286	11,612
Total finance costs	791	2,010	18,159



## 26. Other comprehensive income

For the years ended 31 March 2020 and 2021, items that may be reclassified subsequently to profit or loss comprise the following:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
<i>Items that may be reclassified subsequently to profit or loss:</i>			
① Exchange differences on translation of foreign operations (i)			
Gains (losses) arising during the year	(17,072)	207,761	187,530
Reclassification adjustments to profit or loss for the year	266	332	2,997
Total	(16,806)	21,093	190,526
② Share of other comprehensive income of associates			
Gains (losses) arising during the year	76	(147)	(1,326)
Reclassification adjustments to profit or loss for the year	—	3	25
Total	76	(144)	(1,301)
Other comprehensive income/(loss) before tax	(16,729)	20,949	189,225
Income tax relating to components of other comprehensive income	(203)	(78)	(701)
Total other comprehensive income/(loss) (net of tax)	(16,932)	(20,871)	(188,524)

Note:

(i) 'Exchange differences on translation of foreign operations' consist of differences on foreign currency conversion for financial statements of foreign operations.

Deferred and current taxes on each item of other comprehensive income for the years ended 31 March 2020 and 2021, are as follows:

	(Millions of Yen)			(Millions of Yen)			(Thousands of U.S. Dollars (Note 2))		
	For the year ended 31 March 2020			For the year ended 31 March 2021			For the year ended 31 March 2021		
	Total	Tax	Net of tax	Total	Tax	Net of tax	Total	Tax	Net of tax
Other comprehensive income attributable to owners of the Company									
① FVTOCI financial assets	949	(234)	715	8,359	(2,546)	5,813	75,501	(22,995)	52,506
② Exchange differences on translation of foreign operations	(16,602)	(203)	(16,805)	20,684	(78)	20,606	186,827	(701)	186,126
③ Remeasurements of the net defined benefit liability (asset)	(50)	22	(29)	280	(17)	264	2,531	(150)	2,382
④ Share of other comprehensive income of associates	76	—	76	(144)	—	(144)	(1,301)	—	(1,301)
Subtotal	(15,627)	(415)	(16,042)	29,179	(2,640)	26,539	263,558	(23,846)	239,712
Other comprehensive income attributable to non-controlling interests									
① FVTOCI financial assets	(16)	—	(16)	4	—	4	36	—	36
② Exchange differences on translation of foreign operations	(203)	—	(203)	410	—	410	3,699	—	3,699
Subtotal	(220)	—	(220)	413	—	413	3,735	—	3,735
Total other comprehensive income/(loss)	(15,847)	(415)	(16,262)	29,592	(2,640)	26,952	267,293	(23,846)	243,447

## 27. Earnings per share

### (1) Basic earnings per share and diluted earnings per share

	(Yen)	(Yen)	(U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Basic earnings per share			
From continuing operations	303.27	335.77	3.03
From discontinued operations	—	—	—
Total basic earnings per share	303.27	335.77	3.03
Diluted earnings per share			
From continuing operations	302.74	335.25	3.03
From discontinued operations	—	—	—
Total diluted earnings per share	302.74	335.25	3.03

### (2) The basis of calculation of basic earnings per share and diluted earnings per share

#### ① Basic earnings per share

##### (a) Profit for the year attributable to owners of the Company

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Profit attributable to owners of the Company from continuing operations	114,406	125,446	1,133,102
Profit attributable to owners of the Company from discontinued operations	—	—	—
Profit used in the calculation of basic earnings per share	114,406	125,446	1,133,102

##### (b) Weighted-average number of ordinary shares used in the calculation of basic earnings per share

(Shares in thousands)

	For the year ended 31 March 2020	For the year ended 31 March 2021
Weighted-average number of ordinary shares	377,238	373,602

② Diluted earnings per share

(a) Profit for the year attributable to owners of the Company

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Profit attributable to owners of the Company from continuing operation after dilution	114,406	125,446	1,133,102
Profit attributable to owners of the Company from discontinued operation after dilution	—	—	—
Profit used in the calculation of diluted earnings per share	114,406	125,446	1,133,102

(b) Weighted-average number of ordinary shares used in the calculation of diluted earnings per share

(Shares in thousands)

	For the year ended 31 March 2020	For the year ended 31 March 2021
Weighted-average number of ordinary shares	377,238	373,602
Shares deemed to be issued for no consideration in respect of:		
Stock options	669	586
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share	377,907	374,188

28. Non-cash transactions

Non-cash transactions for the years ended 31 March 2020 and 2021, consisted of acquiring property, plant and equipment through new lease arrangements in the amount of 5,925 million yen and 5,020 million yen (45,342 thousand U.S. dollars) for each period.

## 29. Subsidiaries

### (1) Composition of the Group

Information about the composition of the Group as at 31 March 2020 and 2021, is as follows:

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2020	As at 31 March 2021
Life Care	U.S.A.	5	5
	ARGENTINA	1	1
	UNITED KINGDOM	4	4
	ITALY	2	2
	INDIA	3	3
	INDONESIA	3	3
	AUSTRALIA	2	2
	NETHERLANDS	4	4
	CANADA	7	7
	SINGAPORE	3	3
	SWITZERLAND	1	1
	SWEDEN	1	1
	SPAIN	2	2
	THAILAND	3	3
	CZECH REPUBLIC	1	1
	DENMARK	1	1
	GERMANY	6	6
	TURKEY	1	1
	HUNGARY	2	2
	PHILIPPINES	2	2
	FINLAND	1	1
	BRAZIL	2	2
	FRANCE	3	3
	BULGARIA	1	1
	VIETNAM	1	1
	BELGIUM	1	1
	POLAND	1	1
	MALAYSIA	4	4
	SOUTH AFRICA	1	1
	MEXICO	1	1
RUSSIA	2	2	
SOUTH KOREA	3	3	
TAIWAN	1	1	
CHINA	9	8	
JAPAN	5	3	
Information Technology	U.S.A.	1	1
	SINGAPORE	1	1
	THAILAND	2	2
	PHILIPPINES	2	2
	VIETNAM	4	3
	MALAYSIA	1	1
	LAOS	1	1
	SOUTH KOREA	1	1
	TAIWAN	1	1
	CHINA	5	5

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2020	As at 31 March 2021
Other	U.S.A.	3	3
	UNITED KINGDOM	1	1
	AUSTRALIA	1	1
	NETHERLANDS	4	4
	SINGAPORE	1	1
	SWEDEN	1	1
	SPAIN	1	1
	THAILAND	—	1
	GERMANY	1	1
	FRANCE	1	1
	SOUTH KOREA	1	1
	JAPAN	2	2

Reportable Segment	Location	Number of non-wholly-owned subsidiaries	
		As at 31 March 2020	As at 31 March 2021
Life Care	IRELAND	1	1
	U.S.A.	1	1
	UNITED KINGDOM	1	1
	NETHERLANDS	1	1
	SINGAPORE	1	1
	GERMANY	2	2
	FRANCE	2	2
	VIETNAM	1	1
	BELGIUM	1	1
	CHINA	3	4
	JAPAN	2	2
	Information Technology	PHILIPPINES	1
CHINA		2	2

**(2) Details of the non-wholly-owned subsidiaries that have material non-controlling interests**

Details of the non-wholly-owned subsidiaries that have material non-controlling interests are as follows:

Name of subsidiaries	Location	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests			Accumulated non-controlling interests		
				(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)
		As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
WASSENBURG MEDICAL B.V. and six other companies	NETHERLANDS and other countries	49.0%	49.0%	(56)	(2)	(15)	2,790	3,037	27,430
SEIKO OPTICAL PRODUCTS CO., LTD. and four other companies	JAPAN and other countries	50.0%	50.0%	173	(58)	(521)	1,023	1,052	9,501
Individually immaterial subsidiaries with non-controlling interests							(19,590)	(19,677)	(177,736)
Total							(15,777)	(15,589)	(140,805)

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	(Millions of Yen) As at / for the year ended 31 March 2020	(Millions of Yen) As at / for the year ended 31 March 2021	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2021
WASSENBURG MEDICAL B.V. and six other companies			
Non-current assets	3,305	3,276	29,594
Current assets	4,511	5,214	47,094
Non-current liabilities	(499)	(386)	(3,489)
Current liabilities	(1,623)	(1,907)	(17,222)
Equity attributable to owner of the Company	2,904	3,161	28,548
Non-controlling interests	2,790	3,037	27,428
Revenue	6,505	6,528	58,968
Expenses	(6,618)	(6,532)	(59,000)
Profit/(loss) for the year	(114)	(3)	(32)
Other comprehensive income/(loss)	(250)	507	4,576
Comprehensive income/(loss)	(363)	503	4,544
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	727	521	4,708
Net cash flow from investing activities	(161)	(79)	(717)
Net cash flow from financing activities	(208)	(188)	(1,701)
Net cash flow	357	254	2,290

	(Millions of Yen) As at / for the year ended 31 March 2020	(Millions of Yen) As at / for the year ended 31 March 2021	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2021
SEIKO OPTICAL PRODUCTS CO., LTD. and four other companies			
Non-current assets	1,042	884	7,986
Current assets	9,262	10,100	91,228
Non-current liabilities	(219)	(144)	(1,301)
Current liabilities	(7,826)	(8,491)	(76,696)
Equity attributable to owner of the Company	1,129	1,174	10,609
Non-controlling interests	1,129	1,174	10,609
Revenue	29,488	24,521	221,490
Expenses	(29,256)	(24,605)	(222,246)
Profit/(loss) for the year	232	(84)	(756)
Other comprehensive income/(loss)	(129)	174	1,568
Comprehensive income/(loss)	103	90	813
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	739	388	3,507
Net cash flow from investing activities	(42)	(9)	(86)
Net cash flow from financing activities	(2,175)	291	2,627
Net cash flow	(1,478)	670	6,048

Note:

The Company holds less than a majority of the voting rights of SEIKO OPTICAL PRODUCTS CO., LTD. (“SOP”); however, the Company has the power to appoint a majority of its board of directors. Thus, the Company is considered to control SOP and includes it in its subsidiaries.



### (3) Details of the material subsidiaries

Details of the Company's material subsidiaries are as follows:

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2020	As at 31 March 2021
HOYA LENS MANUFACTURING MALAYSIA SDN.BHD.	Life Care	Health Care related products	MALAYSIA	100.0%	100.0%
HOYA LENS THAILAND LTD.	Life Care	Health Care related products	THAILAND	100.0%	100.0%
HOYA LENS GUANGZHOU LTD.	Life Care	Health Care related products	CHINA	100.0%	100.0%
HOYA LENS AUSTRALIA PTY.LTD.	Life Care	Health Care related products	AUSTRALIA	100.0%	100.0%
HOYA LENS INDIA PRIVATE LIMITED	Life Care	Health Care related products	INDIA	100.0%	100.0%
HOYA LENS VIETNAM LTD.	Life Care	Health Care related products	VIETNAM	100.0%	100.0%
DAEJEON DAEMYUNG OPTICAL (HANGZHOU) CO., LTD.	Life Care	Health Care related products	CHINA	100.0%	100.0%
VISION EASE LENS (THAILAND) CO., LTD	Life Care	Health Care related products	THAILAND	100.0%	100.0%
PT.VISION-EASE ASIA	Life Care	Health Care related products	INDONESIA	100.0%	100.0%
PERFORMANCE OPTICS KOREA, LTD.	Life Care	Health Care related products	SOUTH KOREA	100.0%	100.0%
HOYA HOLDINGS N.V.	Life Care and Corporate	Health Care related products and EU headquarters	NETHERLANDS	100.0%	100.0%
HOYA LENS DEUTSCHLAND GMBH	Life Care	Health Care related products	GERMANY	100.0%	100.0%
HOYA LENS U.K. LTD.	Life Care	Health Care related products	UNITED KINGDOM	100.0%	100.0%
HOYA LENS ITALIA S.P.A.	Life Care	Health Care related products	ITALY	100.0%	100.0%
HOYA LENS FRANCE S.A.S.	Life Care	Health Care related products	FRANCE	100.0%	100.0%
HOYA LENS IBERIA S.A.	Life Care	Health Care related products	SPAIN	100.0%	100.0%
HOYA TURKEY OPTIK LENS SANAYI VE TICARET A.S.	Life Care	Health Care related products	TURKEY	100.0%	100.0%
HOYA LENS CANADA, INC.	Life Care	Health Care related products	CANADA	100.0%	100.0%
HOYA OPTICAL LABS OF AMERICA, INC.	Life Care	Health Care related products	U.S.A.	100.0%	100.0%
SEIKO OPTICAL PRODUCTS OF AMERICA, INC.	Life Care	Health Care related products	U.S.A.	50.0%	50.0%
SEIKO OPTICAL PRODUCTS CO., LTD.	Life Care	Health Care related products	JAPAN	50.0%	50.0%
PENTAX EUROPE GMBH	Life Care	Medical related products	GERMANY	100.0%	100.0%

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2020	As at 31 March 2021
PENTAX ITALIA S.R.L	Life Care	Medical related products	ITALY	100.0%	100.0%
PENTAX U.K. LTD.	Life Care	Medical related products	UNITED KINGDOM	100.0%	100.0%
PENTAX CANADA, INC.	Life Care	Medical related products	CANADA	100.0%	100.0%
PENTAX MEDICAL (PENANG) SDN. BHD.	Life Care	Medical related products	MALAYSIA	100.0%	100.0%
HOYA SURGICAL OPTICS, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
MICROLINE SURGICAL, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA LAMPHUN LTD.	Life Care Information Technology	Health Care related products and Medical related products Electronics related products	THAILAND	100.0%	100.0%
HOYA GLASS DISK PHILIPPINES, INC.	Information Technology	Electronics related products	PHILIPPINES	100.0%	100.0%
HOYA GLASS DISK VIETNAM LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOEV CO., LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	—
HOYA GLASS DISK VIETNAM II LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA MICROELECTRONICS TAIWAN CO., LTD.	Information Technology	Electronics related products	TAIWAN	100.0%	100.0%
HOYA ELECTRONICS KOREA CO., LTD.	Information Technology	Electronics related products	SOUTH KOREA	100.0%	100.0%
HOYA ELECTRONICS MALAYSIA SDN.BHD.	Information Technology	Electronics related products	MALAYSIA	100.0%	100.0%
HOYA ELECTRONICS SINGAPORE PTE. LTD.	Information Technology	Electronics related products	SINGAPORE	100.0%	100.0%
HOYA CORPORATION USA	Information Technology	Electronics and Imaging related products	U.S.A.	100.0%	100.0%
HOYA OPTICS (THAILAND) LTD.	Information Technology	Imaging related products	THAILAND	100.0%	100.0%
HOYA OPTO-ELECTRONICS QINGDAO LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (SUZHOU) LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL (ASIA) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2020	As at 31 March 2021
PENTAX CEBU PHILIPPINES CORPORATION	Information Technology	Imaging related products	PHILIPPINES	100.0%	100.0%
HOYA HOLDINGS ASIA PACIFIC PTE LTD	Corporate	Asia and Oceania headquarters	SINGAPORE	100.0%	100.0%
HOYA HOLDINGS (ASIA) B.V.	Corporate	Asia and Oceania holding company	NETHERLANDS	100.0%	100.0%
HOYA FINANCE B.V.	Corporate	Asia and Oceania financing company	NETHERLANDS	100.0%	100.0%
HOYA HOLDINGS, INC.	Corporate	North America headquarters	U.S.A.	100.0%	100.0%

### 30. Related party disclosures

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note. Details of the balances and transactions between the Company and other related parties are disclosed as follows:

#### (1) Transactions with related parties, and receivables and payables balances

The Group has transactions with related parties as follows:

As at/for the year ended 31 March 2020:

	Name of affiliates	Nature of related party transactions	Transaction amount	Outstanding balance
			(Millions of Yen)	(Millions of Yen)
Affiliates	AvanStrate, Inc.	Incorporation of deferred interests receivable into principal (Note)	206	8,454
		Interest received	237	36

Note:

Interest rates on loans are determined considering market rates.

The deferred interest receivable, which is calculated on the unpaid principal based on deferred interest rates, is incorporated into principal.

The due date of the loan is 27 December 2023. It will be repaid in six installments after a certain period of deferment, and deferred interests will be paid by batch payment on the due date.

Platinum owned by a subsidiary of the affiliate is pledged as collateral.

As at/for the year ended 31 March 2021:

	Name of affiliates	Nature of related party transactions	Transaction amount	Outstanding balance	Transaction amount	Outstanding balance
			(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Affiliates	AvanStrate, Inc.	Incorporation of deferred interests receivable into principal (Note)	213	6,004	1,927	54,229
		Current portion of long-term loans receivable from subsidiaries and affiliates	—	2,664	—	24,064
		Interest received	53	211	476	1,904

Note

Interest rates on loans are determined considering market rates.

The deferred interest receivable, which is calculated on the unpaid principal based on deferred interest rates, is incorporated into principal.

The due date of the loan is 27 December 2023. It will be repaid in six installments after a certain period of deferment, and deferred interests will be paid by batch payment on the due date.

Platinum owned by a subsidiary of the affiliate is pledged as collateral.

**(2) Remuneration of key management personnel**

Remuneration of directors and other key management personnel during the year is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2021
Short-term benefits	402	521	4,707
Share-based payments	128	157	1,419
Total remuneration of key management personnel	530	678	6,126

The remuneration of directors and key management personnel is determined by the remuneration committee based on the business environment of the Company, the remuneration of other companies and performance.

### 31. Business combinations

The information of business combinations is omitted due to lack of materiality for the Group.

### 32. Contingent liabilities

There are no significant contingent liabilities for the Group.

### 33. Commitments for expenditure

Payment commitments after the reporting date are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Commitments for the acquisition of property, plant and equipment and intangible assets	28,111	19,222	173,629

### 34. Subsequent events

#### Share Cancellation

The Board of Directors made a resolution to cancel certain shares held as the Company's treasury shares on 30 April 2021 pursuant to Article 178 of the Companies Act.

#### 1. Reason for cancellation of treasury shares

The Company decided on the cancellation of treasury shares with the aim of increasing capital efficiency as well as enhancing shareholder benefit by decreasing the total number of outstanding shares. The Company cancelled the shares repurchased under its repurchase plan approved by resolution of the board of directors on 28 January 2021.

#### 2. Outline of cancellation

- (1) Class of shares: Common stock
  - (2) Number of shares to be cancelled: 3,131,200 shares  
(0.85% of total shares outstanding, excluding treasury shares)
  - (3) Date of cancellation: 14 May 2021
- (Reference)

Total number of issued and outstanding shares after the cancellation: 369,702,020 shares

#### Resolution on cash dividends

On 28 May 2021, a resolution was made by the Company's board of directors for the payment of a cash dividend to shareholders of record on 31 March 2021 of 16,619 million yen (150,111 thousand U.S. dollars) (45 yen per common share).

### 35. Approval of financial statements

The consolidated financial statements for the year ended 31 March 2021, were approved by Mr. Ryo Hirooka, the chief financial officer of the Group on 3 June 2021.