HOYA Corporation and its Subsidiaries Consolidated Financial Statements under IFRS Accounting Standards and Independent Auditor's Report

For the year ended 31 March 2026

HOYA Corporation

Contents

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HOYA CORPORATION:

<Audit of Consolidated Financial Statements>

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 31 March 2026, 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 material accounting policy information, 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 31 March 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

Recoverability of the suspense payments of income tax (Note 11. Deferred taxes and income taxes and Note 13. Other assets and liabilities)	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
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 for the transactions with overseas subsidiaries that develop and manufacture electronics related products for the five fiscal years ended 31 March 2007 to 2011, the three fiscal years ended 31 March 2012 to 2014 and the four fiscal years ended 31 March 2015 to 2018. As a result of the objections with the TRTB seeking the withdrawal of the assessment, the Company received written decisions from the National Tax Tribunal (the "Tribunal"), which partially cancelled the reassessments. However, the Company disagrees with the remaining findings of the Tribunal's decisions that maintain portions of the reassessments and expects that all the reassessments will be cancelled in the trials. Consequently, the paid amounts of 7,916 million yen,4,544 million yen and 8,000 million yen were included in "Other current assets" as suspense payments. On 10 June 2025, the Company received a judgment from the Tokyo District Court, which cancelled approximately 1,300 million yen of the reassessments for the five fiscal years ended 31 March 2007 to 2011. However, the Company disagrees with the other findings of the Court’s judgment that maintains portions of the reassessment, and the Company evaluates that the related amount is recoverable through the appeal filed by the Company to the judgment in the Tokyo High Court. There are differences in claims with the authorities regarding the tax treatment and there is uncertainty as to whether the court and the Tribunal will accept the Company's claims. In accordance with the Japanese tax law, auditing the recoverability of the suspense payments requires not only high level expertise related to interpretations of the tax law and practical judgment, but also complex and professional judgment. Accordingly, we identified the recoverability of the suspense payments of income tax as a key audit matter.	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: • With the assistance of our tax specialists, we critically evaluated the appropriateness of the Company's position for the points of dispute in the trials and whether the conclusion is excessively optimistic or conservative by inquiries of the Company's management and in house tax accountants and inspecting of a judgment, the briefs and written answers; • We received external legal counsel confirmation letters and assessed the view on the current situation of the trials and the recoverability.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 IFRS Accounting Standards as issued by the IASB 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 IFRS Accounting Standards as issued by the IASB, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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.

<Fee-Related Information>

Fees for audit and other services for the year ended 31 March 2026, which were charged by us and our network firms to HOYA Corporation and its subsidiaries were 663 million yen and 205 million yen, respectively.

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.

Tomoyasu Maruyama
Designated Engagement Partner
Certified Public Accountant

Shunsuke Matsumoto
Designated Engagement Partner
Certified Public Accountant

Hisashi Okuda
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC
15 July 2026

Consolidated Statement of Financial Position

HOYA Corporation and its Subsidiaries

As at 31 March 2026

	Notes	(Millions of Yen) As at 31 March 2025	(Millions of Yen) As at 31 March 2026	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2026
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6, 9, 33	210,890	235,653	1,473,938
Goodwill	8, 9	52,174	54,405	340,289
Intangible assets	8, 9, 33	24,637	21,578	134,965
Investments in associates	10	1,657	2,285	14,293
Long-term financial assets	7, 12, 21	51,384	11,557	72,284
Other non-current assets	13	664	648	4,053
Deferred tax assets	11	13,141	14,019	87,682
Total non-current assets		354,547	340,145	2,127,504
CURRENT ASSETS:				
Inventories	14	124,550	132,482	828,633
Trade and other receivables	7, 15, 21	177,145	209,613	1,311,068
Other short-term financial assets	12, 21	4,567	4,751	29,718
Income taxes receivable		4,348	2,396	14,989
Other current assets	13	35,153	37,416	234,027
Cash and cash equivalents	21	533,967	574,092	3,590,769
Total current assets		879,731	960,752	6,009,204
Total assets		1,234,278	1,300,897	8,136,708

	Notes	(Millions of Yen) As at 31 March 2025	(Millions of Yen) As at 31 March 2026	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2026
EQUITY AND LIABILITIES				
EQUITY				
Share capital	20(1)	6,264	6,264	39,181
Capital reserves	20(1)	15,899	15,899	99,441
Treasury shares	20(2)	(57,595)	(78,759)	(492,615)
Other capital reserves	20(2)	(21,496)	(39,061)	(244,315)
Retained earnings	20(3), 35	871,357	902,401	5,644,242
Accumulated other comprehensive income		159,594	213,716	1,336,729
Equity attributable to owners of the Company		974,023	1,020,460	6,382,662
Non-controlling interests	20(4), 29	(2,394)	14,544	90,969
Total equity		971,629	1,035,004	6,473,631
LIABILITIES				
NON-CURRENT LIABILITIES:				
Interest-bearing long-term debt	7, 16, 21	28,007	31,517	197,130
Other long-term financial liabilities	12, 21	23,793	614	3,841
Retirement benefit liabilities	17	5,179	5,411	33,847
Provisions	18	3,256	3,821	23,901
Other non-current liabilities	13	9,894	15,681	98,077
Deferred tax liabilities	11	13,012	9,174	57,378
Total non-current liabilities		83,141	66,218	414,175
CURRENT LIABILITIES:				
Interest-bearing short-term debt	7, 16, 21	9,276	10,724	67,077
Trade and other payables	19, 21	68,996	68,831	430,516
Other short-term financial liabilities	12, 21	144	188	1,173
Income taxes payable		28,128	42,243	264,218
Provisions	18	1,740	1,953	12,218
Other current liabilities	13	71,224	75,735	473,701
Total current liabilities		179,508	199,674	1,248,902
Total liabilities		262,649	265,893	1,663,078
Total equity and liabilities		1,234,278	1,300,897	8,136,708

Consolidated Statement of Comprehensive Income

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2026

	Notes	(Millions of Yen) For the year ended 31 March 2025	(Millions of Yen) For the year ended 31 March 2026	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2026
Revenue:				
Sales	23	866,032	947,749	5,927,879
Finance income	7, 25	16,440	13,316	83,286
Share of profit of associates	10	388	566	3,538
Other income	21, 24	2,955	34,213	213,993
Total revenue		885,814	995,844	6,228696
Expenses:				
Changes in goods, products and work in progress		(3,730)	7,354	45,994
Raw materials and consumables used		123,294	128,550	804,042
Employee benefits expense	17, 22, 24	211,595	227,639	1,423,812
Depreciation and amortisation	6, 7, 8, 24	48,577	58,218	364,136
Subcontracting cost		4,311	4,984	31,172
Advertising and promotion expense		20,976	17,973	112,415
Commissions expense	24	54,638	55,589	347,693
Impairment losses	9	6,143	4,924	30,801
Finance costs	7, 17, 25	1,459	1,991	12,452
Foreign exchange (gain)/loss, net	24	1,601	(6,060)	(37,972)
Other expenses	6, 7, 8, 24	156,987	167,014	1,044,621
Total expenses		625,850	668,176	4,179,236
Profit before tax		259,965	327,668	2,049,460
Income tax expense	11	58,215	76,216	476,709
Profit for the year		201,750	251,451	1,572,751
Other comprehensive income:	26			
Items that will not be reclassified subsequently to profit or loss:				
Financial assets measured at fair value through other comprehensive income		3,480	1,763	11,028
Remeasurements of the net defined benefit asset and liability, net	17	(432)	177	1,109
Income tax relating to components of other comprehensive income	11	(1,303)	(495)	(3,098)
Subtotal		1,746	1,445	9,039
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		(8,052)	63,810	399,111
Share of other comprehensive income of associates	10	1,845	209	1,308
Income tax relating to components of other comprehensive income	11	18	(108)	(677)
Subtotal		(6,189)	63,911	399,742
Total other comprehensive income		(4,443)	65,356	408,781
Total comprehensive income for the year		197,307	316,807	1,981,532

	Notes	(Millions of Yen) For the year ended 31 March 2025	(Millions of Yen) For the year ended 31 March 2026	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2026
Profit attributable to:				
Owners of the Company		202,101	253,085	1,582,967
Non-controlling interests		(352)	(1,633)	(10,216)
Total		201,750	251,451	
Total comprehensive income attributable to:				
Owners of the Company		197,775	317,045	1,983,019
Non-controlling interests		(469)	(238)	(1,487)
Total		197,307	316,807	1,981,532

	Notes	(Yen) For the year ended 31 March 2025	(Yen) For the year ended 31 March 2026	(U.S. Dollars (Note 2)) For the year ended 31 March 2026
Basic earnings per share	27	581.45	743.93	4.65
Diluted earnings per share	27	581.26	743.82	4.65

Consolidated Statement of Changes in Equity

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2026

(Millions of Yen)

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 1 April 2024		**6,264**	**15,899**	**(6,874)**	**(17,009)**	**805,997**
Total comprehensive income for the year						
Profit for the year						202,101
Other comprehensive income	26					
Total comprehensive income for the year						202,101
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(150,007)	(5)	
Disposal of treasury shares	20(2)			1,352	(796)	
Cancellation of treasury shares	20(2)			97,934		(97,934)
Dividends, 110 yen per share	20(3)					(38,440)
Changes in ownership interest in subsidiaries	20(4)				(3,816)	
Share-based payments	22				130	
Transfer to retained earnings						(367)
Total contributions by and distributions to owners		—	—	(50,721)	(4,487)	(136,741)
Total transactions with owners		—	—	(50,721)	(4,487)	(136,741)
Balance at 31 March 2025		**6,264**	**15,899**	**(57,595)**	**(21,496)**	**871,357**
Total comprehensive income for the year						
Profit for the year						253,085
Other comprehensive income	26					
Total comprehensive income for the year						253,085
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(171,966)	(4)	
Disposal of treasury shares	20(2)			842	(381)	
Cancellation of treasury shares	20(2)			149,959		(149,959)
Dividends, 240 yen per share	20(3)					(81,966)
Changes in ownership interest in subsidiaries	20(4)				(17,223)	
Share-based payments	22				43	
Transfer to retained earnings						9,886
Total contributions by and distributions to owners		—	—	(21,165)	(17,565)	(222,040)
Total transactions with owners		—	—	(21,165)	(17,565)	(222,040)
Balance at 31 March 2026		**6,264**	**15,899**	**(78,759)**	**(39,061)**	**902,401**

(Millions of Yen)

	Notes	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income
Balance at 1 April 2024		**7,847**	**157,421**	**—**	**(1,786)**	**163,482**
Total comprehensive income for the year						
Profit for the year						
Other comprehensive income	26	2,122	(7,926)	(367)	1,845	(4,326)
Total comprehensive income for the year		2,122	(7,926)	(367)	1,845	(4,326)
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, 110 yen per share	20(3)					
Changes in ownership interest in subsidiaries	20(4)		72			72
Share-based payments	22					
Transfer to retained earnings		—		367		367
Total contributions by and distributions to owners		—	72	367	—	438
Total transactions with owners		—	72	367	—	438
Balance at 31 March 2025		**9,969**	**149,567**	**—**	**58**	**159,594**
Total comprehensive income for the year						
Profit for the year						
Other comprehensive income	26	1,202	62,323	226	209	63,960
Total comprehensive income for the year		1,202	62,323	226	209	63,960
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, 240 yen per share	20(3)					
Changes in ownership interest in subsidiaries	20(4)		47			47
Share-based payments	22					
Transfer to retained earnings		(9,660)		(226)		(9,886)
Total contributions by and distributions to owners		(9,660)	47	(226)	—	(9,838)
Total transactions with owners		(9,660)	47	(226)	—	(9,838)
Balance at 31 March 2026		**1,511**	**211,937**	**—**	**267**	**213,716**

(Millions of Yen)

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 April 2024		**967,758**	**(5,494)**	**962,264**
Total comprehensive income for the year				
Profit for the year		202,101	(352)	201,750
Other comprehensive income	26	(4,326)	(117)	(4,443)
Total comprehensive income for the year		197,775	(469)	197,307
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(150,012)		(150,012)
Disposal of treasury shares	20(2)	556		556
Cancellation of treasury stock	20(2)	―		―
Dividends, 110 yen per share	20(3)	(38,440)	―	(38,440)
Changes in ownership interest in subsidiaries	20(4)	(3,744)	3,569	(175)
Share-based payments	22	130		130
Transfer to retained earnings		―		―
Total contributions by and distributions to owners		(191,510)	3,569	(187,941)
Total transactions with owners		(191,510)	3,569	(187,941)
Balance at 31 March 2025		**974,023**	**(2,394)**	**971,629**
Total comprehensive income for the year				
Profit for the year		253,085	(1,633)	251,451
Other comprehensive income	26	63,960	1,396	65,356
Total comprehensive income for the year		317,045	(238)	316,807
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(171,970)		(171,970)
Disposal of treasury shares	20(2)	461		461
Cancellation of treasury stock	20(2)	―		―
Dividends, 240 yen per share	20(3)	(81,966)	―	(81,966)
Changes in ownership interest in subsidiaries	20(4)	(17,176)	17,176	―
Share-based payments	22	43		43
Transfer to retained earnings		―		―
Total contributions by and distributions to owners		(270,608)	17,176	(253,432)
Total transactions with owners		(270,608)	17,176	(253,432)
Balance at 31 March 2026		**1,020,460**	**14,544**	**1,035,004**

Consolidated Statement of Changes in Equity

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2026-Continued

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

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 31 March 2025		**39,181**	**99,441**	**(360,236)**	**(134,451)**	**5,450,067**
Total comprehensive income for the year						
Profit for the year						1,582,967
Other comprehensive income	26					
Total comprehensive income for the year						1,582,967
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(1,075,596)	(23)	
Disposal of treasury shares	20(2)			5,267	(2,381)	
Cancellation of treasury shares	20(2)			937,950		(937,950)
Dividends, 240 yen per share	20(3)					(512,674)
Changes in ownership interest in subsidiaries	20(4)				(107,726)	
Share-based payments (stock options)	22				266	
Transfer to retained earnings						61,832
Total contributions by and distributions to owners		―	―	(132,379)	(109,865)	(1,388,792)
Total transactions with owners		―	―	(131,379)	(109,865)	(1,388792)
Balance at 31 March 2026		**39,181**	**99,441**	**(492,615)**	**(244,315)**	**5,644,242**

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

	Notes	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income
Balance at 31 March 2025		**62,352**	**935,496**	―	**364**	**998,212**
Total comprehensive income for the year						
Profit for the year						
Other comprehensive income	26	7,521	389,812	1,412	1,308	400,052
Total comprehensive income for the year		7,521	389,812	1,412	1,308	400,052
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, 240 yen per share	20(3)					
Changes in ownership interest in subsidiaries	20(4)		296			296
Share-based payments (stock options)	22					
Transfer to retained earnings		(60,420)		(1,412)		(61,832)
Total contributions by and distributions to owners		(60,420)	296	(1,412)	―	(61,536)
Total transactions with owners		(60,420)	296	(1,412)	―	(61,536)
Balance at 31 March 2026		**9,453**	**1,325,604**	―	**1,673**	**1,336,729**

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

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 31 March 2025		**6,092,214**	**(14,975)**	**6,077,240**
Total comprehensive income for the year				
Profit for the year		1,582,967	(10,216)	1,572,751
Other comprehensive income	26	400,052	8,729	408,781
Total comprehensive income for the year		1,983,019	(1,487)	1,981,532
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(1,075,620)		(1,075,620)
Disposal of treasury shares	20(2)	2,886		2,886
Cancellation of treasury shares	20(2)	—		—
Dividends, 240 yen per share	20(3)	(512,674)	—	(512,674)
Changes in ownership interest in subsidiaries	20(4)	(107,430)	107,430	—
Share-based payments (stock options)	22	266		266
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(1,692,571)	107,430	(1,585,141)
Total transactions with owners		(1,692,571)	107,430	(1,585,141)
Balance at 31 March 2026		**6,382,662**	**90,969**	**6,473,631**

Consolidated Statement of Cash Flows
HOYA Corporation and its Subsidiaries
For the year ended 31 March 2026

	Notes	(Millions of Yen) For the year ended 31 March 2025	(Millions of Yen) For the year ended 31 March 2026	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2026
Cash flows from operating activities				
Profit before tax		259,965	327,668	2,049,460
Depreciation and amortisation		48,577	58,218	364,136
Impairment losses		6,143	4,924	30,801
Finance income		(16,440)	(13,316)	(83,286)
Finance costs		1,459	1,991	12,452
Share of (profit)/loss of associates		(388)	(566)	(3,538)
(Gain)/loss on sales of property, plant and equipment		(87)	(161)	(1,008)
Loss on disposal of property, plant and equipment		856	382	2,392
Foreign exchange (gain)/loss		504	(2,209)	(13,817)
Others		2,233	(28,776)	(179,983)
Cash generated from operations (before movements in working capital)		302,822	348,156	2,177,608
Movements in working capital				
Decrease/(increase) in inventories		(9,082)	2,025	12,667
Decrease/(increase) in trade and other receivables		(26,521)	(18,622)	(116,473)
Increase/(decrease) in trade and other payables		1,932	(2,489)	(15,568)
Increase/(decrease) in retirement benefit liabilities and provisions		69	(23)	(145)
Subtotal		269,220	329,047	2,058,089
Interest received		19,707	13,547	84,733
Dividends received		12	402	2,517
Interest paid		(985)	(1,315)	(8,227)
Income taxes paid		(56,058)	(66,366)	(415,098)
Income taxes refunded		3,216	3,130	19,579
Net cash generated from operating activities		235,113	278,446	1,741,594
Cash flows from investing activities				
Withdrawals of time deposits		8,636	2,213	13,842
Payments for time deposits		(2,488)	(1,851)	(11,577)
Proceeds from sale of property, plant and equipment		253	474	2,966
Payments for acquisition of property, plant and equipment		(47,922)	(56,581)	(353,898)
Proceeds from sale of investments		275	41,135	257,289
Payments for acquisition of investments		—	(91)	(569)
Proceeds from sale of subsidiary		0	5,947	37,197
Payments for acquisition of subsidiaries		(495)	(1,723)	(10,778)
Proceeds from sale of businesses		—	3,304	20,669
Payments for business transfer		(243)	(66)	(415)
Proceeds from collection of loans to associates		10,129	—	—
Other proceeds		699	1,190	7,446
Other payments		(2,035)	(1,537)	(9,616)
Net cash used in investing activities		(33,192)	(7,586)	(47,446)

Consolidated Statement of Cash Flows

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2026-Continued

	Notes	(Millions of Yen) For the year ended 31 March 2025	(Millions of Yen) For the year ended 31 March 2026	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2026
Cash flows from financing activities				
Dividends paid to owners of the Company		(38,417)	(81,903)	(512,280)
Net decrease in short-term borrowings	16	(201)	(55)	(344)
Proceeds from long-term borrowings	16	9,802	5,540	34,652
Repayments of long-term borrowings	16	(343)	(2,337)	(14,618)
Repayments of lease liabilities	16	(9,068)	(9,700)	(60,672)
Proceeds from sale of treasury shares	20(2)	—	1	5
Payments for purchase of treasury shares	20(2)	(150,012)	(171,970)	(1,075,620)
Proceeds from exercise of stock options		518	294	1,838
Payments for acquisition of interest in subsidiaries from non-controlling interests	20(4)	(2,632)	(1,128)	(7,057)
Net cash used in financing activities		(190,352)	(261,259)	(1,634,096)
Net increase/(decrease) in cash and cash equivalents		11,569	9,601	60,052
Cash and cash equivalents at the beginning of the year		525,162	533,967	3,339,8971
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		(2,764)	30,524	190,916
Cash and cash equivalents at the end of the year		533,967	574,092	3,590,769

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 2026.

Notes to the Consolidated Financial Statements
HOYA Corporation and its Subsidiaries
For the year ended 31 March 2026

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.com/en/). 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 IFRS Accounting Standards.

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 ¥159.88 to $1, the foreign exchange rate at 31 March 2026. 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 IFRS Accounting Standards. These adjustments were not recorded in their statutory books and ledgers.

(2) Standards and interpretations in issue but not yet adopted by the Group
At the date of approval of the consolidated financial statements, the following new or revised standards and interpretations have been announced. However, they are not mandatorily required to be adopted before March 2026 and the Group has not adopted them early.
The impact of the adoption of IFRS 18 is currently under consideration.
The impact of the adoption of other standards on the consolidated financial statements of the Group is immaterial.

<table>
<tr><th colspan="2">IFRS Accounting Standards</th><th>Mandatory adoption (from the year beginning)</th><th>To be adopted by the Group from the year ending</th><th>Subject of new standards/amendments</th></tr>
<tr><td>IFRS 10 (Revised)</td><td>Consolidated Financial Statements</td><td rowspan="2">Not determined</td><td rowspan="2">Not determined</td><td rowspan="2">Amendments to the accounting treatment for sale or contribution of assets between an investor and its associate or joint venture</td></tr>
<tr><td>IAS 28 (Revised)</td><td>Investments in Associates and Joint Ventures</td></tr>
<tr><td>IFRS 18</td><td>Presentation and Disclosure in Financial Statements</td><td>1 January 2027</td><td>Fiscal Year 2027</td><td>- Improved comparability in the income statement
- Increased transparency of management-defined performance measures (MPMs)
- More useful groupings of information in financial statements</td></tr>
</table>

3. Material 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 the 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", or IFRS 9, "Financial Instruments" 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 IFRS Accounting Standards 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' and 'other income' 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 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 expenses 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 expenses 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: 10-20 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 or 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 or 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 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

The Company has established share-based payments plans as an incentive plan for the Group’s directors, officers and certain employees, which are accounted for separately as equity-settled type or cash-settled type.

①Equity-settled share-based payment transactions
Equity-settled share-based payments are granted to directors, executive officers and certain employees. The corresponding increase in capital is measured at the grant date fair value of the equity instruments granted and recorded as an expense over the vesting period, with the same amount recognised as an increase in capital.

②Cash-settled share-based payment transactions
Cash-settled share-based payments are granted to directors, executive officers and certain employees. The corresponding liabilities are measured by the fair value of the liabilities and recorded as an expense over the vesting period, with the same amount recognised as an increase in liabilities. The Company remeasures the fair value of the liabilities on the closing date and recognise changes in fair value as profit or loss.
Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22 “Share-based payments”.

(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 or 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 or 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 costs”.

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, imaging related products, etc. and recognises revenue when the control of products is transferred to the customer and the performance obligation is satisfied by the Group on the shipping or delivery date. For service contracts such as maintenance contracts for medical related products, revenue is recognised equally over the contract period because the performance obligation is considered to be satisfied over time. Revenue is measured at the transaction price of the consideration received or receivable less discount, rebate and consumption taxes.

(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 an asset or liability in a transaction that is not a business combination; affects neither accounting profit nor taxable profit; and does not give rise to equal taxable and deductible temporary differences
- 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

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

(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

In preparing the consolidated financial statements, management uses estimates and judgments.
Management's estimates and judgments affect the amounts of assets and liabilities as of the reporting date of the consolidated financial statements and the amounts reported as revenues and expenses.

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 “Material accounting policies”, (5) “Property, plant and equipment”, (6) “Leases” and (7) “Intangible assets”)
· Lease period of right-of-use assets (Note 3 “Material 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 share-based payments plans (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 requirements.

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.

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 reprocessors (AERs), Intraocular lenses, Ophthalmic medical equipment, Artificial bone, Metallic implants for orthopaedics, Chromatography carriers
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, Light source
Other		Speech synthesis software (Sold in October 2025)

(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 "Material accounting policies".

(Millions of Yen)

For the year ended 31 March 2025	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	550,912	311,097	4,022	866,032	—	866,032
Inter-segment sales	5	478	0	483	(483)	—
Total	550,917	311,575	4,023	866,514	(483)	866,032
Interest income	7,037	3,134	13	10,184	6,000	16,183
Interest expense	(2,883)	(1,226)	(1)	(4,110)	2,681	(1,429)
Depreciation and amortisation	(32,477)	(15,435)	(88)	(48,001)	(576)	(48,577)
Share of profit (loss) of associates	324	73	—	397	(9)	388
Impairment losses	(6,143)	—	—	(6,143)	—	(6,143)
Others	(426,406)	(127,748)	(3,336)	(557,489)	(9,000)	(566,490)
Segment profit before tax	90,368	170,373	611	261,352	(1,388)	259,965
Other disclosure						
Capital expenditure	36,209	23,880	145	60,233	685	60,918

Note:

Adjustments to segment profit before tax of (1,388) million yen for the year ended 31 March 2025 consist of inter-segment transaction elimination of (95) million yen and the profit or loss of the Company's headquarters (after elimination of dividend income from Group companies) of (1,292) million yen.

(Millions of Yen)

For the year ended 31 March 2026	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	590,680	354,751	2,318	947,749	—	947,749
Inter-segment sales	4	459	0	463	(463)	—
Total	590,683	355,211	2,318	948,212	(463)	947,749
Interest income	6,159	2,905	1	9,065	4,088	13,153
Interest expense	(3,142)	(1,417)	(0)	(4,559)	2,690	(1,869)
Depreciation and amortisation	(34,683)	(23,254)	(55)	(57,991)	(227)	(58,218)
Share of profit (loss) of associates	514	87	—	600	(34)	566
Impairment losses	(4,924)	—	—	(4,924)	—	(4,924)
Others	(425,076)	(141,206)	2,056	(564,226)	(4,563)	(568,789)
Segment profit before tax	129,531	192,325	4,321	326,177	1,491	327,668
Other disclosure						
Capital expenditure	30,246	34,195	10	64,452	1,259	65,711

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

For the year ended 31 March 2026	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	3,694,518	2,218,860	14,501	5,927,879	—	5,927,879
Inter-segment sales	24	2,872	0	2,896	(2,896)	—
Total	3,694,542	2,221,732	14,501	5,930,775	(2,896)	5,927,879
Interest income	38,522	18,170	8	56,701	25,567	82,268
Interest expense	(19,653)	(8,864)	(2)	(28,518)	16,828	(11,690)
Depreciation and amortisation	(216,929)	(145,447)	(341)	(362,717)	(1,419)	(364,136)
Share of profit (loss) of associates	3,212	542	—	3,754	(215)	3,538
Impairment losses	(30,801)	—	—	(30,801)	—	(30,801)
Others	(2,658,719)	(883,200)	12,862	(3,529,057)	(28,541)	(3,557,598)
Segment profit before tax	810,174	1,202,933	27,028	2,040,136	9,324	2,049,460
Other disclosure						
Capital expenditure	189,182	213,879	63	403,125	7,876	411,001

Note:
Adjustments to segment profit before tax of 1,491 million yen (9,324 thousand U.S. dollars) for the year ended 31 March 2026 consist of inter-segment transaction elimination of (170) million yen ((1,063) thousand U.S. dollars) and the profit or loss of the Company's headquarters (after elimination of dividend income from Group companies) of 1,661 million yen (10,387 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 2025 and 2026:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Life Care			
Health Care related products	417,735	450,760	2,819,367
Medical related products	133,177	139,919	875,151
Life Care total	550,912	590,680	3,694,518
Information Technology			
Electronics related products	265,171	295,757	1,849,871
Imaging related products	45,927	58,994	368,989
Information Technology total	311,097	354,751	2,218,860
Other	4,022	2,318	14,501
Total revenue from external customers	866,032	947,749	5,927,879

(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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Japan	182,787	193,072	1,207,603
U.S.A.	129,175	137,540	860,273
Singapore	102,197	113,804	711,807
China	80,644	93,906	587,353
South Korea	60,748	65,279	408,299
Others	310,481	344,148	2,152,542
Total	866,032	947,749	5,927,879

Note:

Geographical areas are based on the location of the customers.

The amount of non-current assets in South Korea is insignificant; therefore, it 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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
U.S.A.	64,124	63,459	396,917
China	51,497	57,996	362,748
Japan	41,979	40,241	251,697
Thailand	22,342	29,077	181,870
Singapore	18,725	27,262	170,517
Others	89,034	93,601	585,443
Total	287,701	311,637	1,949,192

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 Thailand is insignificant; therefore, it is included in Others.

(5) Information about major customers

Information Technology segment has a customer group who contributed 10% or more to the consolidated revenue for the year ended 31 March 2026. The revenue recognised from the customer group is 92,776 million yen for the year ended 31 March 2025 and 111,393 million yen (696,728 thousand U.S. dollars) for the year ended 31 March 2026, respectively.

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 2024	140,456	400,333	94,187	7,952	45,637	50,297	738,861
Additions	1,375	4,411	3,380	—	41,575	8,822	59,563
Acquisitions through business combinations	10	—	154	—	—	—	163
Disposals (i)	(684)	(10,642)	(5,722)	(36)	(80)	(7,143)	(24,307)
Transfer from construction in progress	7,708	33,562	2,631	—	(43,901)	—	—
Effect of foreign currency exchange differences	1,172	3,549	78	13	(579)	(478)	3,755
Others	(201)	(1,574)	1,159	—	(1,482)	(553)	(2,650)
Balance at 31 March 2025	149,835	429,639	95,866	7,929	41,171	50,945	775,385
Additions	2,302	2,135	3,424	—	47,436	9,202	64,499
Acquisitions through business combinations	—	8	21	—	—	104	134
Disposals (i)	(2,736)	(20,293)	(4,669)	(17)	(1,056)	(7,475)	(36,246)
Transfer to assets held for sale	(8)	—	(414)	—	—	(103)	(525)
Transfer from construction in progress	5,216	45,710	3,808	284	(55,019)	—	—
Effect of foreign currency exchange differences	10,352	26,150	7,846	276	2,126	3,139	49,889
Others	962	(518)	(321)	—	82	(1,137)	(932)
Balance at 31 March 2026	165,923	482,833	105,561	8,472	34,740	54,675	852,203

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 2024	(94,664)	(360,374)	(59,878)	(916)	(3,924)	(20,881)	(540,637)
Depreciation expense	(5,217)	(21,757)	(6,016)	—	—	(9,436)	(42,425)
Impairment losses (ii)	—	—	—	—	(1,363)	—	(1,363)
Disposals (i)	607	10,523	5,008	—	—	6,502	22,640
Effect of foreign currency exchange differences	(1,405)	(4,075)	(348)	—	7	208	(5,613)
Others	38	1,446	736	—	265	417	2,903
Balance at 31 March 2025	(100,640)	(374,236)	(60,497)	(916)	(5,015)	(23,190)	(564,495)
Depreciation expense	(5,709)	(30,195)	(7,005)	—	—	(9,663)	(52,572)
Impairment losses (ii)	(635)	(304)	(115)	—	(1,026)	(1,444)	(3,524)
Disposals (i)	2,653	19,718	4,468	—	645	6,936	34,421
Transfer to assets held for sale	8	—	326	—	—	73	407
Effect of foreign currency exchange differences	(6,674)	(20,124)	(4,626)	—	(588)	(1,640)	(33,651)
Others	(114)	1,120	1,255	—	305	298	2,864
Balance at 31 March 2026	(111,110)	(404,022)	(66,193)	(916)	(5,678)	(28,631)	(616,550)

(Millions of Yen)

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 2024	45,792	39,960	34,309	7,035	41,713	29,416	198,225
Balance at 31 March 2025	49,196	55,403	35,368	7,012	36,156	27,754	210,890
Balance at 31 March 2026	54,814	78,811	39,368	7,555	29,062	26,043	235,653

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

Cost	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2025	937,173	2,687,262	599,610	49,591	257,513	318,643	4,849,792
Additions	14,398	13,357	21,415	—	296,695	57,555	403,421
Acquisitions through business combinations	—	53	131	—	—	653	837
Disposals (i)	(17,110)	(126,928)	(29,202)	(106)	(6,606)	(46,754)	(226,706)
Transfer to assets held for sale	(50)	—	(2,590)	—	—	(646)	(3,287)
Transfer from construction in progress	32,624	285,903	23,820	1,779	(344,125)	—	—
Effect of foreign currency exchange differences	64,751	163,563	49,072	1,723	13,299	19,634	312,043
Others	6,014	(3,237)	(2,006)	—	512	(7,113)	(5,831)
Balance at 31 March 2026	1,037,800	3,019,972	660,248	52,988	217,288	341,972	5,330,268

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

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2025	(629,469)	(2,340,732)	(378,392)	(5,731)	(31,366)	(145,049)	(3,530,740)
Depreciation expense	(35,707)	(188,861)	(43,813)	—	—	(60,441)	(328,822)
Impairment losses (ii)	(3,970)	(1,903)	(718)	—	(6,419)	(9,032)	(22,042)
Disposals (i)	16,592	123,330	27,949	—	4,036	43,384	215,291
Transfer to assets held for sale	53	—	2,037	—	—	457	2,547
Effect of foreign currency exchange differences	(41,741)	(125,871)	(28,932)	—	(3,676)	(10,260)	(210,478)
Others	(715)	7,007	7,852	—	1,909	1,863	17,916
Balance at 31 March 2026	(694,957)	(2,527,031)	(414,017)	(5,731)	(35,516)	(179,078)	(3,856,330)

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

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2026	342,843	492,940	246,232	47,257	181,771	162,894	1,473,938

Note:

(i) Gain and loss arising from the sale or disposal of property, plant and equipment for the years ended 31 March 2025 and 2026, are set out in Note 24 “Revenue and expenses (excluding finance income and costs)”.

(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 and intangible assets 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 2025	20,188	2,050	280	5,237	1	27,755
Balance at 31 March 2026	19,055	2,220	250	4,518	0	26,044

(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 2026	119,182	13,884	1,567	28,261	2	162,896

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Depreciation of right-of-use assets			
Buildings and structures	7,949	8,128	50,837
Machinery and carriers	1,076	1,128	7,055
Tools, equipment and fixtures	171	180	1,127
Land	240	227	1,422
Software	1	0	1
Total	9,436	9,663	60,442
Interest expense on lease liabilities	835	922	5,767
Expense relating to short-term leases	1,593	1,547	9,678
Expense relating to leases of low-value assets	613	556	3,477
Expense relating to variable lease payments (Note)	1,217	1,331	8,327

(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 centres, 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 2025 and 2026, total cash outflows for leases are 12,491 million yen and 13,135 million yen (82,154 thousand U.S. dollars), respectively.

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

(Lessor)

①Finance 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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Finance income on the net investment in the lease	22	21	129

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 2025	As at 31 March 2026	As at 31 March 2026
Not later than one year	734	903	5,648
Later than one year but not later than two years	572	701	4,386
Later than two years but not later than three years	445	488	3,053
Later than three years but not later than four years	284	324	2,028
Later than four years but not later than five years	164	166	1,036
Later than five years	159	163	1,020
Total	2,358	2,745	17,171
Unearned finance income	(157)	(205)	(1,280)
Net investment on the lease	2,200	2,541	15,891

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 assets	Customer related assets	Others (i)	Total
Balance at 1 April 2024	72,275	23,979	28,335	45,701	7,786	105,801
Additions	—	993	—	178	184	1,355
Acquisitions through business combinations	419	14	188	75	3	281
Disposals	—	(2,470)	—	(2)	(364)	(2,836)
Effect of foreign currency exchange differences	(1,744)	794	(421)	(1,032)	(143)	(802)
Others	—	(115)	(5)	3	(0)	(117)
Balance at 31 March 2025	70,949	23,196	28,097	44,923	7,466	103,681
Additions	—	616	166	247	183	1,212
Acquisitions through business combinations	1,156	19	—	—	—	19
Disposals	(5,568)	(3,168)	(12,061)	(161)	(105)	(15,495)
Transfer to assets held for sale	(736)	(60)	(372)	(2,519)	(641)	(3,592)
Effect of foreign currency exchange differences	5,678	1,375	1,832	3,650	649	7,506
Others	(1,184)	(150)	(1)	919	600	1,369
Balance at 31 March 2026	70,296	21,828	17,661	47,060	8,152	94,700

(Millions of Yen)

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology assets	Customer related assets	Others	Total
Balance at 1 April 2024	(19,533)	(21,309)	(17,785)	(26,791)	(5,873)	(71,759)
Amortisation expense (ii)	—	(1,002)	(1,638)	(3,180)	(332)	(6,152)
Impairment losses (iii)	—	—	(4,763)	—	(17)	(4,780)
Disposals	—	2,463	—	2	274	2,739
Effect of foreign currency exchange differences	757	(721)	564	748	115	705
Others	—	201	—	30	(30)	201
Balance at 31 March 2025	(18,775)	(20,369)	(23,622)	(29,191)	(5,863)	(79,044)
Amortisation expense (ii)	—	(1,058)	(1,078)	(3,183)	(327)	(5,646)
Impairment losses (iii)	(1,127)	(0)	—	(273)	—	(273)
Disposals	5,568	3,165	12,061	161	90	15,477
Transfer to assets held for sale	—	58	372	1,277	603	2,310
Effect of foreign currency exchange differences	(1,555)	(1,216)	(1,505)	(2,593)	(504)	(5,818)
Others	—	120	4	23	(275)	(128)
Balance at 31 March 2026	(15,890)	(19,300)	(13,768)	(33,779)	(6,275)	(73,122)

(Millions of Yen)

Carrying amount	Goodwill	Intangible assets				
		Software	Technology assets	Customer related assets	Others	Total
Balance at 1 April 2024	52,742	2,670	10,549	18,910	1,913	34,042
Balance at 31 March 2025	52,174	2,827	4,475	15,732	1,603	24,637
Balance at 31 March 2026	54,405	2,528	3,892	13,281	1,877	21,578

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

Cost	Goodwill	Intangible assets				
		Software	Technology assets	Customer related assets	Others (i)	Total
Balance at 31 March 2025	443,767	145,081	175,736	280,980	46,696	648,494
Additions	—	3,853	1,038	1,544	1,145	7,580
Acquisitions through business combinations	7,227	116	—	—	—	116
Disposals	(34,824)	(19,816)	(75,435)	(1,007)	(659)	(96,917)
Transfer to assets held for sale	(4,603)	(374)	(2,330)	(15,753)	(4,007)	(22,464)
Effect of foreign currency exchange differences	35,517	8,601	11,457	22,830	4,062	46,951
Others	(7,407)	(936)	(5)	5,750	3,753	8,562
Balance at 31 March 2026	439,677	136,525	110,462	294,344	50,990	592,321

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

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology assets	Customer related assets	Others	Total
Balance at 31 March 2025	(117,434)	(127,400)	(147,748)	(182,582)	(36,669)	(494,398)
Amortisation expense (ii)	—	(6,620)	(6,742)	(19,906)	(2,045)	(35,314)
Impairment losses (iii)	(7,051)	(2)	—	(1,704)	—	(1,707)
Disposals	34,824	19,798	75,435	1,007	562	96,802
Transfer to assets held for sale	—	362	2,330	7,986	3,773	14,451
Effect of foreign currency exchange differences	(9,727)	(7,605)	(9,415)	(16,221)	(3,152)	(36,392)
Others	—	752	24	145	(1,720)	(799)
Balance at 31 March 2026	(99,388)	(120,714)	(86,116)	(211,275)	(39,251)	(457,356)

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

Carrying amount	Goodwill	Intangible assets				
		Software	Technology assets	Customer related assets	Others	Total
Balance at 31 March 2026	340,289	15,811	24,346	83,069	11,739	134,965

Note:
(i) There were no significant internally generated intangible assets for the years ended 31 March 2025 and 2026.
(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 2025		As at 31 March 2026		
		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 assets	Health Care related products	723	3	457	2,859	2
	Medical related products	3,752	6	3,435	21,482	5
Customer related assets	Health Care related products	10,621	7	9,965	62,330	7
	Medical related products	3,479	9	3,316	20,739	8

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 2025	(Millions of Yen) For the year ended 31 March 2026	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2026
Buildings and structures	—	635	3,970
Machinery and carriers	—	304	1,903
Tools, equipment and fixtures	—	115	718
Construction in progress	1,363	1,026	6,419
Right-of-use assets	—	1,444	9,032
Total impairment losses on property, plant and equipment	1,363	3,524	22,042
Goodwill	—	1,127	7,051
Customer related assets	—	273	1,704
Technology assets	4,763	—	—
Others	17	0	2
Total impairment losses on intangible assets	4,780	273	1,707
Total impairment losses	6,143	4,924	30,801

(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 and reversals of impairment losses on SBU

For the year ended 31 March 2025

In the corresponding year, the impairment losses of 6,143 million yen were recognised. The manufacturing facilities of the Asian subsidiaries of Eyeglass lens in the Life care business have been reduced to the recoverable amount due to no anticipated future use. The technology assets of the U.S. subsidiary and the other intangible assets of the European subsidiary of Medical endoscopes in the Life care business have been reduced to the recoverable amount due to the inability to achieve the expected profits. The recoverable amount of the asset groups was measured at fair value less related selling costs, which is mainly based on market approach and categorised as Level 3 of the fair value hierarchy as it contains unobservable inputs such as third party's valuation.

	(Millions of Yen)
	Impairment losses
Life Care	
Health care related products:	
(Eyeglass lens)	
Property, plant and equipment	
Construction in progress	1,363
Total impairment losses on property, plant and equipment	1,363
Life Care	
Medical related products:	
(Medical endoscopes)	
Intangible assets	
Technology assets	4,763
Others	17
Total impairment losses on intangible assets	4,780
Total	6,143

For the year ended 31 March 2026

In the corresponding year, the impairment losses of 1,709 million yen (10,687 thousand U.S. dollars) were recognised. Regarding European goodwill etc. in the Lifecare business, their future use is no longer anticipated due to a consolidation of bases resulting from structural reforms, and therefore, their book value was reduced to their recoverable amounts. Also, for the U.S. subsidiary in the Lifecare business, the book value of the asset group was reduced to the recoverable amount because achieving the plan at the time of acquisition proved difficult. 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 cash-generating unit, 15.5%.

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Impairment losses	Impairment losses
Life Care		
Health care related products:		
(Eyeglass lens)		
Machinery and carriers	207	1,292
Tools, equipment and fixtures	23	142
Right-of-use assets	36	227
Medical related products:		
(Medical endoscopes)		
Buildings and structures	2	15
Machinery and carriers	28	173
Tools, equipment and fixtures	13	81
Total impairment losses on property, plant and equipment	308	1,929
Life Care		
Health care related products:		
(Eyeglass lens)		
Goodwill	1,028	6,427
Medical related products:		
(Medical endoscopes)		
Goodwill	100	625
Total impairment losses on goodwill	1,127	7,051
Life Care		
Health care related products:		
(Eyeglass lens)		
Customer related assets	273	1,704
Medical related products:		
(Medical endoscopes)		
Others	0	2
Total impairment losses on intangible assets	273	1,707
Total	1,709	10,687

(3) Impairment losses on idle assets
For the year ended 31 March 2025
No impairment losses on idle assets were recognised.

For the year ended 31 March 2026
In the corresponding year, the impairment losses of 3,216 million yen (20,113 thousand U.S. dollars) were recognised. Regarding manufacturing facilities at Japanese and Asian subsidiaries in the Lifecare business, their future use is no longer anticipated due to a consolidation of bases resulting from structural reforms, and therefore, their values have been reduced to their recoverable amounts. The recoverable amount for the asset group is measured at fair value less costs of disposition. 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 2026:

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Impairment losses	Impairment losses
Life Care		
Buildings and structures	632	3,955
Machinery and carriers	70	439
Tools, equipment and fixtures	79	495
Construction in progress	1,026	6,419
Right-of-use assets	1,408	8,805
Total	3,216	20,113

(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 6.3% to 15.5% 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 take 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 2025				
	Life Care		Other	Total
	Health Care related products	Medical related products		
	Eyeglass lenses	Medical accessories		
Japan	801	733	—	1,534
Americas	34,815	8,314	—	43,128
Europe	1,207	1,042	684	2,933
Asia	4,579	—	—	4,579
Total	41,402	10,089	684	52,174

(Millions of Yen)

As at 31 March 2026				
	Life Care		Other	Total
	Health Care related products	Medical related products		
	Eyeglass lenses	Medical accessories		
Japan	800	733	—	1,533
Americas	36,622	8,890	—	45,512
Europe	1,130	1,074	—	2,204
Asia	5,157	—	—	5,157
Total	43,709	10,697	—	54,405

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

As at 31 March 2026				
	Life Care		Other	Total
	Health Care related products	Medical related products		
	Eyeglass lenses	Medical accessories		
Japan	5,004	4,583	—	9,588
Americas	229,058	55,603	—	284,662
Europe	7,066	6,718	—	13,785
Asia	32,256	—	—	32,256
Total	273,384	66,905	—	340,289

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 2025	As at / for the year ended 31 March 2026	As at / for the year ended 31 March 2026
The Group's share of net income (loss)	388	566	3,538
The Group's share of other comprehensive income (loss)	1,845	209	1,308
The Group's share of comprehensive income (loss)	2,233	775	4,847
The Group's share of net assets	1,657	2,285	14,293

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 2025	As at 31 March 2026
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	35.0	34.8
JIASHAN CANDEO OPTICAL GLASS CO., LTD.	Production and sale of special glass, such as coloured glass	CHINA	Information Technology	49.0	49.0

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 2024	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2025
Temporary differences				
Enterprise tax payable	776	188	—	964
Write-down of inventories	1,751	(168)	—	1,583
Allowance for doubtful accounts	459	443	—	903
Provisions	1,533	(195)	—	1,338
Accrued expenses	4,959	(658)	—	4,301
Unrealised profit on inventories	5,086	1,776	—	6,863
Depreciation and amortisation	3,479	(1,157)	—	2,322
Impairment losses	397	(26)	—	371
Exchange differences on translating foreign operations	(225)	—	18	(206)
Lease liabilities	2,917	(68)	—	2,849
Others	3,067	955	65	4,087
Subtotal	24,199	1,091	84	25,374
Undistributed retained earnings of subsidiaries	(12,492)	(1,494)	—	(13,986)
Depreciation and amortisation	(8,134)	3,978	—	(4,156)
Right-of-use assets	(3,107)	153	—	(2,954)
Financial assets measured at fair value through other comprehensive income	(2,378)	—	(1,368)	(3,746)
Others	(3,173)	588	—	(2,584)
Subtotal	(29,284)	3,226	(1,368)	(27,425)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	2,942	(1,407)	—	1,535
Tax credits	388	257	—	645
Subtotal	3,330	(1,150)	—	2,180
Total	(1,754)	3,167	(1,284)	129

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.

(Millions of Yen)

	As at 1 April 2025	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2026
Temporary differences				
Enterprise tax payable	964	295	—	1,259
Write-down of inventories	1,583	789	—	2,373
Allowance for doubtful accounts	903	(193)	—	709
Provisions	1,338	813	—	2,151
Accrued expenses	4,301	87	—	4,388
Unrealised profit on inventories	6,863	108	—	6,971
Depreciation and amortisation	2,322	(305)	—	2,017
Impairment losses	371	(31)	—	340
Exchange differences on translating foreign operations	(206)	—	(108)	(314)
Lease liabilities	2,849	316	—	3,165
Others	4,087	1,339	48	5,474
Subtotal	25,374	3,218	(60)	28,532
Undistributed retained earnings of subsidiaries	(13,986)	(1,036)	—	(15,022)
Depreciation and amortisation	(4,156)	(425)	—	(4,581)
Right-of-use assets	(2,954)	(224)	—	(3,177)
Financial assets measured at fair value through other comprehensive income	(3,746)	—	3,704	(42)
Others	(2,584)	(650)	—	(3,234)
Subtotal	(27,425)	(2,335)	3,704	(26,056)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	1,535	330	—	1,865
Tax credits	645	(142)	—	503
Subtotal	2,180	188	—	2,369
Total	129	1,072	3,644	4,845

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 2025	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2026
Temporary differences				
Enterprise tax payable	6,029	1,848	—	7,877
Write-down of inventories	9,903	4,937	—	14,840
Allowance for doubtful accounts	5,645	(1,208)	—	4,437
Provisions	8,368	5,085	—	13,453
Accrued expenses	26,900	545	—	27,445
Unrealised profit on inventories	42,924	678	—	43,602
Depreciation and amortisation	14,526	(1,910)	—	12,617
Impairment losses	2,318	(193)	—	2,124
Exchange differences on translating foreign operations	(1,290)	—	(677)	(1,967)
Lease liabilities	17,822	1,976	—	19,799
Others	25,561	8,372	303	34,236
Subtotal	158,705	20,130	(374)	178,462
Undistributed retained earnings of subsidiaries	(87,478)	(6,480)	—	(93,958)
Depreciation and amortisation	(25,993)	(2,660)	—	(28,653)
Right-of-use assets	(18,474)	(1,398)	—	(19,872)
Financial assets measured at fair value through other comprehensive income	(23,429)	—	23,165	(264)
Others	(16,163)	(4,064)	—	(20,227)
Subtotal	(171,537)	(14,602)	23,165	(162,974)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	9,603	2,063	—	11,666
Tax credits	4,035	(887)	—	3,148
Subtotal	13,638	1,176	—	14,814
Total	806	6,704	22,791	30,306

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 2025	As at 31 March 2026	As at 31 March 2026
Tax loss carryforwards	6,473	17,618	110,196
Deductible temporary differences	1,419	1,918	11,998
Total	7,892	19,536	122,194

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 2025	As at 31 March 2026	As at 31 March 2026
Year 1	561	309	1,934
Year 2	349	38	239
Year 3	158	758	4,741
Year 4	863	1,167	7,298
Year 5 or later	4,542	15,346	95,984
Total	6,473	17,618	110,196

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 2025 and 2026, were 427,746 million yen and 475,474 million yen (2,973,944 thousand U.S. dollars), respectively. 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 were 30.5% for each of the years ended 31 March 2025 and 2026.

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Current tax expense: (i)			
Current year	57,514	68,312	427,273
Prior years	490	163	1,017
Refund	(153)	(1,443)	(9,028)
Current tax expense related to Pillar Two income taxes	3,956	10,451	65,365
Total current tax expense	61,806	77,482	484,627
Deferred tax expense: (ii)			
Origination and reversal of temporary difference	(3,685)	(1,228)	(7,681)
Changes in tax rates	94	(38)	(237)
Total deferred tax expense	(3,592)	(1,266)	(7,918)
Total income tax expense	58,215	76,216	476,709

Note:
(i) “Current tax expense” includes previously unrecognised tax benefits from tax loss carryforwards, tax credits and deductible temporary differences. These benefits were 2 million yen and 0 million yen (0 thousand U.S. dollars) for the years ended 31 March 2025 and 2026, respectively.

(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 decreased the deferred tax expense by 438 million yen and decreased the deferred tax expense by 89 million yen (558 thousand U.S. dollars) for the years ended 31 March 2025 and 2026, respectively.

(iii) On 26 June 2013, the Company received a reassessment notice from the Tokyo Regional Taxation Bureau (the “TRTB”) for additional taxes on the transfer pricing taxation for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five fiscal years ended 31 March 2007 to 2011. The Company has lodged an objection with the TRTB seeking withdrawal of the assessment in accordance with the relevant law.
On 29 March 2018, the Company received a written decision from the National Tax Tribunal (the “Tribunal”), which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal’s decision 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 TRTB.
On 10 June 2025, the Company received a judgment from the Tokyo District Court (the "Court") , which cancels approximately 1,300 million yen from the amount of the reassessments. The Company disagrees with the other findings of the Court’s judgment that maintains portions of the reassessment and filed an appeal to the judgment in the Tokyo High Court on 24 June 2025.
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 for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the three fiscal years ended 31 March 2012 to 2014. The Company has lodged an objection with the TRTB seeking withdrawal of the assessment in accordance with the relevant law.
On 11 November 2020, the Company received a written decision from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal’s decision that maintains portions of the reassessment and the Company continues to seek cancellation of all the reassessments by the TRTB. Consequently, the paid amount of 4,544 million yen is included in “Other current assets” as a suspense payment.
On 29 June 2021, the Company received a reassessment notice from the TRTB for additional taxes on the transfer pricing taxation for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the four fiscal years ended 31 March 2015 to 2018. The Company has proceeded to appeal the findings in court to seek cancellation of all the reassessments by the TRTB.
On 3 July 2023, the Company received a written decision from the Tribunal, to dismiss the claim. The Company disagrees with the findings of the reassessment notice and continues to seek cancellation of all the reassessments by the TRTB Consequently, the paid amount of 8,000 million yen 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 2025	For the year ended 31 March 2026
Effective statutory tax rate	30.5%	30.5%
Expenses not deductible for tax purposes	0.8%	0.5%
Income not taxable for tax purposes	(6.3%)	(0.5%)
Effect of unrecognised deferred tax assets	0.5%	(0.1%)
Impact of different tax rates applied to overseas subsidiaries	(11.7%)	(13.4%)
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%	(0.1%)
Tax rate difference due to the elimination of unrealised profit on inventories	0.8%	0.3%
Increase/decrease in deferred tax liabilities related to undistributed earnings of foreign subsidiaries	0.6%	0.3%
Prior year income taxes	0.2%	0.0%
Foreign withholding tax arising from dividends from subsidiaries	4.0%	1.3%
Current tax expense related to Pillar Two income taxes	1.5%	3.2%
Others	1.6%	1.5%
Actual tax rate	22.4%	23.3%

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 2025	As at 31 March 2026	As at 31 March 2026
Other financial assets			
Other financial assets measured at amortised cost	14,063	13,791	86,260
FVTOCI financial assets	41,888	2,517	15,742
Total	55,952	16,308	102,002
Total non-current assets (long-term financial assets)	51,384	11,557	72,284
Total current assets (other short-term financial assets)	4,567	4,751	29,718

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2025	As at 31 March 2026	As at 31 March 2026
Other financial liabilities			
FVTPL financial liabilities	8	80	503
Other financial liabilities measured at amortised cost	23,928	721	4,512
Total	23,936	802	5,014
Total non-current liabilities (other long-term financial liabilities)	23,793	614	3,841
Total current liabilities (other short-term financial liabilities)	144	188	1,173

(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 2025	As at 31 March 2026	As at 31 March 2026
KIOXIA Holdings Corporation	38,686	—	—

(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 years ended 31 March 2025 and 2026 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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
—	41,132	257,268	—	13,899	86,934

Cumulative gain or loss in other comprehensive income is transferred to retained earnings when FVTOCI financial assets are derecognised. The amount of cumulative other comprehensive income or loss (after deduction of tax) which was transferred to retained earnings were 0 million yen and 9,660 million yen (60,420 thousand U.S. dollars) in the years ended 31 March 2025 and 2026, respectively.

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
—	—	—	12	163	1,018

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 2025	As at 31 March 2026	As at 31 March 2026
Non-current: Other assets			
Long-term prepaid expenses	297	214	1,335
Others	367	435	2,718
Total	664	648	4,053
Current: Other assets			
Suspense payment (Note)	20,460	20,460	127,974
Prepaid expenses	5,604	7,598	47,521
Refundable consumption taxes	5,914	6,334	39,620
Others	3,175	3,024	18,913
Total	35,153	37,416	234,027

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2025	As at 31 March 2026	As at 31 March 2026
Non-current: Other liabilities			
Liabilities related with share-based payment	4,908	7,929	49,596
Long-term income taxes payable	3,956	6,441	40,289
Others	1,030	1,310	8,192
Total	9,894	15,681	98,077
Current: Other liabilities			
Accrued salary/bonus/vacation pay	28,008	30,486	190,681
Other accrued expenses	31,630	33,000	206,408
Advance received/deferred revenue	7,333	5,944	37,179
Accrued consumption taxes	2,277	3,185	19,919
Others	1,976	3,120	19,514
Total	71,224	75,735	473,701

Note:

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

On 29 March 2018, the Company received a written decision from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's decision that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by TRTB.

On 10 June 2025, the Company received a judgment from the Court, which cancels approximately 1,300 million yen from the amount of the reassessments. The Company disagrees with the other findings of the Court's judgment that maintains portions of the reassessment and filed an appeal to the judgment in the Tokyo High Court on 24 June 2025. 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 for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the three fiscal years ended 31 March 2012 to 2014. The Company has lodged an objection with the TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On 11 November 2020, the Company received a written decision from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's decision that maintains portions of the reassessment and the Company continues to seek cancellation of all the reassessments by the TRTB. Consequently, the paid amount of 4,544 million yen is included in "Other current assets" as a suspense payment.

On 29 June 2021, the Company received a reassessment notice from the TRTB for additional taxes on the transfer pricing taxation for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the four fiscal years ended 31 March 2015 to 2018. The Company has proceeded to appeal the findings in court to seek cancellation of all the reassessments by the TRTB.

On 3 July 2023, the Company received a written decision from the Tribunal, to dismiss the claim. The Company disagrees with the findings of the reassessment notice and continues to seek cancellation of all the reassessments by the TRTB. Consequently, the paid amount of 8,000 million yen 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 2025	As at 31 March 2026	As at 31 March 2026
Goods and products	63,116	63,145	394,953
Work in progress	12,386	15,116	94,544
Raw materials	31,069	33,624	210,310
Supplies	17,980	20,597	128,825
Total	124,550	132,482	828,633
Inventories expected to be sold after more than 12 months	33	31	194

The cost of inventories recognised as an expense during the years ended 31 March 2025 and 2026, was 350,919 million yen and 393,441 million yen (2,460,851 thousand U.S. dollars), respectively.

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Amount of write-down	2,098	3,283	20,535
Amount of reversal of write-down	—	—	—

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 2025	As at 31 March 2026	As at 31 March 2026
Accounts receivable	170,341	202,629	1,267,384
Notes receivable and electronically recorded monetary claims-operating	6,794	7,296	45,636
Other receivables	2,726	3,187	19,934
Allowance for doubtful accounts	(2,716)	(3,499)	(21,886)
Total	177,145	209,613	1,311,068

The credit terms for customers are set between 30 days and 90 days for health care related products, between 15 days and 120 days for medical related products, between 10 days and 90 days for electronics related products, and between 30 days and 180 days for imaging related products.
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 2025	As at 31 March 2026	As at 31 March 2026		
Long-term bank loans (excluding current portion)	10,914	14,512	90,768	2.01	2027-2035
Current portion of long-term bank loans	1,189	2,101	13,140	—	—
Short-term bank loans	57	—	—	1.85	—
Long-term lease liabilities	17,093	17,005	106,362	3.41	2027-2073
Short-term lease liabilities	8,031	8,623	53,937	2.97	—
Total Interest-bearing debt	37,284	42,241	264,207		
Total Interest-bearing long-term debt	28,007	31,517	197,130		
Total Interest-bearing short-term debt	9,276	10,724	67,077		

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 2026.
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 2024	Cash flow	Non-cash changes			As at 31 March 2025
			Change in scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	255	(201)	3	–	–	57
Long-term bank loans	2,293	9,459	337	14	–	12,103
Lease liabilities	26,691	(9,068)	–	(219)	7,720	25,124
Total	29,240	190	339	(205)	7,720	37,284

(Millions of Yen)

	As at 1 April 2025	Cash flow	Non-cash changes			As at 31 March 2026
			Change in scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	57	(55)	–	2	(4)	–
Long-term bank loans	12,103	3,203	–	1,365	(58)	16,613
Lease liabilities	25,124	(9,700)	78	693	9,434	25,629
Total	37,284	(6,552)	78	2,059	9,373	42,241

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

	As at 1 April 2025	Cash flow	Non-cash changes			As at 31 March 2026
			Change in scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	355	(344)	–	12	(24)	–
Long-term bank loans	75,698	20,034	–	8,536	(360)	103,908
Lease liabilities	157,143	(60,672)	490	4,332	59,007	160,299
Total	233,197	(40,982)	490	12,880	58,623	264,207

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 “Material 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 2025	As at 31 March 2026	As at 31 March 2026
Present value of funded defined benefit obligation	8,969	8,994	56,253
Fair value of plan assets	(4,465)	(4,364)	(27,294)
Total	4,504	4,630	28,959
Effect of changes to the asset ceiling	311	438	2,738
Net liability arising from defined benefit plans obligations	4,815	5,068	31,697
Balance in the consolidated statement of financial position			
Liability	5,179	5,411	33,847
Asset (Other non-current assets)	364	343	2,145

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Service cost			
Current service cost	852	783	4,897
Past service cost	(60)	48	301
Net interest expense	79	68	426
Components of defined benefit costs recognised in profit or loss	870	899	5,625
Remeasurement of net defined benefit liability			
Return on plan assets	342	162	1,013
Actuarial gains and losses arising from changes in demographic assumptions	83	(49)	(309)
Actuarial gains and losses arising from changes in financial assumptions	(86)	(254)	(1,591)
Actuarial gains and losses arising from experience adjustments	17	(90)	(564)
Adjustments for restrictions on the defined benefit asset	75	55	342
Components of defined benefit costs recognised in other comprehensive income	432	(177)	(1,109)
Total	1,302	722	4,516

Service cost and net interest expense are included in 'Employee benefits expense' and 'Finance costs' 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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Beginning balance	8,614	8,969	56,100
Current service cost	852	783	4,897
Interest cost	240	257	1,609
Remeasurement (gains)/losses			
Actuarial gains and losses arising from changes in demographic assumptions	83	(49)	(309)
Actuarial gains and losses arising from changes in financial assumptions	(86)	(254)	(1,591)
Actuarial gains and losses arising from experience adjustments	17	(90)	(564)
Past service cost	(60)	48	301
Decrease due to settlements	(36)	(150)	(937)
Benefits paid	(549)	(1,167)	(7,302)
Effect of foreign currency exchange differences	(106)	647	4,049
Ending balance	8,969	8,994	56,253

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Beginning balance	4,717	4,465	27,927
Interest income	171	199	1,245
Remeasurement gain (loss)			
Return on plan assets (excluding amounts included in net interest expense)	(342)	(162)	(1,013)
Contributions from the employer	341	366	2,287
Benefits paid	(291)	(819)	(5,121)
Effect of foreign currency exchange differences	(131)	315	1,970
Ending balance	4,465	4,364	27,294

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Beginning balance	227	311	1,946
Interest cost	10	10	62
Remeasurement gain (loss)			
Effect of changes in the asset ceiling	75	55	342
Effect of foreign currency exchange differences	(1)	62	388
Ending balance	311	438	2,738

The fair values of major categories of plan assets as at 31 March 2025 and 2026 are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2025	As at 31 March 2026	As at 31 March 2026
Cash and cash equivalents	1,655	1,160	7,256
Equity instruments - Foreign equity instruments	218	240	1,501
Debt instruments - Foreign governmental bonds	7	7	43
Debt instruments - Foreign bonds	642	562	3,513
Others	1,943	2,395	14,981
Total	4,465	4,364	27,294

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 2025	As at 31 March 2026
Discount rate	3.9%	4.2%

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 uncertainly of future cash flows.

(2) Defined contribution plans

The total expense recognised was 3,953 million yen and 4,875 million yen (30,492 thousand U.S. dollars) for the years ended 31 March 2025 and 2026, respectively.

(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 586 million yen and 3,316 million yen (20,739 thousand U.S. dollars) for the years ended 31 March 2025 and 2026, respectively.

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 2025	As at 31 March 2026	As at 31 March 2026
Asset retirement obligation	3,268	3,882	24,283
Warranties provision	1,728	1,892	11,837
Total	4,996	5,775	36,120
Non-current liabilities	3,256	3,821	23,901
Current liabilities	1,740	1,953	12,218

An analysis of the change in provisions is as follows:

(Millions of Yen)

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2025	3,268	1,728	4,996
Provision for the year	464	515	979
Interest cost associated with passage of time	37	—	37
Reduction resulting from settlement for the year	(26)	(193)	(219)
Reduction resulting from reversal	—	(309)	(309)
Effect of foreign currency exchange differences	140	152	292
Balance at 31 March 2026	3,882	1,892	5,775

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

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2025	20,439	10,809	31,249
Provision for the year	2,901	3,219	6,120
Interest cost associated with passage of time	229	—	229
Reduction resulting from settlement for the year	(165)	(1,206)	(1,371)
Reduction resulting from reversal	—	(1,934)	(1,934)
Effect of foreign currency exchange differences	878	948	1,826
Balance at 31 March 2026	24,283	11,837	36,120

Note:

Refer to Note 3 “Material 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 2025	As at 31 March 2026	As at 31 March 2026
Accounts payable	41,763	41,253	258,026
Notes payable, trade	5,911	6,594	41,246
Processing cost payable	1,619	462	2,888
Other payables	18,975	20,467	128,014
Notes payable for capital investment	728	55	342
Total	68,996	68,831	430,516

Notes payable, trade are due 120 days.

Accounts payable are due 30 to 60 days from the invoice date in Asia except for Japan, and due 30 to 150 days from the invoice date in Japan. Accounts payable in Europe and the 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 the 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 2024	1,250,519,400	350,958,720	350,521,475	6,264	15,899	39,181	99,441
Decrease (i), (ii)	―	5,099,500	7,763,812	―	―	―	―
Balance at 31 March 2025	1,250,519,400	345,859,220	342,757,663	6,264	15,899	39,181	99,441
Decrease (i), (ii)	―	7,444,900	7,268,867	―	―	―	―
Balance at 31 March 2026	1,250,519,400	338,414,320	335,488,796	6,264	15,899	39,181	99,441

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 2024	437,245	6,874
Increase on repurchase of treasury shares	7,836,100	149,996
Decrease on cancellation of treasury shares	(5,099,500)	(97,934)
Increase on demand for purchase of odd-lot shares	512	10
Decrease on transfer	(2,000)	(37)
Decrease on exercise of stock options	(70,800)	(1,315)
Balance at 31 March 2025	3,101,557	57,595
Increase on repurchase of treasury shares	7,309,100	171,947
Decrease on cancellation of treasury shares	(7,444,900)	(149,959)
Increase on demand for purchase of odd-lot shares	895	19
Decrease on demand for sales of odd-lot shares	(28)	(1)
Decrease on transfer	(8,700)	(162)
Decrease on exercise of stock options	(32,400)	(680)
Balance at 31 March 2026	2,925,524	78,759

	Numbers of shares	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2025	3,101,557	360,236
Increase on repurchase of treasury shares	7,309,100	1,075,476
Decrease on cancellation of treasury shares	(7,444,900)	(937,950)
Increase on demand for purchase of odd-lot shares	895	120
Decrease on demand for sales of odd-lot shares	(28)	(4)
Decrease on transfer	(8,700)	(1,010)
Decrease on exercise of stock options	(32,400)	(4,252)
Balance at 31 March 2026	2,925,524	492,615

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 2024	(14,832)	2,353	(4,530)	(17,009)
Repurchase of treasury shares	—	—	(5)	(5)
Disposal of treasury shares	(659)	(137)	—	(796)
Share-based payments (i)	—	13	117	130
Changes in ownership interest in subsidiaries	—	—	(3,816)	(3,816)
Balance at 31 March 2025	(15,491)	2,229	(8,234)	(21,496)
Repurchase of treasury shares	—	—	(4)	(4)
Disposal of treasury shares	(298)	(83)	—	(381)
Share-based payments (i)	—	4	39	43
Changes in ownership interest in subsidiaries	—	—	(17,223)	(17,223)
Balance at 31 March 2026	(15,789)	2,150	(25,423)	(39,061)

	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 2025	(96,891)	13,943	(51,503)	(134,451)
Repurchase of treasury shares	—	—	(23)	(23)
Disposal of treasury shares	(1,863)	(518)	—	(2,381)
Share-based payments (i)	—	24	242	266
Changes in ownership interest in subsidiaries	—	—	(107,726)	(107,726)
Balance at 31 March 2026	(98,754)	13,449	(159,010)	(244,315)

Note:

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

(3) Retained earnings and dividends

	Amount (Millions of Yen)
Balance at 1 April 2024	805,997
Profit for the year (attributable to owners of the Company)	202,101
Cancellation of treasury shares	(97,934)
Dividends	(38,440)
Transfer to retained earnings from other comprehensive income	(367)
Balance at 31 March 2025	871,357
Profit for the year (attributable to owners of the Company)	253,085
Cancellation of treasury shares	(149,959)
Dividends	(81,966)
Transfer to retained earnings from other comprehensive income	9,886
Balance at 31 March 2026	902,401

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2025	5,450,067
Profit for the year (attributable to owners of the Company)	1,582,967
Cancellation of treasury shares	(937,950)
Dividends	(512,674)
Transfer to retained earnings from other comprehensive income	61,832
Balance at 31 March 2026	5,644,242

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
24 May 2024	65	0.41	22,784	142,507	31 March 2024	10 June 2024
31 October 2024	45	0.28	15,657	97,927	30 September 2024	29 November 2024
22 May 2025	115	0.72	39,417	246,542	31 March 2025	2 June 2025
31 October 2025	125	0.78	42,549	266,132	30 September 2025	28 November 2025
28 May 2026	170	1.06	57,033	356,724	31 March 2026	5 June 2026

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 2024	(5,494)
Profit for the year, attributable to non-controlling interests	(352)
Other comprehensive income	(117)
Changes in ownership interest in subsidiaries	3,569
Balance at 31 March 2025	(2,394)
Profit for the year, attributable to non-controlling interests	(1,633)
Other comprehensive income	1,396
Changes in ownership interest in subsidiaries	17,176
Balance at 31 March 2026	14,544

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2025	(14,975)
Profit for the year, attributable to non-controlling interests	(10,216)
Other comprehensive income	8,729
Changes in ownership interest in subsidiaries	107,430
Balance at 31 March 2026	90,969

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 2025	As at 31 March 2026	As at 31 March 2026
Interest-bearing debt	37,284	42,241	264,207
Less: Cash and cash equivalents	533,967	574,092	3,590,769
Net debt	(496,684)	(531,851)	(3,326,562)
Equity	971,629	1,035,004	6,473,631

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2025 and 2026, 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 2026.

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) Material 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 “Material accounting policies”.

(3) Categories of financial instruments

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2025	As at 31 March 2026	As at 31 March 2026
Financial assets			
Financial assets measured at amortised cost			
Trade and other receivables	177,145	209,613	1,311,068
Other financial assets (ii)	14,063	13,791	86,260
FVTOCI financial assets (iv)			
Other financial assets (ii)	41,888	2,517	15,742
Cash and cash equivalents	533,967	574,092	3,590,769
Financial liabilities			
FVTPL financial liabilities (v)			
Trade and other payables	211	332	2,077
Other financial liabilities (iii)	8	80	503
Financial liabilities measured at amortised cost			
Trade and other payables	68,785	68,499	428,439
Interest-bearing debt	37,284	42,241	264,207
Other financial liabilities (iii)	23,928	721	4,512

Note:
(i) The items above are not included in 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 listed shares.
(v) FVTPL financial liabilities mainly consist of contingent considerations resulting from business combinations.
(vi) There are no significant financial assets or liabilities to be offset as at 31 March 2025 and 2026.

(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 makes an effort 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 2025	For the year ended 31 March 2026
Average exchange rate (Yen per each currency)		
Thai Baht	4.40	4.68
Euro	163.66	175.58
U.S. dollar	152.57	151.09
Impact on profit for the year (Millions of Yen)		
Thai Baht	(71)	(52)
Euro	(10)	(83)
U.S. dollar	(907)	(988)
Impact on equity (Millions of Yen)		
Thai Baht	(144)	(168)
Euro	(677)	(689)
U.S. dollar	(2,128)	(2,483)

	For the year ended 31 March 2026
Impact on profit for the year (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(327)
Euro	(521)
U.S. dollar	(6,180)
Impact on equity (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(1,051)
Euro	(4,308)
U.S. dollar	(15,532)

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 2025	31 March 2026	31 March 2025	31 March 2026
Long-term financial assets	—	(0)	—	(0)
Trade and other receivables	(33)	(20)	(85)	(116)
Other short-term financial assets	(0)	(0)	(0)	(0)
Cash and cash equivalents	(15)	(31)	(268)	(84)
Trade and other payables	1	1	6	16
Total	(46)	(51)	(348)	(184)

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

	Euro	U.S. dollar
	31 March 2026	31 March 2026
Long-term financial assets	(0)	(0)
Trade and other receivables	(125)	(727)
Other short-term financial assets	(0)	(0)
Cash and cash equivalents	(195)	(523)
Trade and other payables	3	99
Total	(317)	(1,150)

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 2025	31 March 2026	31 March 2025	31 March 2026
Long-term financial assets	—	—	—	(40)
Cash and cash equivalents	(1)	(305)	(23)	(32)
Total	(1)	(305)	(23)	(71)

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

	Yen	U.S. dollar
	31 March 2026	31 March 2026
Long-term financial assets	—	(248)
Cash and cash equivalents	(1,906)	(199)
Total	(1,906)	(447)

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 31 March 2025	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value
N/A				

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

For the year ended 31 March 2026	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value	Notional amount	Fair value
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 1,942 million yen and 8 million yen (53 thousand U.S. dollars) as at 31 March 2025 and 2026, respectively 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 2026.

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 2025	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)	179,861	151,702	16,952	4,659	1,268	1,480	3,801
Allowance for doubtful accounts	(2,716)	(40)	(26)	(146)	(169)	(726)	(1,610)
Trade and other receivables (net)	177,145	151,662	16,926	4,513	1,099	754	2,191
Other financial assets (gross)	14,438	13,953	12	8	—	—	464
Allowance for doubtful accounts	(376)	(0)	—	—	—	—	(376)
Other financial assets (net)	14,062	13,953	12	8	—	—	89

(Millions of Yen)

Balance at 31 March 2026	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)	213,111	191,773	11,268	3,713	1,561	1,410	3,386
Allowance for doubtful accounts	(3,499)	(287)	(2)	(208)	(156)	(863)	(1,984)
Trade and other receivables (net)	209,613	191,488	11,266	3,505	1,405	547	1,402
Other financial assets (gross)	14,183	13,648	—	9	—	—	526
Allowance for doubtful accounts	(392)	(0)	—	—	—	—	(392)
Other financial assets (net)	13,791	13,648	—	9	—	—	134

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

Balance at 31 March 2026	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)	1,332,944	1,199,483	70,476	23,222	9,764	8,821	21,178
Allowance for doubtful accounts	(21,886)	(1,792)	(10)	(1,300)	(973)	(5,400)	(12,409)
Trade and other receivables (net)	1,311,064	1,197,697	70,465	21,922	8,791	3,421	8,768
Other financial assets (gross)	88,712	85,367	—	55	—	—	3,290
Allowance for doubtful accounts	(2,454)	(0)	—	—	—	—	(2,454)
Other financial assets (net)	86,258	85,367	—	55	—	—	836

As at 31 March 2025

The Group does not hold any collateral or other credit enhancements on the above financial assets.

As at 31 March 2026

The Group does not hold any collateral or other credit enhancements on the above financial assets.

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 2024	—	32	375	2,667	3,075
Provision for the year	—	—	26	763	788
Reduction resulting from settlement for the year	—	(30)	(19)	(410)	(459)
Reduction for the year (reversal)	—	1	(4)	(261)	(264)
Other (foreign exchange translation gains or losses, etc.)	—	(2)	(3)	(44)	(49)
Balance at 31 March 2025	—	—	376	2,716	3,092

(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 2025	—	—	376	2,716	3,092
Provision for the year	—	—	17	870	887
Reduction resulting from settlement for the year	—	—	—	(108)	(108)
Reduction for the year (reversal)	—	—	(0)	(355)	(355)
Change in scope of consolidation	—	—	—	52	52
Other (foreign exchange translation gains or losses, etc.)	—	—	—	325	325
Balance at 31 March 2026	—	—	392	3,499	3,891

(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 2025	—	—	2,351	16,987	19,338
Provision for the year	—	—	104	5,444	5,548
Reduction resulting from settlement for the year	—	—	—	(679)	(679)
Reduction for the year (reversal)	—	—	(0)	(2,220)	(2,220)
Change in scope of consolidation	—	—	—	323	323
Other (foreign exchange translation gains or losses, etc.)	—	—	—	2,031	2,031
Balance at 31 March 2026	—	—	2,454	21,886	24,340

(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 2025	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
Non-derivative liabilities								
Trade and other payables	68,996	68,996	68,996	—	—	—	—	—
Long-term bank loans	12,103	13,256	1,130	2,572	2,300	2,271	2,377	2,606
Short-term bank loans	57	58	58	—	—	—	—	—
Long-term lease liabilities	17,093	18,985	—	6,835	4,150	2,633	1,451	3,916
Short-term lease liabilities	8,031	8,031	8,031	—	—	—	—	—
Other financial liabilities	23,936	26,145	144	5,411	22	—	9,709	10,859
Total	130,216	135,471	78,358	14,819	6,472	4,904	13,537	17,381

(Millions of Yen)

Balance at 31 March 2026	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
Non-derivative liabilities								
Trade and other payables	68,831	68,831	68,831	—	—	—	—	—
Long-term bank loans	16,613	18,612	3,314	3,829	3,678	3,550	1,909	2,333
Short-term bank loans	—	—	—	—	—	—	—	—
Long-term lease liabilities	17,005	19,101	—	7,137	4,572	2,191	1,372	3,830
Short-term lease liabilities	8,623	8,623	8,623	—	—	—	—	—
Other financial liabilities	802	802	188	614	—	—	—	—
Total	111,874	115,969	80,956	11,580	8,250	5,740	3,280	6,163

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

Balance at 31 March 2026	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
Non-derivative liabilities								
Trade and other payables	430,516	430,516	430,516	—	—	—	—	—
Long-term bank loans	103,908	116,415	20,731	23,950	23,003	22,201	11,937	14,592
Short-term bank loans	—	—	—	—	—	—	—	—
Long-term lease liabilities	106,362	119,471	—	44,638	28,598	13,702	8,579	23,954
Short-term lease liabilities	53,937	53,937	53,937	—	—	—	—	—
Other financial liabilities	5,014	5,014	1,173	3,841	—	—	—	—
Total	699,737	725,352	506,356	72,429	51,601	35,903	20,516	38,546

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 2025	As at 31 March 2026	As at 31 March 2026
Bank overdraft			
Used	—	—	—
Unused	85,000	85,000	531,649
Total	85,000	85,000	531,649
Commercial paper			
Used	—	—	—
Unused	50,000	50,000	312,735
Total	50,000	50,000	312,735

(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 2025	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	38,847	—	3,042	41,888
Total	38,847	—	3,042	41,888
FVTPL financial liabilities	—	—	220	220
Total	—	—	220	220

(Millions of Yen)

As at 31 March 2026	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	169	—	2,347	2,517
Total	169	—	2,347	2,517
FVTPL financial liabilities	—	—	412	412
Total	—	—	412	412

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

As at 31 March 2026	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	1,059	—	14,682	15,742
Total	1,059	—	14,682	15,742
FVTPL financial liabilities	—	—	2,579	2,579
Total	—	—	2,579	2,579

Note:
As at 31 March 2025
No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2025, except for the following:
The common shares previously classified within Level 3 have been transferred to Level 1, as it has become possible to measure them using quoted prices in an active market.

As at 31 March 2026
No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2026, except for the following:
The common shares previously classified within Level 3 have been transferred to Level 1, as it has become possible to measure them using quoted prices in an active market.

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

(Millions of Yen)

For the year ended 31 March 2025	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	38,084	395
Total gains or losses recognised:	(555)	(127)
- in other comprehensive income (i)	(555)	(127)
Settlement	—	(49)
Transfer to Level 1 due to IPO	(34,487)	—
Closing balance	3,042	220

(Millions of Yen)

For the year ended 31 March 2026	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	3,042	220
Total gains or losses recognised:	(385)	(43)
- in profit or loss (i)	—	(87)
- in other comprehensive income (i)	(385)	44
Increase by acquisition	—	244
Settlement	(10)	(8)
Transfer to Level 1 due to IPO	(299)	—
Closing balance	2,347	412

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

For the year ended 31 March 2026	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	19,027	1,374
Total gains or losses recognised:	(2,409)	(270)
- in profit or loss (i)	—	(542)
- in other comprehensive income (i)	(2,409)	272
Increase by acquisition	—	1,527
Settlement	(65)	(52)
Transfer to Level 1 due to IPO	(1,870)	—
Closing balance	14,682	2,579

Note:

As at 31 March 2025

(i) For total gains or losses included in other comprehensive income, gains or losses related to FVTOCI financial 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 financial liabilities are included in 'Exchange differences on translation of foreign operations' in the consolidated statement of comprehensive income.

As at 31 March 2026

(i) For total gains or losses included in profit or loss, the difference by settlement of the contingent consideration arising from the business combination is recorded at 87 million yen (542 thousand U.S. dollars). It is included in the line item 'Other income' in the consolidated statement of comprehensive income.

For total gains or losses included in other comprehensive income, gains or losses related to FVTOCI financial 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 financial 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 2025		As at 31 March 2026		As at 31 March 2026	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Financial assets measured at amortised cost						
Lease deposits	5,814	5,557	5,840	5,427	36,529	33,945
Long-term guarantee deposits	944	911	500	500	3,129	3,129
Total	6,758	6,468	6,341	5,927	39,659	37,074
Liabilities						
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	10,914	11,346	14,512	14,804	90,768	92,595
Long-term guarantee deposits	116	116	130	130	811	811
Long-term other payables	23,668	20,132	403	403	2,521	2,521
Total	34,698	31,594	15,045	15,337	94,099	95,927

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 lease deposits and long-term guarantee deposits is 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 2025	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Lease deposits	—	5,557	—	5,557
Long-term guarantee deposits	—	911	—	911
Total	—	6,468	—	6,468
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	11,346	—	11,346
Long-term guarantee deposits	—	116	—	116
Long-term other payables	—	20,132	—	20,132
Total	—	31,594	—	31,594

(Millions of Yen)

As at 31 March 2026	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Lease deposits	—	5,427	—	5,427
Long-term guarantee deposits	—	500	—	500
Total	—	5,927	—	5,927
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	14,804	—	14,804
Long-term guarantee deposits	—	130	—	130
Long-term other payables	—	403	—	403
Total	—	15,337	—	15,337

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

As at 31 March 2026	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Lease deposits	—	33,945	—	33,945
Long-term guarantee deposits	—	3,129	—	3,129
Total	—	37,074	—	37,074
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	92,595	—	92,595
Long-term guarantee deposits	—	811	—	811
Long-term other payables	—	2,521	—	2,521
Total	—	95,927	—	95,927

22. Share-based payments

The Company has a non-performance share unit (Restricted Stock Unit), 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, and employees of the Group, as well as to retain valuable employees.

(1) Restricted Stock Unit

① Details of plan

Restricted Stock Unit (RSU) is a plan which the number of shares will be distributed to the directors according to the enrolment period. Every year, the Company announces a basic deliverable number of shares equivalent to fixed remuneration to Independent Directors for a three-year period starting from that year. After the end of the three-year subject period, the Company determines, for each Independent Director, a basic compensation amount, which is the market value of the Company's shares for the basic deliverable number of shares.

The Company will pay the Independent Directors 50% of the basic compensation amount as claims for monetary remuneration. Independent Directors shall invest the monetary claims in kind and shall be granted a number of Company shares, which is equal to the amount of monetary claims in question divided by paid-in amount per Company share. From the viewpoint of ensuring payment of tax, the Company shall pay the remainder of the basic compensation amount in cash.

RSU granted to Independent Directors are accounted for separately as equity-settled share-based payment transaction and cash-settled share-based payment transaction (50%:50%). During the year ended 31 March 2025, expenses recorded in the consolidated statement of comprehensive income from undertaking equity-settled share-based payment transactions were 22 million yen and cash-settled share-based payment transactions were 21 million yen. During the year ended 31 March 2026, expenses recorded in the consolidated statement of comprehensive income from undertaking equity-settled share-based payment transactions were 35 million yen (216 thousand U.S. dollars) and cash-settled share-based payment transactions were 77 million yen (482 thousand U.S. dollars).

The number of Company shares granted was 1,600 and the amount was 31 million yen for the year ended March 2026.

Details of RSU that are outstanding for the years ended 31 March 2025 and 2026 are as follows:

No.	Basic deliverable number of shares	Grant date	Fair value at grant date (Yen)
1	4,800	1 July 2022	11,610
2	3,000	1 July 2023	17,305
3	3,000	1 July 2024	18,705
4	7,000	1 July 2025	17,155

② Determination of fair value

The fair value of the RSU granted during the years ended 31 March 2025 and 2026 was 18,705 yen and 17,155 yen, respectively, and determined based on the Company's share price of the grant day.

(2) Performance Share Unit

① Details of plan

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 the 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.

Every year, the Company announces basic deliverable numbers of shares according to the office and responsibility of each Executive Officer and medium- to long-term performance targets for a three-year period starting from that year. After the end of the three-year target period, the Company determines, for each Executive Officer, a basic compensation amount which is the market value of the Company's shares for the basic deliverable number of shares multiplied by a coefficient representing the degree of achievement of medium- to long-term performance targets. The Company shall pay the Executive Officer 50% of the basic compensation amount as claims for monetary remuneration. Executive Officers shall invest the monetary claims in kind and shall be granted a number of Company shares, which is equal to the amount of monetary claim in question divided by paid-in amount per Company share. From the viewpoint of ensuring payment of tax, the Company shall pay the remainder of the basic compensation amount in cash.

PSU granted to the officers are accounted for as equity-settled share-based payment transactions and cash-settled share-based payment transactions (50%:50%). During the year ended 31 March 2025, expenses recorded in the consolidated statement of comprehensive income were 95 million yen for equity-settled share-based payment transactions and 93 million yen for cash-settled share-based payment transactions. During the year ended 31 March 2026, expenses recorded in the consolidated statement of comprehensive

income were 118 million yen (736 thousand U.S. dollars) for equity-settled share-based payment transactions and 280 million yen (1,748 thousand U.S. dollars) for cash-settled share-based payment transactions.
The number of Company shares granted was 2,000 and the amount was 38 million yen for the year ended March 2025, 7,100 and 136 million yen (852 thousand U.S. dollars) for the year ended March 2026.

Details of PSU that are outstanding for the years ended 31 March 2025 and 2026, are as follows:

No.	Basic deliverable number of shares	Grant date	Fair value at grant date (Yen)
4	18,100	1 July 2022	11,610
5	12,100	1 July 2023	17,305
6	13,200	1 July 2024	18,705
7	16,100	1 July 2025	17,155

② Determination of fair value
The fair value of the PSU granted during the years ended 31 March 2025 and 2026 was 18,705 yen and 17,155 yen, respectively, and determined based on the Company's share price of the grant day.

(3) Phantom Stock Option Plan
① Details of transactions
The 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.
PSOs 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 2,125 million yen and 6,702 million yen (41,918 thousand U.S. dollars) for the years ended 31 March 2025 and 2026, respectively.

Details of PSOs that are outstanding for the years ended 31 March 2025 and 2026, 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
3	3,000	1 July 2021	7,365
4	216,100	1 October 2021	8,737.5
5	3,600	1 January 2022	8,555
6	3,900	1 July 2022	5,792.5
7	338,700	1 October 2022	6,940
8	6,800	1 January 2023	6,352.5
9	1,000	1 April 2023	7,280
10	394,600	1 October 2023	7,662.5
11	900	1 April 2024	9,370
12	345,000	1 October 2024	9,892.5
13	400	1 January 2025	9,907.5
14	323,200	1 October 2025	10,237.5

② Determination of fair value
The weighted-average fair value of the PSO granted during the years ended 31 March 2025 and 2026 was 9,891.1 yen and 10,237.5 yen, respectively. The fair values of the options were determined based on the Company's share prices of the grant days.

(4) Stock Option Plan
① Details of transactions
After the details and eligible members are approved at the meeting of the board of directors, stock 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 13 million yen and 4 million yen (24 thousand U.S. dollars) for the years ended 31 March 2025 and 2026, respectively.
No stock options have been granted since the year ended 31 March 2023.

Details of the stock options that are outstanding for the years ended 31 March 2025 and 2026, are as follows:

No.	Number of shares	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
16	460,400	13 January 2016	30 September 2025	4,928	852
17	386,800	17 January 2017	30 September 2026	4,839.0	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
22	40,000	17 August 2021	30 September 2031	15,080	5,151

② The number and weighted-average exercise prices of stock options
The weighted average exercise price of unexercised stock options was 6,612 yen and 5,431 yen for the years ended 31 March 2025 and 2026, respectively. Weighted average remaining contract life was 2.4 years and 1.2 years for the years ended 31 March 2025 and 2026, respectively.

	For the year ended 31 March 2025		For the year ended 31 March 2026	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Outstanding at the beginning of the period	192,400	6,514	95,600	6,612
Granted	—	—	—	—
Forfeited (i)	—	—	—	—
Exercised	(70,800)	7,314	(32,400)	9,069
Expired	(26,000)	3,973	(10,000)	4,928
Outstanding at the end of the period	95,600	6,612	53,200	5,431
Exercisable at the end of the period	89,600	6,045	53,200	5,431

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

Stock options exercised during the years ended 31 March 2025, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
15	10,800	April 2024 to September 2024	18,540
16	8,000	August 2024 to February 2025	19,019
17	27,200	June 2024 to March 2025	19,266
19	5,200	May 2024	18,077
20	2,000	February 2025	19,491
21	2,800	February 2025	19,491
22	14,800	May 2024 to November 2024	18,450
Total	70,800		18,885

Note:
The number of shares exercised and the amount paid by key management personnel are 34,800 shares and 329 million yen.

Stock options exercised during the years ended 31 March 2026, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
16	10,800	June 2025 to September 2025	17,163
17	5,600	April 2025 to March 2026	18,609
20	2,000	February 2026	20,444
21	3,200	February 2026	20,444
22	10,800	November 2025 to February 2026	19,509
Total	32,400		18,722

Note:

The number of shares exercised and the amount paid by key management personnel are 14,400 shares and 189 million yen (1,185 thousand U.S. dollars).

23. Revenue

(1) Disaggregation of revenue

The relationship between the major geographical areas and the Group's revenue from its major products and services for the years ended 31 March 2025 and 2026 is as follows:

(Millions of Yen)

For the year ended 31 March 2025	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	134,710	60,142	100,944	113,847	8,092	417,735
Medical related products	24,065	19,494	28,996	54,862	5,760	133,177
Life Care total	158,774	79,637	129,940	168,709	13,851	550,912
Information Technology						
Electronics related products	13,348	223,357	24,742	3,723	―	265,171
Imaging related products	9,930	33,424	1,684	884	5	45,927
Information Technology total	23,277	256,781	26,426	4,607	5	311,097
Other	735	837	981	1,468	―	4,022
Total revenue from external customers	182,787	337,255	157,348	174,785	13,856	866,032

(Millions of Yen)

For the year ended 31 March 2026	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	141,912	62,386	109,122	128,239	9,100	450,760
Medical related products	25,239	18,013	29,102	61,416	6,148	139,919
Life Care total	167,151	80,399	138,224	189,656	15,249	590,680
Information Technology						
Electronics related products	14,216	247,600	29,974	3,968	―	295,757
Imaging related products	11,231	43,438	3,503	819	3	58,994
Information Technology total	25,447	291,037	33,477	4,787	3	354,751
Other	473	384	553	909	―	2,318
Total revenue from external customers	193,072	371,820	172,254	195,351	15,252	947,749

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

For the year ended 31 March 2026	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	887,617	390,205	682,527	802,098	56,920	2,819,367
Medical related products	157,864	112,668	182,022	384,141	38,457	875,151
Life Care total	1,045,481	502,874	864,549	1,186,238	95,376	3,694,518
Information Technology						
Electronics related products	88,914	1,548,658	187,480	24,818	―	1,849,871
Imaging related products	70,249	271,689	21,910	5,122	20	368,989
Information Technology total	159,163	1,820,347	209,390	29,940	20	2,218,860
Other	2,959	2,400	3,458	5,684	―	14,501
Total revenue from external customers	1,207,603	2,325,621	1,077,396	1,221,862	95,396	5,927,879

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 and advance received profit from customers. Contract liabilities increase by the receipt of consideration from a customer before the transfer of control of good or service to the customer and decrease by satisfaction of the performance obligation.

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2025	As at 31 March 2026	As at 31 March 2026
Receivables from contracts with customers	174,419	206,426	1,291,134
Contract liabilities	7,333	5,944	37,179

Note:

Revenues recognised in the years ended 31 March 2025 and 2026 that were included in the contract liability balances as at 1 April 2024 and 2025 were 3,758 million yen and 3,352 million yen (20,964 thousand U.S. dollars), respectively. Amount of revenue recognised in the years ended 31 March 2025 and 2026 from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

(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, considerations from contracts with customers do not include a significant amount, which is not included in the transaction price and significant financing components.

(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:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Commission	73	512	3,201
Rent	75	63	396
Government grants	335	145	907
Gain on sale of plant, property and equipment and intangible assets	182	351	2,195
Insurance proceeds	43	1,840	11,508
Gain on sale of shares of subsidiaries	—	4,137	25,873
Change in fair value of financial liabilities	1,153	23,538	147,224
Gain on sale of business	—	3,265	20,419
Others	1,095	363	2,271
Total other income	2,955	34,213	213,993

(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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Employee benefits expense	17,159	17,804	111,356
Depreciation and amortisation	4,270	4,813	30,104
Commission expenses	5,049	4,365	27,304
Other expenses	8,800	9,309	58,226
Total R&D expenses recognised as incurred	35,277	36,291	226,989

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:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Salary, bonuses and others	194,336	201,630	1,261,133
Retirement benefit			
Defined benefit	792	831	5,199
Defined contribution	3,953	4,875	30,492
Retirement benefit total	4,745	5,706	35,691
Share-based payments	2,370	7,215	45,125
Severance payments	586	3,316	20,739
Others	9,558	9,773	61,125
Total employee benefits expense	211,595	227,639	1,423,812

(4) Other expenses

The following is an analysis of the Group’s other expenses:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Packaging/shipping/transportation	15,889	18,324	114,612
Travel	8,023	8,136	50,887
Utilities	17,259	17,900	111,957
Repair and maintenance	18,119	18,448	115,385
Loss on sales of property, plant and equipment	95	190	1,186
Loss on disposal of property, plant and equipment	856	382	2,392
Others	96,746	103,634	648,201
Total other expenses	156,987	167,014	1,044,621

25. Finance income and costs

The following is an analysis of the Group`s finance income and costs:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Finance income			
Interest income			
Cash and cash equivalents, financial assets measured at amortized cost	16,183	13,153	82,268
Dividend income			
FVTOCI financial assets	12	163	1,018
Changes in fair value			
FVTPL financial assets	244	—	—
Total finance income	16,440	13,316	83,286
Finance costs			
Interest costs			
Interest-bearing debt	951	1,255	7,849
Retirement benefits liabilities	79	68	426
Provisions	24	37	231
Other financial liabilities	375	509	3,184
Impairment losses			
Financial assets measured at amortised cost	30	122	762
Total finance costs	1,459	1,991	12,452

26. Other comprehensive income

For the years ended 31 March 2025 and 2026, 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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Items that may be reclassified subsequently to profit or loss:			
① Exchange differences on translation of foreign operations (i)			
Gains (losses) arising during the year	(8,002)	64,757	405,032
Reclassification adjustments to profit or loss for the year	(50)	(947)	(5,922)
Total	(8,052)	63,810	399,111
② Share of other comprehensive income of associates			
Gains (losses) arising during the year	(126)	209	1,309
Reclassification adjustments to profit or loss for the year	1,971	(0)	(0)
Total	1,845	209	1,308
Other comprehensive income/(loss) before tax	(6,208)	64,019	400,419
Income tax relating to components of other comprehensive income	18	(108)	(677)
Total other comprehensive income/(loss) (net of tax)	(6,189)	63,911	399,742

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 2025 and 2026, are as follows:

	(Millions of Yen)			(Millions of Yen)			(Thousands of U.S. Dollars (Note 2))		
	For the year ended 31 March 2025			For the year ended 31 March 2026			For the year ended 31 March 2026		
	Total	Tax	Net of tax	Total	Tax	Net of tax	Total	Tax	Net of tax
Other comprehensive income attributable to owners of the Company									
①FVTOCI financial assets	3,489	(1,368)	2,122	1,746	(544)	1,202	10,922	(3,401)	7,521
② Exchange differences on translation of foreign operations	(7,944)	18	(7,926)	62,431	(108)	62,323	390,489	(677)	389,812
③ Remeasurements of the net defined benefit liability (asset)	(432)	65	(367)	177	48	226	1,109	303	1,412
④ Share of other comprehensive income of associates	1,845	―	1,845	209	―	209	1,308	―	1,308
Subtotal	(3,042)	(1,284)	(4,326)	64,564	(604)	63,960	403,828	(3,775)	400,052
Other comprehensive income attributable to non-controlling interests									
① FVTOCI financial assets	(9)	―	(9)	17	―	17	107	―	107
② Exchange differences on translation of foreign operations	(108)	―	(108)	1,378	―	1,378	8,622	―	8,622
Subtotal	(117)	―	(117)	1,396	―	1,396	8,729	―	8,729
Total other comprehensive income/(loss)	(3,159)	(1,284)	(4,443)	65,960	(604)	65,356	412,556	(3,775)	408,781

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Basic earnings per share	581.45	743.93	4.65
Diluted earnings per share	581.26	743.82	4.65

(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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Profit used in the calculation of basic earnings per share	202,101	253,085	1,582,967

(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 2025	For the year ended 31 March 2026
Weighted-average number of ordinary shares	347,584	340,199

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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Profit used in the calculation of diluted earnings per share	202,101	253,085	1,582,967

(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 2025	For the year ended 31 March 2026
Weighted-average number of ordinary shares	347,584	340,199
Shares deemed to be issued for no consideration in respect of:		
Stock options	109	53
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share	347,693	340,252

28. Non-cash transactions

Non-cash transactions for the years ended 31 March 2025 and 2026, consisted of acquiring property, plant and equipment through new lease arrangements in the amount of 7,616 million yen and 9,262 million yen (57,928 thousand U.S. dollars), respectively.

29. Subsidiaries

(1) Composition of the Group

Information about the composition of the Group as at 31 March 2025 and 2026, is as follows:

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2025	As at 31 March 2026
Life Care	IRELAND	1	1
	U.S.A.	6	6
	U.A.E.	1	1
	UNITED KINGDOM	5	3
	ITALY	2	2
	INDIA	3	3
	INDONESIA	3	3
	AUSTRALIA	2	3
	NETHERLANDS	5	5
	CANADA	5	5
	COLOMBIA	1	1
	SINGAPORE	3	4
	SWITZERLAND	1	1
	SWEDEN	1	1
	SPAIN	2	2
	SLOVENIA	1	1
	THAILAND	4	4
	CZECH REPUBLIC	2	2
	DENMARK	1	1
	GERMANY	6	6
	TURKEY	1	1
	HUNGARY	2	2
	PHILIPPINES	2	2
	FINLAND	1	1
	BRAZIL	2	2
	FRANCE	5	5
	BULGARIA	1	1
	VIETNAM	2	2
	BELGIUM	2	2
	POLAND	1	1
	MALAYSIA	4	4
	SOUTH AFRICA	1	1
	MEXICO	1	1
	RUSSIA	2	2
	ROMANIA	—	1
	SOUTH KOREA	4	4
	TAIWAN	1	1
	CHINA	8	9
	JAPAN	3	5

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2025	As at 31 March 2026
Information Technology	U.S.A.	1	1
	SINGAPORE	1	1
	THAILAND	1	1
	PHILIPPINES	1	1
	VIETNAM	3	3
	MALAYSIA	1	1
	LAOS	1	1
	SOUTH KOREA	1	1
	TAIWAN	1	1
	CHINA	5	5
Other	U.S.A.	2	1
	UNITED KINGDOM	1	—
	AUSTRALIA	1	—
	NETHERLANDS	2	1
	SINGAPORE	2	2
	SWEDEN	1	—
	SPAIN	1	—
	GERMANY	1	—
	FRANCE	1	—
	SOUTH KOREA	1	—
	JAPAN	1	—

Reportable Segment	Location	Number of non-wholly-owned subsidiaries	
		As at 31 March 2025	As at 31 March 2026
Life Care	U.S.A.	1	1
	SINGAPORE	1	—
	GERMANY	1	1
	CHINA	4	3
	JAPAN	1	2
Information Technology	PHILIPPINES	1	1
	CHINA	1	1

(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 2025	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2026
SEIKO OPTICAL PRODUCTS CO., LTD. and three other companies	JAPAN and other countries	50.0%	50.0%	397	660	4,126	3,444	4,468	27,948
CHONGQING MASTEK ELECTRONICS CO., LTD.	CHINA	40.0%	40.0%	(358)	(2,120)	(13,258)	7,890	6,456	40,381
Individually immaterial subsidiaries with non-controlling interests							(13,728)	3,620	22,640
Total							(2,394)	14,544	90,969

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 2025	(Millions of Yen) As at / for the year ended 31 March 2026	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2026
SEIKO OPTICAL PRODUCTS CO., LTD. and three other companies			
Non-current assets	951	677	4,234
Current assets	15,372	18,148	113,512
Non-current liabilities	(425)	(466)	(2,913)
Current liabilities	(9,083)	(9,681)	(60,549)
Equity attributable to owner of the Company	3,407	4,339	27,142
Non-controlling interests	3,407	4,339	27,142
Revenue	35,695	39,733	248,516
Expenses	(34,893)	(38,397)	(240,163)
Profit/(loss) for the year	802	1,335	8,353
Other comprehensive income/(loss)	58	730	4,567
Comprehensive income/(loss)	860	2,066	12,920
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	978	1,750	10,948
Net cash flow from investing activities	(50)	(18)	(113)
Net cash flow from financing activities	(543)	(186)	(1,165)
Net cash flow	385	1,546	9,670

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.

	(Millions of Yen) As at / for the year ended 31 March 2025	(Millions of Yen) As at / for the year ended 31 March 2026	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2026
CHONGQING MASTEK ELECTRONICS CO., LTD.			
Non-current assets	24,584	22,079	138,097
Current assets	9,185	10,732	67,125
Non-current liabilities	(9,796)	(14,520)	(90,819)
Current liabilities	(5,054)	(5,014)	(31,363)
Equity attributable to owner of the Company	11,351	7,966	49,824
Non-controlling interests	7,568	5,311	33,216
Revenue	5,525	9,105	56,949
Expenses	(7,225)	(16,462)	(102,963)
Profit/(loss) for the year	(1,701)	(7,357)	(46,014)
Other comprehensive income/(loss)	(310)	1,714	10,722
Comprehensive income/(loss)	(2,010)	(5,642)	(35,292)
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	(13,185)	(6,912)	(43,235)
Net cash flow from investing activities	2,042	(620)	(3,880)
Net cash flow from financing activities	9,937	4,671	29,218
Net cash flow	(1,206)	(2,861)	(17,897)

(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 2025	As at 31 March 2026
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 COLOMBIA S.A.S.	Life Care	Health Care related products	COLOMBIA	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 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%
SEIKO OPTICAL PRODUCTS OF AMERICA, INC.	Life Care	Health Care related products	U.S.A.	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 2025	As at 31 March 2026
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 OF AMERICA, INC.	Life Care	Medical related products	U.S.A.	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%
PENTAX MEDICAL SINGAPORE PTE. LTD.	Life Care	Medical related products	SINGAPORE	100.0%	100.0%
HOYA SURGICAL OPTICS, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA MEDICAL (SUZHOU) COMPANY LIMITED	Life Care	Medical related products	CHINA	100.0%	100.0%
MICROLINE SURGICAL, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA LAMPHUN LTD.	Life Care	Health Care related products and Medical 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%
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%
CHONGQING MASTEK ELECTRONICS CO., LTD.	Information Technology	Electronics related products	CHINA	60.0%	60.0%
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 related products 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%

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held As at 31 March 2025	Proportion of shares held As at 31 March 2026
HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA HOLDINGS ASIA PACIFIC PTE LTD	Corporate	Asia and Oceania headquarters	SINGAPORE	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 2025:

There are no matching transactions.

As at/for the year ended 31 March 2026:

There are no matching transactions.

(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 2025	For the year ended 31 March 2026	For the year ended 31 March 2026
Short-term benefits	609	677	4,237
Share-based payments	294	513	3,207
Total remuneration of key management personnel	903	1,190	7,444

Note

(i) 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 as it is immaterial 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 2025	As at 31 March 2026	As at 31 March 2026
Commitments for the acquisition of property, plant and equipment and intangible assets	47,466	41,838	261,682

34. Assets held for sale or a disposal group

For the year ended 31 March 2026, the Group entered into a share transfer agreement on 5 September 2025, to transfer the shares of a consolidated subsidiary engaged in the development and sale of speech synthesis software, which was included in the "Other" segment. In connection with this transaction, the related assets and liabilities were classified as a disposal group.

The transfer of the shares was completed on 31 October 2025.

35. Subsequent events

Cancellation of Treasury Shares

On 30 April 2026, the board of directors made a resolution to cancel the treasury stock repurchased based on resolution of the board of directors held on 30 January 2026 pursuant to Article 178 of the Companies Act of Japan in the aim of increasing capital efficiency as well as enhancing shareholder benefit by decreasing the total number of outstanding shares as outlined below.

(1) Class of shares: Ordinary shares
(2) Number of shares to be cancelled: 3,576,300 shares
(1.07% of total shares outstanding, excluding treasury shares)
(3) Date of cancellation: 15 May 2026
(4) Total number of issued and outstanding shares after the cancellation: 334,838,020 shares

Resolution on cash dividends

On 28 May 2026, a resolution was made by the Company's board of directors for the payment of a cash dividend to shareholders of record as of 31 March 2026 of 57,033 million yen (356,724 thousand U.S. dollars) (170 yen per common share).

36. Approval of financial statements

The consolidated financial statements for the year ended 31 March 2026 were approved by Mr. Ryo Hirooka, the director and chief financial officer of the Group, on 15 July 2026.