

Consolidated Financial Statements

USHIO INC.

*Year ended March 31, 2025 with
Independent Auditor's Report*

Independent Auditor's Report

The Board of Directors
USHIO INC.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of USHIO INC. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for lithography equipment in the Industrial Processes business	
Description of Key Audit Matter	Auditor's Response
<p>As described in (Revenue Recognition) in the Notes to the Consolidated Financial Statements, the Company's consolidated net sales include sales to external customers of optical equipment (UV equipment) in the Industrial Processes business segment of 29,055 million yen.</p> <p>The aforementioned optical equipment (UV equipment) includes projection lithography equipment for advanced IC package substrates and direct imaging lithography equipment for packages and printed circuit boards, which are</p>	<p>We mainly performed the following audit procedures on the appropriateness of the timing of revenue recognition for lithography equipment. We involved component teams in performing audit procedures for revenue recognition by subsidiaries.</p> <ul style="list-style-type: none">• We evaluated the design and operating effectiveness of internal controls related to revenue recognition.• To ensure consistency with our understanding of market and business trends,

<p>manufactured and sold by the Company and certain consolidated subsidiaries.</p> <p>Exposure devices have high selling prices and thus have a significant impact on the Company's financial performance.</p> <p>Lithography equipment features high performance and stable operability powered by cutting-edge technology, and revenue is recognized when confirmation of the agreed performance, such as the customer's acceptance of a product, has been completed as described in (Revenue Recognition) in the Notes to the Consolidated Financial Statements. As mentioned above, since high performance and stable operability are of particular importance in the sale of lithography equipment, it is often necessary to make judgments depending on actual conditions in order to determine that performance obligations are satisfied based on the customer's acceptance of a product.</p> <p>Based on the above, we determined the appropriateness of the timing of revenue recognition for lithography equipment to be a key audit matter.</p>	<p>we compared, by product type and by major customer, net sales of lithography equipment to external data available on trends in semiconductor-related markets and with regard to semiconductor equipment manufacturers, production capacity associated with increases in capital investment, and manufacturing costs, such as the cost of purchased components.</p> <ul style="list-style-type: none"> • We analyzed changes in net sales and gross profit margin by customers for the previous fiscal year and the current fiscal year, as well as daily fluctuations in net sales during the last month of the current fiscal year. • To determine whether the performance obligations relating to the sales of lithography equipment have been satisfied, we inspected the purchase orders and acceptance certificates obtained from external customers with respect to material sales and sales identified by the analysis mentioned above. • To determine whether or not additional costs for satisfying performance obligations were recorded after recording sales, we inspected cost breakdowns by product and made inquiries of related divisions regarding details of the costs.
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Other Information

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory 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 and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them 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 to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4 (9) to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of USHIO INC. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 409 million yen and 60 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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 8, 2025

Tomohiro Miyagawa

Designated Engagement Partner
Certified Public Accountant

Yukitaka Makino

Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Assets			
Current assets			
Cash and deposits	65,651	61,348	410,273
Notes and accounts receivable - trade, and contract assets (*1)	39,753	40,321	269,657
Securities	4,120	2,200	14,713
Merchandise and finished goods	37,038	30,424	203,467
Work in process	25,030	20,146	134,730
Raw materials and supplies	29,982	25,786	172,451
Other	11,607	7,746	51,806
Allowance for doubtful accounts	(1,683)	(1,413)	(9,454)
Total current assets	211,501	186,560	1,247,646
Non-current assets			
Property, plant and equipment			
Buildings and structures	52,543	53,163	355,536
Accumulated depreciation	(34,143)	(35,085)	(234,639)
Buildings and structures, net	18,400	18,077	120,897
Machinery, equipment and vehicles	27,049	31,328	209,516
Accumulated depreciation	(22,981)	(23,701)	(158,506)
Machinery, equipment and vehicles, net	4,067	7,627	51,009
Land	9,062	8,879	59,380
Right of use assets	5,022	4,459	29,825
Accumulated depreciation	(1,365)	(1,472)	(9,848)
Right of use assets, net	3,657	2,987	19,977
Construction in progress	2,106	1,655	11,071
Other	35,849	37,139	248,373
Accumulated depreciation	(27,288)	(26,449)	(176,887)
Other, net	8,560	10,689	71,486
Property, plant and equipment, net	45,854	49,916	333,822
Intangible assets			
Goodwill	780	635	4,248
Other	7,816	4,470	29,897
Total intangible assets	8,596	5,105	34,146
Investments and other assets			
Investment securities (*2)	54,305	37,473	250,610
Long-term loans receivable	28	13	87
Deferred tax assets	4,211	3,251	21,743
Net defined benefit asset	10,682	12,342	82,543
Other	2,502	2,782	18,606
Allowance for doubtful accounts	(136)	(141)	(947)
Total investments and other assets	71,593	55,721	372,645
Total non-current assets	126,045	110,744	740,614
Total assets	337,546	297,304	1,988,260

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Liabilities			
Current liabilities			
Notes and accounts payable-trade	21,648	15,268	102,112
Short-term loans payable	2,455	1,617	10,815
Current portion of long-term loans payable	–	1,410	9,429
Lease liabilities	940	961	6,430
Income taxes payable	4,362	4,019	26,880
Contract liabilities	11,294	10,874	72,726
Provision for bonuses	2,616	2,572	17,206
Provision for bonuses for directors (and other officers)	77	78	527
Provision for product warranties	4,068	3,317	22,184
Provision for loss on order received	–	0	–
Other	11,788	11,275	75,407
Total current liabilities	59,252	51,396	343,720
Non-current liabilities			
Long-term loans payable	26,410	35,000	234,066
Lease liabilities	3,046	2,410	16,121
Deferred tax liabilities	6,706	3,205	21,436
Provision for directors' retirement benefits	159	86	577
Provision for directors' stock payment	298	151	1,011
Net defined benefit liability	3,654	3,523	23,564
Asset retirement obligations	326	358	2,396
Other	717	662	4,430
Total non-current liabilities	41,318	45,398	303,605
Total liabilities	100,571	96,794	647,326
Net assets			
Shareholders' equity			
Capital stock	19,556	19,556	130,785
Capital surplus	27,767	27,767	185,700
Retained earnings	140,163	111,776	747,517
Treasury shares, at cost	(9,155)	(7,672)	(51,308)
Total shareholders' equity	178,331	151,428	1,012,694
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	20,146	12,326	82,432
Foreign currency translation adjustment	35,004	32,295	215,980
Remeasurements of defined benefit plans	3,481	4,449	29,758
Total accumulated other comprehensive income	58,632	49,071	328,170
Non-controlling interests	11	10	69
Total net assets	236,975	200,509	1,340,934
Total liabilities and net assets	337,546	297,304	1,988,260

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Net sales (*1)	179,420	177,616	1,187,832
Cost of sales (*2)	114,504	115,400	771,757
Gross profit	64,916	62,215	416,074
Selling, general and administrative expenses (*3, 4)	51,939	53,389	357,050
Operating profit	12,976	8,825	59,024
Non-operating income			
Interest income	1,581	1,320	8,831
Dividend income	1,111	950	6,359
Foreign exchange gains	560	1,438	9,618
Gain on investments in investment partnerships	29	17	116
Fair value adjustment of contingent consideration	195	–	–
Subsidy income	145	–	–
Other	447	566	3,790
Total non-operating income	4,070	4,293	28,715
Non-operating expenses			
Interest expenses	305	319	2,135
Loss on sale of securities	14	–	–
Share of loss of entities accounted for using equity method	164	–	–
Loss on valuation of securities	6	–	–
Commission expenses	167	48	327
Loss on tax purpose reduction entry of non- current assets	120	–	–
Litigation expenses	–	125	838
Other	178	174	1,170
Total non-operating expenses	958	668	4,471
Ordinary profit	16,088	12,451	83,268
Extraordinary income			
Gain on sales of non-current assets (*5)	1	60	405
Gain on sales of investment securities	7,006	9,522	63,682
Total extraordinary income	7,007	9,583	64,087
Extraordinary losses			
Loss on retirement of non-current assets (*6)	189	214	1,432
Loss on sales of non-current assets (*7)	0	2	18
Impairment loss (*8)	7,171	1,137	7,607
Loss on sales of investment securities	18	–	–
Loss on valuation of investment securities	34	966	6,463
Business structure improvement expenses (*9)	–	5,707	38,166
Total extraordinary losses	7,414	8,027	53,687
Profit before income taxes	15,681	14,006	93,669
Income taxes-current	7,075	7,142	47,766
Income taxes-deferred	(2,177)	67	453
Total income taxes	4,898	7,210	48,219
Profit	10,783	6,796	45,449
Loss attributable to non-controlling interests	(1)	(1)	(7)
Profit attributable to owners of the parent	10,785	6,797	45,457

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Profit	10,783	6,796	45,449
Other comprehensive income			
Valuation difference on available-for-sale securities	276	(7,820)	(52,298)
Foreign currency translation adjustment	14,168	(2,698)	(18,049)
Remeasurements of defined benefit plans	2,960	968	6,476
Share of other comprehensive income of entities accounted for using equity method	57	(10)	(67)
Total other comprehensive income	17,463	(9,560)	(63,939)
Comprehensive income	28,246	(2,764)	(18,490)
Comprehensive income attributable to:			
Owners of the parent	28,247	(2,763)	(18,482)
Non-controlling interests	(1)	(1)	(7)

3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	19,556	27,767	164,332	(8,733)	202,922
Changes of items during period					
Dividends from surplus			(5,895)		(5,895)
Profit attributable to owners of the parent			10,785		10,785
Purchase of treasury shares				(30,486)	(30,486)
Disposal of treasury shares		122		881	1,004
Cancellation of treasury shares		(122)	(29,058)	29,181	-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(24,168)	(422)	(24,591)
Balance at end of current period	19,556	27,767	140,163	(9,155)	178,331

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	19,869	20,779	520	41,170	12	244,105
Changes of items during period						
Dividends from surplus						(5,895)
Profit attributable to owners of the parent						10,785
Purchase of treasury shares						(30,486)
Disposal of treasury shares						1,004
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	276	14,224	2,960	17,462	(0)	17,461
Total changes of items during period	276	14,224	2,960	17,462	(0)	(7,130)
Balance at end of current period	20,146	35,004	3,481	58,632	11	236,975

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	19,556	27,767	140,163	(9,155)	178,331
Changes of items during period					
Dividends from surplus			(5,145)		(5,145)
Profit attributable to owners of the parent			6,797		6,797
Purchase of treasury shares				(29,033)	(29,033)
Disposal of treasury shares		21		456	477
Cancellation of treasury shares		(21)	(30,038)	30,060	-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(28,386)	1,483	(26,903)
Balance at end of current period	19,556	27,767	111,776	(7,672)	151,428

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	20,146	35,004	3,481	58,632	11	236,975
Changes of items during period						
Dividends from surplus						(5,145)
Profit attributable to owners of the parent						6,797
Purchase of treasury shares						(29,033)
Disposal of treasury shares						477
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	(7,820)	(2,709)	968	(9,560)	(1)	(9,562)
Total changes of items during period	(7,820)	(2,709)	968	(9,560)	(1)	(36,465)
Balance at end of current period	12,326	32,295	4,449	49,071	10	200,509

Fiscal year ended March 31, 2025

(Thousands of U.S. dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	130,785	185,700	937,357	(61,231)	1,192,612
Changes of items during period					
Dividends from surplus			(34,408)		(34,408)
Profit attributable to owners of the parent			45,457		45,457
Purchase of treasury shares				(194,162)	(194,162)
Disposal of treasury shares		144		3,052	3,196
Cancellation of treasury shares		(144)	(200,888)	201,033	–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	(189,840)	9,922	(179,917)
Balance at end of current period	130,785	185,700	747,517	(51,308)	1,012,694

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	134,730	234,096	23,282	392,110	77	1,584,799
Changes of items during period						
Dividends from surplus						(34,408)
Profit attributable to owners of the parent						45,457
Purchase of treasury shares						(194,162)
Disposal of treasury shares						3,196
Cancellation of treasury shares						–
Net changes of items other than shareholders' equity	(52,298)	(18,116)	6,476	(63,939)	(7)	(63,947)
Total changes of items during period	(52,298)	(18,116)	6,476	(63,939)	(7)	(243,865)
Balance at end of current period	82,432	215,980	29,758	328,170	69	1,340,934

4) Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Operating activities			
Profit before income taxes	15,681	14,006	93,669
Depreciation	8,325	7,871	52,643
Impairment loss	7,171	1,137	7,607
Increase (decrease) in net defined benefit liability	(283)	(194)	(1,302)
Amortization of goodwill	115	120	805
Increase (decrease) in allowance for doubtful accounts	(483)	(110)	(742)
Business structure improvement expenses	–	5,707	38,166
Interest and dividend income	(2,692)	(2,271)	(15,190)
Fair value adjustment of contingent consideration	(195)	–	–
Subsidy income	(145)	–	–
Litigation expenses	–	125	838
Interest expenses	305	319	2,135
Commission fee	167	48	327
Share of loss (profit) of entities accounted for using equity method	164	–	–
Loss (gain) on sales of non-current assets	(0)	(57)	(386)
Loss on retirement of non-current assets	189	214	1,432
Loss on tax purpose reduction entry of non-current assets	120	–	–
Loss (gain) on sales of investment securities	(6,987)	(9,522)	(63,682)
Loss (gain) on valuation of investment securities	34	966	6,463
Decrease (increase) in notes and accounts receivable-trade	1,340	(1,036)	(6,929)
Decrease (increase) in inventories	(3,000)	14,558	97,360
Increase (decrease) in notes and accounts payable-trade	(5,698)	(6,306)	(42,175)
Increase (decrease) in contract liabilities	(1,563)	(302)	(2,021)
Other	146	398	2,663
Subtotal	12,711	25,671	171,680
Interest and dividends received	2,726	2,314	15,480
Interest paid	(259)	(343)	(2,298)
Payment of business structure improvement expenses	(307)	(169)	(1,132)
Income taxes paid	(5,904)	(7,048)	(47,136)
Net cash provided by (used in) operating activities	8,966	20,424	136,593

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Investing activities			
Payments into time deposits	(8,188)	(3,153)	(21,087)
Proceeds from withdrawal of time deposits	12,453	4,905	32,807
Payments of short-term loans receivable	(52)	(14)	(97)
Collection of short-term loans receivable	42	72	486
Proceeds from sales and redemption of securities	3,237	4,280	28,628
Purchase of property, plant and equipment	(7,936)	(13,641)	(91,232)
Proceeds from sales of property, plant and equipment	239	530	3,547
Purchase of intangible assets	(2,070)	(1,938)	(12,965)
Purchase of investment securities	(533)	(33)	(226)
Proceeds from sales and redemption of investment securities	9,898	11,886	79,491
Payments for acquisition of business (*2)	(1,286)	(103)	(691)
Payments of long-term loans receivable	(26)	(11)	(75)
Collection of long-term loans receivable	-	1	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(526)	-	-
Subsidies received	145	-	-
Other	(0)	(61)	(408)
Net cash provided by (used in) investing activities	5,394	2,719	18,187
Financing activities			
Net increase (decrease) in short-term loans payable	(1,910)	(770)	(5,151)
Proceeds from long-term loans payable	25,000	10,000	66,876
Purchase of treasury shares	(30,654)	(29,082)	(194,490)
Cash dividends paid	(5,891)	(5,141)	(34,381)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(33)	-	-
Net cash provided by (used in) financing activities	(13,489)	(24,993)	(167,147)
Effect of exchange rate changes on cash and cash equivalents	4,110	(653)	(4,371)
Net increase (decrease) in cash and cash equivalents	4,982	(2,502)	(16,738)
Cash and cash equivalents at beginning of year	57,516	62,498	417,965
Cash and cash equivalents at end of year (*1)	62,498	59,995	401,226

Notes to Consolidated Financial Statements

(Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 44

(2) The changes in the scope of consolidation for the fiscal year ended March 31, 2025 are as follows:

(Exclusion) • One company excluded from the scope of consolidation due to liquidation
Zylight LLC

2. Application of equity method

(1) Number of associates under equity method: One

Name of major company:

KA Imaging Inc.

(2) The fiscal year-end dates of certain companies accounted for using the equity method are different from the consolidated fiscal year-end date. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

3. Fiscal years, etc. of consolidated subsidiaries

The consolidated subsidiaries whose fiscal year end is different from the consolidated fiscal year end are as follows:

Company name	Fiscal year-end date
USHIO (SUZHOU) CO., LTD.	December 31*1
USHIO SHANGHAI, INC.	December 31*1
USHIO (GUANGZHOU) CO., LTD.	December 31*1
USHIO (SHAOGUAN) CO., LTD.	December 31*1
CHRISTIE DIGITAL SYSTEMS (SHANGHAI) Co., LTD.	December 31*1
USHIO SHENZHEN, INC.	December 31*1
CHRISTIE DIGITAL SYSTEMS (SHENZHEN) CO., LTD.	December 31*1
CHRISTIE DIGITAL SYSTEMS MEXICO, S. DE R.L. DE C.V.	December 31*1
SCRABBLE VENTURES S. DE R.L. DE C.V.	December 31*1
United Designers of Architectural Lighting, Inc.	December 31*1

*1 Provisional financial statements as of the consolidated fiscal year-end date are used for these companies.

4. Accounting policies

(1) Valuation bases and methods for significant assets

(a) Securities

1) Trading securities

Carried at fair value (the cost of securities sold is calculated by the moving-average method)

2) Held-to-maturity securities

Carried at amortized cost (straight-line method)

3) Available-for-sale securities

Other than stocks, etc. without market prices:

Carried at fair value (Valuation difference is stated as a component of net assets in the consolidated balance sheets, the cost of securities sold is calculated by the moving-average method.)

Stocks, etc. without market prices:

Carried at cost using the moving-average method

4) Investments in an investment limited partnership and other similar partnerships (deemed as securities according to Article 2, paragraph 2 of the Financial Instruments and Exchange Act)

Carried at their corresponding equity value, based on the latest financial statements available prepared on the financial reporting dates as specified in the respective partnership agreements.

(b) Derivatives

Carried at fair value

(c) Money held in trust for investment purposes

Carried at fair value

(d) Inventories

1) Merchandise and finished goods, and work in process

Merchandise and finished goods, and work in process are stated principally at cost determined by the gross average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability) for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

2) Raw materials

Raw materials are stated principally at cost determined by the moving-average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability) for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

(2) Accounting policy for depreciation of significant assets

(a) Property, plant and equipment (excluding leased assets and right-of-use assets)

Depreciation of property, plant and equipment is calculated principally by the straight-line method.

The estimated useful lives of the major assets are as follows:

Buildings and structures: 2 to 50 years

Machinery, equipment and vehicles: 3 to 15 years

Others: 2 to 15 years

(b) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated by the straight-line method.

In addition, amortization of software for internal use is calculated by the straight-line method based on the estimated useful life (five to seven years), while software intended for sale is amortized by straight-line method based on the estimated effective marketable period (three years).

- (c) Leased assets
 - Leased assets related to finance lease transactions that transfer ownership
 - Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to self-owned non-current assets.
 - Leased assets related to finance lease transactions that do not transfer ownership
 - Leased assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method over the lease period that is deemed as the useful life, assuming no residual value.
- (d) Right-of-use assets
 - Right-of-use assets are depreciated by the straight-line method over the lease period that is deemed as the useful life, assuming no residual value.
- (3) Accounting policy for significant allowances
 - (a) Allowance for doubtful accounts
 - (i) The Company and its domestic consolidated subsidiaries
 - To prepare for losses from bad debts, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.
 - (ii) Overseas consolidated subsidiaries
 - To prepare for losses from bad debts, an estimated uncollectible amount is provided based on consideration of collectibility for individual receivables.
 - (b) Provision for bonuses
 - The provision for bonuses represents the amounts for future payments of employees' bonuses. The provision is recognized in the amount that is expected to be paid.
 - (c) Provision for bonuses for directors (and other officers)
 - The provision for bonuses for directors (and other officers) represents the amounts for future payments of directors' bonuses. The provision is recognized in the amount that is expected to be paid.
 - (d) Provision for directors' retirement benefits
 - Some of the consolidated subsidiaries recognize provision for retirement benefits for directors, corporate auditors and others in the full amount that would have to be paid if all the directors and corporate auditors resigned at the balance sheet date based on their internal regulations.
 - (e) Provision for directors' stock payment
 - Provision for directors' stock payment represents the amounts for future payments of the Company's stock to directors. The provision is recognized based on the amount that is expected to be paid, which is determined using points allocated to each director as prescribed in the share granting rules.
 - (f) Provision for product warranties
 - Provision for product warranties is recognized for expenses for after-sales service and free repairs for products sold by the Company and its consolidated subsidiaries in the estimated amount to be incurred in the future.
 - (g) Provision for loss on orders received
 - To provide for future losses on contracted orders received, the Company recognizes a provision for loss on orders received equal to the amount of losses it anticipates after the year-end. Such a provision is recognized when losses on orders received are probable and reasonably estimated at the end of the current fiscal year.
- (4) Accounting treatment of retirement benefits
 - 1) Method for attribution of estimated retirement benefits to periods
 - In the calculation of retirement benefit obligations, the expected retirement benefits attributed to the period up to the end of the current fiscal year are based on the benefit formula method.

2) Accounting method for actuarial gains or losses and past service costs

Past service costs are amortized by the straight-line method over a certain period (mainly 12 years) that is within the average remaining years of service of the eligible employees when the costs are incurred.

Actuarial gains or losses are amortized from the fiscal year following the fiscal year in which the gains or losses are recognized by the straight-line method over a certain period (mainly 12 years) that is within the average remaining years of service of the eligible employees when the gains or losses are recognized.

(5) Standards for the recognition of significant revenues and expenses

(a) Sales of products

The Group is primarily engaged in the manufacturing and sales of products in the Industrial Processes business, Visual Imaging business, Life Sciences business and Photonics Solutions business.

For the sales of various lamps, etc., in each business, the control of the products is deemed to be transferred upon delivery to the customer, so revenue is recognized at the time of delivery. The alternative treatment prescribed in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition has been applied for products sold in Japan, and revenue is recognized when products are shipped provided that there is an ordinary length of time between shipping and when the control is transferred to customers.

For the sales of a variety of optical equipment in the Industrial Processes business, where there is installation of such products based on a contract with the customer, customers generally do not receive benefits without the installation, so the products and installation are identified as a single performance obligation. In such case, the control of the assets is transferred to the customer when the confirmation of agreed performance such as the customer's acceptance of the product has been completed, so that is when revenue is recognized. In addition, for some products that do not include installation work, the control of the products is deemed to be transferred upon delivery to the customer, so revenue is recognized at the time of delivery.

For the sales of a variety of imaging equipment in the Visual Imaging business, the control of the products is deemed to be transferred upon delivery to the customer, so revenue is recognized at the time of delivery.

(b) Provision of maintenance services

For a variety of optical equipment in the Industrial Processes business, maintenance services are provided for the products sold based on a separate contract. Maintenance services primarily guarantee the steady operations of products, including the replacement of maintained items. For the identification of performance obligations, for contracts that provide for performance obligations to be satisfied over time, revenue is recognized according to the contract period. For contracts where the performance obligations are primarily satisfied when the provision of maintenance ends, revenue is recognized at such time. For some products of optical equipment, variable consideration corresponding to the product's capacity utilization rate is included in the transaction price only to the extent that it is highly probable that a material reversal of the cumulative amount of revenues recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For a variety of imaging equipment in the Visual Imaging business, maintenance services are provided for the products sold based on a separate contract. Maintenance services primarily guarantee the steady operations of products, including the replacement of maintained items. For the identification of performance obligations, for contracts that provide for performance obligations to be satisfied over time, revenue is recognized according to the contract period.

(6) Significant hedge accounting

(a) Hedge accounting

Deferral hedge is applied. When hedging foreign currency risk, certain domestic consolidated subsidiaries apply the foreign exchange rate designated in the forward contract when the transaction qualifies for such treatment.

(b) Hedging instruments and hedged items

Hedging instruments: Forward foreign exchange contracts and interest rate swaps

Hedged items: Monetary receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currencies, securities and loans payable denominated in foreign currencies

(c) Hedging policy

The Company and its consolidated subsidiaries (collectively, the “Group”) hedge the risks of fluctuation in foreign currencies and interest rates in accordance with internal management rules on financial market risk and derivative transactions.

(d) Method of assessing the hedge effectiveness

The hedge effectiveness is assessed by comparing the cumulative changes in fair value or cash flows of the hedged items and those of the hedging instruments during the period from the inception of the hedge to the time of determining the effectiveness, and based on the respective amount of changes.

(7) Method and period for amortization of goodwill

Goodwill is amortized using the straight-line method over a period representing its useful life.

(8) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

(9) U.S. Dollar Amounts

For the readers’ convenience, the accompanying consolidated financial statements with respect to the fiscal year ended March 31, 2025 have been presented in U.S. dollars by translating all yen amounts at ¥149.53 = U.S. \$1.00, the exchange rate prevailing on March 31, 2025. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

(Significant Accounting Estimates)

1. Impairment of non-current assets in the Photonics Solutions business

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

In the fiscal year ended March 31, 2025, the Company recognized indications of impairment for certain of the Company’s asset groups within the “Photonics Solutions business.” As a result, the Company reviewed the necessity of recognizing an impairment loss.

As a result of the review, an impairment loss of ¥535 million (\$3,583 thousand) was recorded because the recoverable amount was less than the book value.

Book value at end of the period	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Property, plant and equipment	2,286	2,078	13,898
Intangible assets	3	1	8

(2) Information on the nature of significant accounting estimates for identified items

1) Method of calculating the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

When the recoverable amount of the relevant asset groups is less than the book value, the Group writes down the book value to the recoverable amount and records the write-down amount as an impairment loss. The recoverable amount is measured at the higher of the value in use or the net selling price.

2) Key assumptions used to calculate the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

The recoverable amount for land and buildings is the net selling price reasonably calculated using appraisal values based on real estate appraisal standards by external real estate appraisers, and the key assumptions in the real estate appraisal are the comparable price for land and the replacement cost for buildings.

3) Effect on the consolidated financial statements for the next fiscal year

If the recoverable amount should change for reasons such as a decline in real estate appraisal values due to a downturn in the economy or the real estate market, additional impairment losses of non-current assets may be recorded in our consolidated financial statements from the next fiscal year onwards.

2. Impairment of non-current assets in the Visual Imaging business

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

In the fiscal year ended March 31, 2025, the Company recognized indications of impairment for certain asset groups of consolidated subsidiaries within the “Visual Imaging business.” As a result, the Company reviewed the necessity of recognizing an impairment loss.

As a result of the review, no impairment loss was recognized because the total undiscounted future cash flows exceeded the book values said asset groups.

Book value at end of the period	Fiscal year ended March 31, 2024 (Millions of yen)	Fiscal year ended March 31, 2025	
		(Millions of yen)	(Thousands of U.S. dollars)
Property, plant and equipment	4,436	3,672	24,560
Intangible assets	5,636	2,367	15,835

(2) Information on the nature of significant accounting estimates for identified items

1) Method of calculating the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

If the total undiscounted future cash flows from the asset group is less than the book value, the Group writes down the book value to the recoverable amount and records the amount of the write-down as an impairment loss.

2) Key assumptions used to calculate the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

In the cinema field and the general imaging field, we expect demand to remain firm as the replacement of digital cinema projectors and a need for production continue to grow.

On the other hand, we are still affected by inflation in the United States and the prolonged slowdown in Chinese economic growth. Although it is difficult to accurately forecast when these issues will be resolved, the Group expects them to continue through the fiscal year ending March 31, 2026.

We have estimated the undiscounted future cash flows based on the value in use calculated by factoring in the impact of these issues on the net sales growth rate for major products and rise in operating expenses, such as raw material costs.

3) Effect on the consolidated financial statements for the next fiscal year

If the impacts on the net sales growth rate and rise in raw material costs and other operating expenses from factors including inflation and a further prolonged slowdown in the Chinese economy exceed expectations, and future events differ from our assumptions in 2) above, impairment losses on non-current assets may be recorded in our consolidated financial statements from the next fiscal year onwards.

(Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes)

The Company applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022) at the start of the fiscal year under review. For amendments to the classification of income taxes (taxation on other comprehensive income), the Company follows transitional provisions in Section 20-3 of this standard and Section 65-2(2) of the revised Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, dated October 28, 2022). This change in accounting policy did not affect the consolidated financial statements.

For revisions related to changes in accounting for consolidated financial statements when gains and losses on the sale of shares of subsidiaries, etc., arising from transactions between consolidated companies that are deferred for tax purposes under Japanese tax law, the Company applied the revised guidance from the start of the fiscal year under review. The Company applied this accounting policy change retrospectively to consolidated financial statements for the previous fiscal year. This change in accounting policy did not affect the consolidated financial statements for the previous fiscal year.

(Accounting Standards Issued but Not Yet Applied)

- Accounting Standard for Leases (ASBJ Statement No. 34, issued on September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, issued on September 13, 2024), Etc.

(1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee's lease expenses in the lessee's accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Date of application

The standard and guidance will be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of application

The impact of applying the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently being evaluated.

(Changes in Presentation)
Not applicable.

(Additional Information)

(Stock remuneration plan for directors)

The Company has introduced a stock remuneration plan for directors of the Company (excluding outside directors) and executive officers who have entered into an engagement agreement with the Company (excluding overseas residents, hereinafter “Directors, et al.”), in order to raise the incentive to contribute to improving the Company’s medium- to long-term business performance and to increasing enterprise value.

(1) Overview

The Company entrusts money equivalent to remuneration of Directors, et al. The Company’s shares will be acquired using the entrusted money and the Company’s shares and the cash equivalent of the conversion value of the Company’s shares will be delivered and paid to Directors, et al. based on his or her position and the degree of accomplishment of business performance. Directors, et al. are eligible to receive the Company’s shares and the cash equivalent of the conversion value of the Company’s shares, in principle after retiring from the position of Director, et al. In order to maintain neutrality toward management of the Company, the voting rights of the Company’s shares in the trust may not be exercised during the trust period.

(2) The Company’s shares in the trust

The Company’s shares in the trust were recorded as treasury shares in net assets on the consolidated balance sheet with the carrying value in the trust (excluding ancillary expenses). The carrying value and number of treasury shares in the trust were ¥843 million and 475,680 shares as of March 31, 2024 and ¥638 million (\$4,270 thousand) and 360,260 shares as of March 31, 2025, respectively.

(Disposal of treasury shares to employee stockholding association using restricted stocks)

Based on a restricted stock grant system (hereinafter, the “System”) which grants restricted stocks to employees of the Company and its subsidiaries in Japan (hereinafter, collectively, the “Domestic Group”) through the employee stockholding association, the Company disposed of its treasury shares as restricted stock (hereinafter, the “Treasury Stock Disposal”), with the Stockholding Association of the Company (hereinafter, the “Association”), which is an employee stockholding association of the Company, as the allottee, as described below.

(1) Overview of the disposal

1)Date of payment	August 30, 2024
2)Class and number of shares to be disposed of	129,960 shares of common stock of the Company
3)Disposal price	2,103.5 yen per share (\$14 per share)
4)Total value of disposal	273,370,860 yen (\$1,828 thousand)
5)Method of disposal	Third-party allotment
6)Other	The Company submitted a Securities Registration Statement for the Treasury Stock Disposal as required by the Financial Instruments and Exchange Act.

(2) Purpose and the reasons for the disposal

On May 11, 2023, the Company announced a new medium-term management plan as its “Vision 2030” with the objective of becoming a “light solutions company”. The Company resolved to introduce the System in order that management and employees will work together to achieve the new medium-term management plan, in which the Company will prepare for growth for three years to evolve into a true “light solutions company” and will aim to improve medium-to-long term corporate value. The Company also expects that the System will further encourage the employees of the Group to join the Association and help them build their assets. In addition, the restricted stock will be granted only to a person (hereinafter, the “Subject Employee”) who has consented to the acquisition of the interest in stock allotted to the Association, is not

a non-resident of Japan, is a member of the Association and is an employee of the Group.
Further, the Company resolved to implement the Treasury Stock Disposal based on a meeting of the Board of Directors held on May 14, 2024, and completed the payment on August 30, 2024.

(Consolidated Balance Sheet)

*1 The amounts of receivables from contracts with customers within notes and accounts receivable - trade, and contract assets are as follows.

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Notes receivable-trade	3,249	1,758	11,759
Accounts receivable trade	34,943	36,985	247,348

*2 Investments in associates are as follows:

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Investment securities (stocks)	10	-	-

(Consolidated Statement of Income)

*1 Revenue from contracts with customers

Revenue from contracts with customers and revenue from other sources are not presented separately in net sales. The amount of revenue from contracts with customers is presented in “Notes to Consolidated Financial Statements (Revenue Recognition) 1. Information on disaggregation of revenue from contracts with customers.”

*2 The ending inventory balance is the amount after write-downs of book value due to declines in profitability, and the loss on valuation of inventories included in cost of sales is as follows:

Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
1,164	3,910	26,150

*3 The main components of selling, general and administrative expenses are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Salaries and wages	14,573	15,413	103,082
Provision for bonuses	845	841	5,629
Provision for bonuses for directors (and other officers)	77	77	518
Retirement benefit expenses	345	270	1,807
Provision for directors' retirement benefits	26	36	243
Provision for directors' stock payment	114	63	425
Research and development expenses	12,939	12,835	85,838
Provision of allowance for doubtful accounts	49	(93)	(628)

*4 Research and development expenses included in general and administrative expenses are as follows:

Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
(Millions of yen)		(Millions of yen)	(Thousands of U.S. dollars)
	12,939	12,835	85,838

*5 The breakdown of gain on sales of non-current assets is as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	(Millions of yen)		(Millions of yen)	(Thousands of U.S. dollars)
Buildings and structures	–		0	1
Machinery, equipment and vehicles	0		10	70
Land	–		36	243
Other	0		13	90
Total	1		60	405

*6 The breakdown of loss on retirement of non-current assets is as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	(Millions of yen)		(Millions of yen)	(Thousands of U.S. dollars)
Buildings and structures	1		53	355
Machinery, equipment and vehicles	53		21	145
Construction in progress	4		0	5
Other	130		138	925
Total	189		214	1,432

*7 The breakdown of loss on sales of non-current assets is as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	(Millions of yen)		(Millions of yen)	(Thousands of U.S. dollars)
Machinery, equipment and vehicles	–		0	1
Other	0		2	16
Total	0		2	18

*8 Impairment loss

Fiscal year ended March 31, 2024

Location	Classification by use	Type of assets	(Millions of yen)
Gotemba, Shizuoka Takasago, Hyogo Nagaoka, Niigata Oregon Plant, USA	Business assets	Other (Property, plant and equipment), Machinery, equipment and vehicles, Other (Intangible assets), Buildings and structures, and Construction in progress	4,487
Gotemba, Shizuoka Kyoto, Kyoto Saku, Nagano Takasago, Hyogo Himeji, Hyogo	Business assets	Machinery, equipment and vehicles, Buildings and structures, Construction in progress, Other (Property, plant and equipment), Land and Other (Intangible assets)	2,487
Takasago, Hyogo Chiyoda-ku, Tokyo Himeji, Hyogo	Business assets	Other (Property, plant and equipment), Machinery, equipment and vehicles, and Buildings and structures	126
Taipei, Taiwan	Idle assets	Other (Property, plant and equipment)	10
California, U.S.A.	Business assets	Other (Intangible assets)	29
Kitchener, Canada	Assets planned to be sold	Machinery, equipment and vehicles and Other (Property, plant and equipment)	23
Shenzhen, China	Assets planned to be sold	Machinery, equipment and vehicles	7

In principle, the Group's business assets are grouped according to division or to whom assets are lent, assets of consolidated subsidiaries are grouped by company, and the Group's idle assets and assets planned to be sold are grouped on an individual asset basis.

The book value of a group of idle assets not used for business operations and not expected to be used in the future are reduced to zero, and the write-downs are recorded as impairment loss in extraordinary losses.

The book values of business assets are written down to zero or the net selling values due to a decrease in the recoverability of the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The book values of assets planned to be sold are written down to the net selling values due to a decision to sell the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The net selling values are calculated based on appraisal values, which are considered to appropriately reflect the market prices based on real estate appraisal values, etc.

* Breakdown of impairment loss by location is as follows:

- Impairment loss of ¥4,487 million recognized for Gotemba, Shizuoka, etc. includes ¥2,433 million for other (property, plant and equipment), ¥1,684 million for machinery, equipment and vehicles, ¥178 million for other (intangible assets), ¥109 million for buildings and structures, and ¥81 million for construction in progress.
- Impairment loss of ¥2,487 million recognized for Gotemba, Shizuoka, etc., includes ¥1,710 million for machinery, equipment and vehicles, ¥435 million for buildings and structures, ¥190 million for construction in progress, ¥130 million for other (property, plant and equipment), ¥19 million for land, and ¥0 million for other (intangible assets).
- Impairment loss of ¥126 million recognized for Takasago, Hyogo, etc., includes ¥69 million for

other (property, plant and equipment), ¥48 million for machinery, equipment and vehicles, and ¥8 million for buildings and structures.

- Impairment loss of ¥10 million recognized for Taipei, Taiwan, includes ¥10 million for other (property, plant and equipment).
- Impairment loss of ¥29 million recognized for California, U.S.A., includes ¥29 million for other (intangible assets).
- Impairment loss of ¥23 million recognized for Kitchener, Canada, includes ¥22 million for machinery, equipment and vehicles, and ¥0 million for other (property, plant and equipment).
- Impairment loss of ¥7 million recognized for Shenzhen, China, includes ¥7 million for machinery, equipment and vehicles.

Fiscal year ended March 31, 2025

Location	Classification by use	Type of assets	(Millions of yen)	(Thousands of U.S. dollars)
Takasago, Hyogo Kyoto, Kyoto Gotemba, Shizuoka Saku, Nagano	Business assets	Construction in progress, Machinery, equipment and vehicles, Buildings and structures, Other (Property, plant and equipment), and Other (Intangible assets)	535	3,583
Takasago, Hyogo Chiyoda-ku, Tokyo	Business assets	Machinery, equipment and vehicles, Other (Property, plant and equipment), and Other (Intangible assets)	58	389
Gotemba, Shizuoka Takasago, Hyogo	Business assets	Construction in progress, Other (Property, plant and equipment), and Machinery, equipment and vehicles	41	275
Aoba-ku, Yokohama	Idle assets	Machinery, equipment and vehicles, and Buildings and structures	15	102
Higashiosaka, Osaka Fukusaki-cho, Kanzaki-Gun, Hyogo Chuo-ku, Tokyo	Business assets	Buildings and structures, Other (Property, plant and equipment), and Other (Intangible assets)	59	396
Steinhöring, Germany	Idle assets	Machinery, equipment and vehicles, Other (Property, plant and equipment), and Buildings and structures	43	293
Blonie, Poland	Business assets	Goodwill	18	124
Blonie, Poland	Idle assets	Machinery, equipment and vehicles	9	64
California, U.S.A. Kitchener, Canada	Idle assets	Construction in progress and Other (Intangible assets)	1,390	9,300
Kitchener, Canada Michigan, U.S.A.	Assets planned to be sold	Other (Property, plant and equipment)	344	2,305

The carrying amounts of idle assets in California, U.S.A., and Kitchener, Canada, were reduced to ¥0 due to the decision to review the business areas of the CHRISTIE group, and the reduction amount of ¥1,379 million (\$9,228 thousand) has been recorded as extraordinary losses under business structure improvement expenses.

In principle, the Group's business assets are grouped according to division or to whom assets are lent, assets of consolidated subsidiaries are grouped by company, and the Group's idle assets and assets planned to be sold are grouped on an individual asset basis.

The book value of a group of idle assets not used for business operations and not expected to be used in the future are reduced to zero, and the write-downs are recorded as impairment loss in extraordinary losses. The book values of assets planned to be sold are written down to the net selling values due to a decision to sell the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The net selling values are calculated based on appraisal values, which are considered to appropriately reflect the market prices based on real estate appraisal values, etc.

* Breakdown of impairment loss by location is as follows:

- Impairment loss of ¥535 million (\$3,583 thousand) recognized for Takasago, Hyogo, etc., includes ¥310 million (\$2,078 thousand) for construction in progress, ¥195 million (\$1,304 thousand) for machinery, equipment and vehicles, ¥15 million (\$100 thousand) for buildings and structures, ¥10 million (\$69 thousand) for other (property, plant and equipment), and ¥4 million (\$29 thousand) for other (intangible assets).
- Impairment loss of ¥58 million (\$389 thousand) recognized for Takasago, Hyogo, etc., includes ¥31 million (\$213 thousand) for machinery, equipment and vehicles, ¥25 million (\$171 thousand) for

other (property, plant and equipment), and ¥0 million (\$3 thousand) for other (intangible assets).

- Impairment loss of ¥41 million (\$275 thousand) recognized for Gotemba, Shizuoka, etc., includes ¥25 million (\$169 thousand) for construction in progress, ¥10 million (\$70 thousand) for other (property, plant and equipment), and ¥5 million (\$35 thousand) for machinery, equipment and vehicles.
- Impairment loss of ¥15 million (\$102 thousand) recognized for Aoba-ku, Yokohama, includes ¥9 million (\$60 thousand) for machinery, equipment and vehicles, and ¥6 million (\$42 thousand) for buildings and structures.
- Impairment loss of ¥59 million (\$396 thousand) recognized for Higashiosaka, Osaka, etc., includes ¥50 million (\$337 thousand) for buildings and structures, ¥7 million (\$52 thousand) for other (property, plant and equipment), and ¥1 million (\$6 thousand) for other (intangible assets).
- Impairment loss of ¥43 million (\$293 thousand) recognized for Steinhöring, Germany, includes ¥21 million (\$144 thousand) for machinery, equipment and vehicles, ¥18 million (\$121 thousand) for other (property, plant and equipment), and ¥3 million (\$26 thousand) for buildings and structures.
- Impairment loss of ¥18 million (\$124 thousand) recognized for Blonie, Poland, includes ¥18 million (\$124 thousand) for goodwill.
- Impairment loss of ¥9 million (\$64 thousand) recognized for Blonie, Poland, includes ¥9 million (\$64 thousand) for machinery, equipment and vehicles.
- Impairment loss of ¥1,390 million (\$9,300 thousand) recognized for California, U.S.A., etc., includes ¥1,321 million (\$8,837 thousand) for construction in progress, and ¥69 million (\$462 thousand) for other (intangible assets).
- Impairment loss of ¥344 million (\$2,305 thousand) recognized for Kitchener, Canada, etc., includes ¥344 million (\$2,305 thousand) for other (property, plant and equipment).

*9 Business structure improvement expenses

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Business structure improvement expenses were incurred in implementing the business structure improvement to maintain and improve the profitability of the Company's businesses. The major components in the breakdown of these expenses were ¥3,771 million (\$25,222 thousand) of costs associated with the review of the business areas of the CHRISTIE group and ¥1,560 million (\$10,433 thousand) of costs associated with the expansion of the Second Life Support Program and the special offering.

(Consolidated Statement of Comprehensive Income)

Reclassification adjustments, as well as income taxes and income tax effect, allocated to each component of other comprehensive income, are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Valuation difference on available-for-sale securities:			
Amount arising during the year	7,247	(1,962)	(13,125)
Reclassification adjustments	(6,961)	(9,091)	(60,802)
Amount before income taxes and income tax effect	285	(11,054)	(73,927)
Income taxes and income tax effect	(9)	3,234	21,628
Valuation difference on available-for-sale securities	276	(7,820)	(52,298)
Foreign currency translation adjustment:			
Amount arising during the year	14,168	(2,774)	(18,551)
Reclassification adjustments	–	75	501
Amount before income taxes and income tax effect	14,168	(2,698)	(18,049)
Income taxes and income tax effect	–	–	–
Foreign currency translation adjustment	14,168	(2,698)	(18,049)
Remeasurements of defined benefit plans:			
Amount arising during the year	4,012	1,563	10,458
Reclassification adjustments	310	(114)	(767)
Amount before income taxes and income tax effect	4,322	1,449	9,691
Income taxes and income tax effect	(1,361)	(480)	(3,215)
Remeasurements of defined benefit plans	2,960	968	6,476
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	57	(10)	(67)
Share of other comprehensive income of entities accounted for using equity method	57	(10)	(67)
Total other comprehensive income	17,463	(9,560)	(63,939)

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 31, 2024

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares as of April 1, 2023	Increase	Decrease	Number of shares as of March 31, 2024
Shares issued:				
Common shares (Note 1.)	123,500,000	–	16,000,000	107,500,000
Total	123,500,000	–	16,000,000	107,500,000
Treasury shares				
Common shares (Note 2.3.4.)	5,823,752	15,777,089	16,528,340	5,072,501
Total	5,823,752	15,777,089	16,528,340	5,072,501

- (Notes) 1. The decrease of 16,000,000 shares in shares issued is due to retirement of treasury shares.
2. Treasury shares include the Company's shares held by the trust for the stock remuneration plan for directors (230,100 shares and 475,680 shares at the beginning and end of the current fiscal year, respectively).
3. The increase of 15,777,089 shares of treasury shares is made up of an increase of 15,514,800 shares through market purchase, an increase of 252,860 shares through the trust for the stock remuneration plan for directors, an increase of 6,501 shares due to forfeiture of restricted stock of the Employee Stockholding Association and an increase of 2,928 shares due to purchase of shares of less than standard unit.
4. The decrease of 16,528,340 shares of treasury shares is made up of a decrease of 16,000,000 shares resulting from cancellation of treasury shares, a decrease of 182,300 shares due to granting shares to the Employee Stockholding Association, a decrease of 338,760 shares due to granting restricted stock to the Employee Stockholding Association and a decrease of 7,280 shares due to issuance from the trust to eligible persons according to the stock remuneration plan for directors.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 29, 2023	Common shares	5,895	50	March 31, 2023	June 30, 2023

- (Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 29, 2023 include ¥11 million of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(2) Dividends with the cut-off date in the fiscal year ended March 31, 2024 and the effective date in the fiscal year ended March 31, 2025

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2024	Common shares	5,145	Retained earnings	50	March 31, 2024	June 28, 2024

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 27, 2024 include ¥23 million of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

Fiscal year ended March 31, 2025

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares as of April 1, 2024	Increase	Decrease	Number of shares as of March 31, 2025
Shares issued:				
Common shares (Note 1.)	107,500,000	–	15,000,000	92,500,000
Total	107,500,000	–	15,000,000	92,500,000
Treasury shares				
Common shares (Note 2.3.4.)	5,072,501	14,082,896	15,245,380	3,910,017
Total	5,072,501	14,082,896	15,245,380	3,910,017

(Notes) 1. The decrease of 15,000,000 shares in shares issued is due to retirement of treasury shares.
2. Treasury shares include the Company's shares held by the trust for the stock remuneration plan for directors (475,680 shares and 360,260 shares at the beginning and end of the current fiscal year, respectively).
3. The increase of 14,082,896 shares of treasury shares is made up of an increase of 14,067,500 shares through market purchase, an increase of 13,742 shares due to forfeiture of restricted stock of the Employee Stockholding Association and an increase of 1,654 shares due to purchase of shares of less than standard unit.
4. The decrease of 15,245,380 shares of treasury shares is made up of a decrease of 15,000,000 shares resulting from cancellation of treasury shares, a decrease of 129,960 shares due to granting restricted stock to the Employee Stockholding Association and a decrease of 115,420 shares due to issuance from the trust to eligible persons according to the stock remuneration plan for directors.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2024	Common shares	5,145	34,408	50	0.33	March 31, 2024	June 28, 2024

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 27, 2024 include ¥23 million (\$159 thousand) of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(2) Dividends with the cut-off date in the fiscal year ended March 31, 2025 and the effective date in the fiscal year ending March 31, 2026

The following items are scheduled to be submitted as a proposal at the annual general meeting of shareholders to be held on June 27, 2025.

Resolution	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Source of dividends	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2025	Common shares	6,226	41,640	Retained earnings	70	0.47	March 31, 2025	June 30, 2025

(Note) Total dividends include ¥25 million (\$168 thousand) of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(Consolidated Statement of Cash Flows)

*1 Reconciliation between cash and cash equivalents at end of period and the amount on the consolidated balance sheet

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Cash and deposits	65,651	61,348	410,273
Time deposits with a maturity of more than three months	(3,153)	(1,352)	(9,046)
Cash and cash equivalents	62,498	59,995	401,226

*2 Major Breakdown of Assets and Liabilities Increased Due to Business Acquisition

Fiscal year ended March 31, 2024

(Business acquisition)

Acquisition of the laser module business of Blue Sky Research, Incorporated

	(Millions of yen)
Current assets	219
Non-current assets	94
Goodwill	454
Intangible assets other than goodwill	712
Current liabilities	(99)
Consideration for the business acquisition	1,381
Cash and cash equivalents	-
Net: Expenditures for the business acquisition	1,381

Fiscal year ended March 31, 2025

Not applicable.

(Lease Transactions)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

1) Leased assets

• Property, plant and equipment

These leases are mainly production facilities (machinery, equipment and vehicles) and inspection instruments (other) of the Company.

2) Depreciation of leased assets

Leased assets are depreciated by the straight-line method over the lease period that is deemed as the useful life, assuming no residual value.

2. Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Due within one year	727	593	3,972
Due after one year	1,063	1,483	9,918
Total	1,791	2,077	13,890

(Note) Foreign subsidiaries that have adopted Generally Accepted Accounting Principles in the United States have applied Leases (ASU No. 2016-02 (Topic 842)) , and the chart above does not include future minimum lease payments related to these foreign subsidiaries.

(Financial Instruments)

1. Overview of financial instruments

(1) Basic policy on managing financial instruments

The Group invests temporary surplus funds and funds reserved for future business expansion mainly in highly safe financial assets, according to the Group's cash management plan. The method of fund raising is determined based upon the use of funds and financing environment. The Group utilizes derivative transactions only to hedge foreign exchange rate fluctuation risk and interest rate fluctuation risk, and does not use them for trading or speculative purposes.

(2) The nature and risk of financial instruments

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risk. Operating receivables denominated in foreign currencies are also exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Securities and investment securities consist mainly of equity securities issued by companies with whom the Group has business alliances and equity or debt securities held for the purpose of short-term investment of temporary surplus funds and reserved funds. These investments are exposed to market risk. A part of securities and investment securities are denominated in foreign currencies, and they are exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Notes and accounts payable - trade, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currencies and exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Loans payable, which are made to obtain working capital, are due within three years after the end of the current fiscal year.

Lease obligations include leases to which Leases (ASU No. 2016-02 (Topic 842)) has been applied at some overseas consolidated subsidiaries.

As for derivative transactions, forward foreign exchange contracts are entered into for the purpose of hedging foreign exchange risk deriving from operating receivables and payables denominated in foreign currencies, loans payable denominated in foreign currencies and securities denominated in foreign currencies. For the hedging instruments and hedged items under the hedge accounting, hedging policy, and the method of assessing the hedge effectiveness, please refer to "Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements, 4. Accounting policies, (6) Significant hedge accounting" prescribed above.

(3) Risk management structure regarding financial instruments

1) Management of credit risk (customers' default risk, etc.)

For operating receivables, the Company reviews the creditworthiness of customers by monitoring their financial status on a daily and continuous basis in accordance with the internal regulations for credit exposure management. At the same time, it endeavors to early identify and mitigate any concern on the collection of receivables due to deteriorated financial conditions by managing due dates and balances for each customer and appropriately reviewing the credit lines. The Company's consolidated subsidiaries also manage operating receivables in the same manner in accordance with the Company's internal rules for credit exposure management. The credit risk associated with debt securities is immaterial since the Group invests mainly in debt securities with high credit ratings.

Derivative transactions are entered into only with highly rated financial institutions in order to mitigate counterparty risk.

As of the end of the current fiscal year, the maximum credit risk amount is presented as the consolidated balance sheet amounts of financial assets that are exposed to credit risk.

2) Management of market risk (fluctuation risk of foreign currency exchange and interest rates, etc.)

The Company utilizes forward foreign exchange contracts for foreign exchange risk identified by currency and by month in relation to operating receivables and payables denominated in foreign currencies, loans payable denominated in foreign currencies and securities denominated in foreign currencies in accordance with the internal rules for market risk management. Some of the Company's consolidated subsidiaries also manage market risk in the same manner in accordance with the Company's internal rules for market risk management.

For securities and investment securities, market prices and the financial position of the issuers are periodically monitored and reported to directors in charge in accordance with the internal rules for market risk management. In addition, the holding status of shares issued by companies with business relationships is continuously reviewed in consideration of the relationships with those companies.

Derivative transactions are reported to directors in charge on a daily basis as well as to the Board of Directors in accordance with the internal rules for derivative transactions that define the authorization policy and limits of transactions. The Company's consolidated subsidiaries also manage derivative transactions in the same manner in accordance with the Company's internal rules.

3) Management of liquidity risk associated with fund raising (risk of inability to pay on due date)

Liquidity risk of the Company and its consolidated subsidiaries is managed by the Finance and Treasury Departments, preparing and updating the cash management plan based upon reports from each department as well as by maintaining certain level of liquidity.

(4) Supplementary explanation concerning fair values of financial instruments, etc.

The notional amounts of derivative transactions in Note "(Derivative Transactions)" do not, in themselves, indicate the market risk associated with the derivative transactions.

2. Fair value of financial instruments

The table below presents the amounts of financial instruments recorded in the consolidated balance sheet and their fair values, as well as their differences.

As of March 31, 2024

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Notes and accounts receivable - trade, and contract assets	39,753		
Allowance for doubtful accounts (*3)	(1,681)		
	38,071	38,071	-
(2) Securities and investment securities (*2)			
Available-for-sale securities	56,400	56,400	-
Assets, total	94,471	94,471	-
(1) Notes and accounts payable-trade	21,648	21,648	-
(2) Short-term loans payable	2,455	2,455	-
(3) Long-term loans payable	26,410	26,376	(33)
(4) Lease obligations (*5)	3,987	3,907	(79)
Liabilities, total	54,501	54,388	(113)
Derivative transactions (*4)			
for which hedge accounting is not applied	(19)	(19)	-

As of March 31, 2025

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Notes and accounts receivable - trade, and contract assets	40,321		
Allowance for doubtful accounts (*3)	(1,412)		
	38,909	38,909	-
(2) Securities and investment securities (*2)			
Available-for-sale securities	38,202	38,202	-
Assets, total	77,111	77,111	-
(1) Notes and accounts payable-trade	15,268	15,268	-
(2) Short-term loans payable	1,617	1,617	-
(3) Current portion of long-term loans payable	1,410	1,407	(2)
(4) Long-term loans payable	35,000	34,758	(241)
(5) Lease obligations (*5)	3,372	3,336	(35)
Liabilities, total	56,668	56,388	(279)
Derivative transactions (*4)			
for which hedge accounting is not applied	20	20	-

As of March 31, 2025

	Consolidated balance sheet amount (Thousands of U.S. dollars)	Fair value (Thousands of U.S. dollars)	Difference (Thousands of U.S. dollars)
(1) Notes and accounts receivable - trade, and contract assets	269,657		
Allowance for doubtful accounts (*3)	(9,446)		
	260,210	260,210	-
(2) Securities and investment securities (*2)			
Available-for-sale securities	255,481	255,481	-
Assets, total	515,691	515,691	-
(1) Notes and accounts payable-trade	102,112	102,112	-
(2) Short-term loans payable	10,815	10,815	-
(3) Current portion of long-term loans payable	9,429	9,415	(14)
(4) Long-term loans payable	234,066	232,452	(1,614)
(5) Lease obligations (*5)	22,551	22,311	(240)
Liabilities, total	378,975	377,107	(1,868)
Derivative transactions (*4) for which hedge accounting is not applied	138	138	-

(*1): "Cash and deposits" are omitted because they are cash and because fair values of deposits approximate their book values since deposits are settled in a short period of time.

(*2): Stocks, etc. without market prices and investments in business partnerships with limited liability are not included in "(2) Securities and investment securities." The recorded amounts of those financial instruments on the consolidated balance sheet are as follows.

Classification	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Unlisted shares	1,752	1,241	8,304
Investments in business partnerships with limited liability	273	230	1,538

(*3): The deducted amount includes general and specific allowance for doubtful accounts relating to notes and accounts receivable - trade, and contract assets.

(*4): Assets and liabilities arising from derivative transactions are stated in the net amount. The figures in brackets indicate net liabilities.

(*5): Includes current portion of lease obligations.

(Notes) 1. Redemption schedule for monetary receivables and securities with maturity dates after the consolidated balance sheet date

As of March 31, 2024

	Due within one year (Millions of yen)	Due after one year and up to five years (Millions of yen)	Due after five years and up to ten years (Millions of yen)	Due after ten years (Millions of yen)
Cash and deposits	65,651	-	-	-
Notes and accounts receivable-trade, and contract assets	39,679	63	9	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	908	-	-
(2) Corporate bonds	4,128	7,872	757	2,422
(3) Other	-	908	-	-
Total	109,460	9,753	766	2,422

As of March 31, 2025

	Due within one year (Millions of yen)	Due after one year and up to five years (Millions of yen)	Due after five years and up to ten years (Millions of yen)	Due after ten years (Millions of yen)
Cash and deposits	61,348	-	-	-
Notes and accounts receivable-trade, and contract assets	40,265	56	-	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	897	-	-
(2) Corporate bonds	1,794	6,728	-	2,392
(3) Other	448	448	-	-
Total	103,856	8,130	-	2,392

As of March 31, 2025

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to five years (Thousands of U.S. dollars)	Due after five years and up to ten years (Thousands of U.S. dollars)	Due after ten years (Thousands of U.S. dollars)
Cash and deposits	410,273	–	–	–
Notes and accounts receivable-trade, and contract assets	269,280	376	–	–
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	–	6,000	–	–
(2) Corporate bonds	12,000	45,000	–	16,000
(3) Other	3,000	3,000	–	–
Total	694,554	54,376	–	16,000

2. Redemption schedule for bonds, long-term loans payable, lease obligations and other interest bearing debts after the consolidated balance sheet date

As of March 31, 2024

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)
Short-term loans payable	2,455	–	–	–	–	–
Long-term loans payable	–	1,410	25,000	–	–	–
Lease obligations	1,054	1,001	808	661	382	384
Total	3,509	2,411	25,808	661	382	384

As of March 31, 2025

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)
Short-term loans payable	1,617	–	–	–	–	–
Long-term loans payable	1,410	25,000	10,000	–	–	–
Lease obligations	1,058	978	730	407	158	253
Total	4,085	25,978	10,730	407	158	253

As of March 31, 2025

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)	Due after five years (Thousands of U.S. dollars)
Short-term loans payable	10,815	–	–	–	–	–
Long-term loans payable	9,429	167,190	66,876	–	–	–
Lease obligations	7,079	6,544	4,887	2,723	1,057	1,694
Total	27,323	173,734	71,763	2,723	1,057	1,694

3. Matters related to the breakdown of fair values of financial instruments by levels and other matters

Fair values of financial instruments are categorized into the following three levels in accordance with observability and significance of inputs used to measure fair value.

Level 1 fair value:

Fair value measured by quoted prices for assets and liabilities subject to the measurement of fair value formed in active markets that are observable inputs related to fair value measurement

Level 2 fair value:

Fair value measured by using observable inputs related to fair value measurement other than inputs related to Level 1 fair value measurement

Level 3 fair value:

Fair value measured by using unobservable inputs related to fair value measurement

If multiple inputs are used that significantly affect the measurement of fair value, the fair value is categorized into the lowest priority level in fair value measurement among levels of those inputs.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

As of March 31, 2024

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	38,616	—	—	38,616
Bonds-National and local government bonds	862	—	—	862
Bonds-Corporate bonds	—	16,125	—	16,125
Bonds-Other	—	795	—	795
Other	—	—	—	—
Derivative transactions				
Currency-related transactions	—	1	—	1
Assets, total	39,478	16,922	—	56,401
Derivative transactions				
Currency-related transactions	—	(20)	—	(20)
Liabilities, total	—	(20)	—	(20)

As of March 31, 2025

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	24,388	—	—	24,388
Bonds-National and local government bonds	875	—	—	875
Bonds-Corporate bonds	—	12,111	—	12,111
Bonds-Other	—	827	—	827
Other	—	—	—	—
Derivative transactions				
Currency-related transactions	—	20	—	20
Assets, total	25,263	12,959	—	38,222
Derivative transactions				
Currency-related transactions	—	(0)	—	(0)
Liabilities, total	—	(0)	—	(0)

As of March 31, 2025

Classification	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	163,098	–	–	163,098
Bonds-National and local government bonds	5,856	–	–	5,856
Bonds-Corporate bonds	–	80,994	–	80,994
Bonds-Other	–	5,531	–	5,531
Other	–	–	–	–
Derivative transactions				
Currency-related transactions	–	139	–	139
Assets, total	168,955	86,665	–	255,620
Derivative transactions				
Currency-related transactions	–	(0)	–	(0)
Liabilities, total	–	(0)	–	(0)

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

As of March 31, 2024

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	–	38,071	–	38,071
Assets, total	–	38,071	–	38,071
Notes and accounts payable-trade	–	21,648	–	21,648
Short-term loans payable	–	2,455	–	2,455
Long-term loans payable	–	26,376	–	26,376
Lease obligations	–	3,907	–	3,907
Liabilities, total	–	54,388	–	54,388

As of March 31, 2025

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	–	38,909	–	38,909
Assets, total	–	38,909	–	38,909
Notes and accounts payable-trade	–	15,268	–	15,268
Short-term loans payable	–	1,617	–	1,617
Current portion of long-term loans payable	–	1,407	–	1,407
Long-term loans payable	–	34,758	–	34,758
Lease obligations	–	3,336	–	3,336
Liabilities, total	–	56,388	–	56,388

As of March 31, 2025

Classification	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	-	260,210	-	260,210
Assets, total	-	260,210	-	260,210
Notes and accounts payable-trade	-	102,112	-	102,112
Short-term loans payable	-	10,815	-	10,815
Current portion of long-term loans payable	-	9,415	-	9,415
Long-term loans payable	-	232,452	-	232,452
Lease obligations	-	22,311	-	22,311
Liabilities, total	-	377,107	-	377,107

(Notes) 1. Valuation techniques used in measurement of fair value and explanation of inputs pertaining to the measurement of fair value

(1) Securities and investment securities

Listed shares, national and local government bonds, corporate bonds and other bonds are valued using quoted prices. Since listed shares and national and local government bonds are transacted in active markets, their fair value is categorized as Level 1 fair value. On the other hand, corporate bonds and other bonds held by the Company and its consolidated subsidiaries are categorized as Level 2 fair value since the frequency of transactions in the market is low and their quoted prices cannot be recognized as being in active markets.

(2) Derivative transactions

The fair value is measured based on the prices provided by counterparty financial institutions and categorized as Level 2 fair value.

(3) Notes and accounts receivable - trade, and contract assets

The fair value of these approximates their book value because these are settled in a short period of time. Thus, the fair value is presented as their book value, measured based on credit risk and the historical rate of credit loss, and categorized as Level 2 fair value.

(4) Notes and accounts payable-trade, and short-term loans payable

The fair value of these approximates their book value because these are settled in a short period of time. Thus, the fair value is presented as their book value, and categorized as Level 2 fair value.

(5) Current portion of long-term loans payable, long-term loans payable and lease obligations

The fair value of these is measured using the discounted present value method based on the total amount of principal and interest and at an interest rate that takes account of the term to maturity and credit risk of such liabilities, and is categorized as Level 2 fair value.

2. Matters concerning Level 3 fair value for financial instruments recorded at fair value on the consolidated balance sheet

(1) Reconciliation between the balance at beginning of period and end of period

Fiscal year ended March 31, 2024

Not applicable

Fiscal year ended March 31, 2025

Not applicable

(2) Description of method of measuring fair value

The Company and its consolidated subsidiaries evaluate fair value using quoted prices obtained from third parties. The Finance and Treasury Departments confirm the valuation techniques and inputs that are used, compare the movements in fair value of similar observable inputs and verify the appropriateness of the price.

(Securities and Investment Securities)

1. Available-for-sale securities

As of March 31, 2024

	Type	Carrying value (Millions of yen)	Acquisition cost or Amortized cost (Millions of yen)	Difference (Millions of yen)
Securities whose carrying value exceeds their acquisition cost or amortized cost	(1) Shares	38,167	7,502	30,665
	(2) Bonds:			
	1) National and local government bonds	—	—	—
	2) Corporate bonds	482	461	21
	3) Other	—	—	—
	(3) Other	—	—	—
	Subtotal	38,650	7,964	30,686
Securities whose carrying value does not exceed their acquisition cost or amortized cost	(1) Shares	448	529	(80)
	(2) Bonds:			
	1) National and local government bonds	862	900	(37)
	2) Corporate bonds	15,642	17,051	(1,408)
	3) Other	795	908	(112)
	(3) Other	—	—	—
	Subtotal	17,749	19,389	(1,639)
Total		56,400	27,353	29,046

(Note) Shares, etc. without market prices (carrying value on the consolidated balance sheet: ¥1,752 million) and investments in business partnerships with limited liability (carrying value on the consolidated balance sheet: ¥273 million) are not included in the above table of “Available-for-sale securities.”

As of March 31, 2025

	Type	Carrying value (Millions of yen)	Acquisition cost or Amortized Cost (Millions of yen)	Difference (Millions of yen)
Securities whose carrying value exceeds their acquisition cost or amortized cost	(1) Shares	23,969	5,220	18,748
	(2) Bonds:			
	1) National and local government bonds	–	–	–
	2) Corporate bonds	–	–	–
	3) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	23,969	5,220	18,748
Securities whose carrying value does not exceed their acquisition cost or amortized cost	(1) Shares	419	504	(85)
	(2) Bonds:			
	1) National and local government bonds	875	891	(15)
	2) Corporate bonds	12,111	12,687	(576)
	3) Other	827	897	(70)
	(3) Other	–	–	–
	Subtotal	14,233	14,980	(747)
Total		38,202	20,200	18,001

As of March 31, 2025

	Type	Carrying value (Thousands of U.S. dollars)	Acquisition cost or Amortized Cost (Thousands of U.S. dollars)	Difference (Thousands of U.S. dollars)
Securities whose carrying value exceeds their acquisition cost or amortized cost	(1) Shares	160,295	34,909	125,385
	(2) Bonds:			
	1) National and local government bonds	–	–	–
	2) Corporate bonds	–	–	–
	3) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	160,295	34,909	125,385
Securities whose carrying value does not exceed their acquisition cost or amortized cost	(1) Shares	2,802	3,372	(569)
	(2) Bonds:			
	1) National and local government bonds	5,856	5,963	(106)
	2) Corporate bonds	80,994	84,846	(3,852)
	3) Other	5,531	6,000	(468)
	(3) Other	–	–	–
	Subtotal	95,185	100,182	(4,997)
Total		255,481	135,092	120,388

(Note) Shares, etc. without market prices (carrying value on the consolidated balance sheet: ¥1,241 million (\$8,304 thousand)) and investments in business partnerships with limited liability (carrying value on the consolidated balance sheet: ¥230 million (\$1,538 thousand)) are not included in the above table of “Available-for-sale securities.”

2. Available-for-sale securities sold

Fiscal year ended March 31, 2024

Type	Sales proceeds (Millions of yen)	Aggregate gains on sales (Millions of yen)	Aggregate losses on sales (Millions of yen)
(1) Shares	8,254	7,006	—
(2) Bonds:			
1) National and local government bonds	—	—	—
2) Corporate bonds	1,270	—	18
(3) Other	1,702	—	—
Total	11,227	7,006	18

Fiscal year ended March 31, 2025

Type	Sales proceeds (Millions of yen)	Aggregate gains on sales (Millions of yen)	Aggregate losses on sales (Millions of yen)
(1) Shares	11,830	9,522	—
(2) Bonds:			
1) National and local government bonds	—	—	—
2) Corporate bonds	—	—	—
(3) Other	—	—	—
Total	11,830	9,522	—

Fiscal year ended March 31, 2025

Type	Sales proceeds (Thousands of U.S. dollars)	Aggregate gains on sales (Thousands of U.S. dollars)	Aggregate losses on sales (Thousands of U.S. dollars)
(1) Shares	79,116	63,682	—
(2) Bonds:			
1) National and local government bonds	—	—	—
2) Corporate bonds	—	—	—
(3) Other	—	—	—
Total	79,116	63,682	—

3. Impairment loss recognized on securities

Fiscal year ended March 31, 2024

For the fiscal year ended March 31, 2024, impairment loss of ¥34 million was recognized for securities (¥14 million for available-for-sale securities - shares and ¥20 million for available-for-sale securities - bonds).

Fiscal year ended March 31, 2025

For the fiscal year ended March 31, 2025, impairment loss of ¥966 million (\$6,463 thousand) was recognized for securities (¥500 million (\$3,344 thousand) for available-for-sale securities - shares and ¥466 million (\$3,119 thousand) for available-for-sale securities - bonds).

Impairment loss is recognized for all the securities whose fair value at the end of the fiscal year declines by 50% or more of their acquisition cost. It is also recognized when the fair value declines by approximately 30% to 50% of the acquisition cost at the amount deemed necessary considering the recoverability of the fair value of the security.

(Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied

Currency-related transactions:

As of March 31, 2024

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Off-market transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	–	–	–	–
	Buy:				
	USD	197	–	1	1
	JPY	921	–	(20)	(20)
Total		1,119	–	(19)	(19)

As of March 31, 2025

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Off-market transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	–	–	–	–
	Buy:				
	USD	73	–	0	0
	JPY	737	–	20	20
Total		811	–	20	20

As of March 31, 2025

Classification	Type of transaction	Notional amounts (Thousands of U.S. dollars)	Maturing after one year (Thousands of U.S. dollars)	Estimated fair value (Thousands of U.S. dollars)	Valuation gain (loss) (Thousands of U.S. dollars)
Off-market transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	–	–	–	–
	Buy:				
	USD	493	–	4	4
	JPY	4,931	–	134	134
Total		5,424	–	138	138

2. Derivative transactions for which hedge accounting is applied

Interest-rate-related transactions:

As of March 31, 2024

Not applicable.

As of March 31, 2025

Not applicable.

(Retirement Benefit Plans)

1. Overview of retirement benefit plan adopted by the Company

To prepare for the payment of employees' retirement benefits, the Company and its consolidated subsidiaries adopted funded and unfunded defined benefit plans, and a defined contribution plan.

Under the defined benefit corporate pension plans, all of which are funded, the Company provides lump-sum or pension benefits based on salaries and length of service.

In addition, retirement benefit trusts are set up for said corporate pension plans of the Company.

Under the lump-sum retirement benefit plans, which are principally unfunded and partially funded as a result of the setup of retirement benefit trusts, the Company provides lump-sum benefits based on salaries and length of service.

Under the defined benefit corporate pension plans and the lump-sum retirement benefit plans for certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the simplified method.

2. Defined benefit plan

(1) Reconciliation between retirement benefit obligations at beginning of period and end of period

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation at beginning of period	23,360	22,791	152,420
Current service costs	1,135	1,055	7,057
Interest costs	280	386	2,583
Actuarial gains and losses arising during period	(981)	(1,556)	(10,406)
Retirement benefits paid	(1,165)	(1,280)	(8,563)
Amount transferred due to change from simplified accounting method to principle method	37	-	-
Other	62	-	-
Effect of exchange rate changes	61	(97)	(651)
Retirement benefit obligation at end of period	22,791	21,299	142,439

(2) Reconciliation between plan assets at beginning of period and end of period (excluding plans to which simplified method is applied stated in (3))

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Plan assets at beginning of period	26,390	29,980	200,495
Expected return on plan assets	373	448	3,002
Actuarial gains and losses arising during period	3,028	7	51
Contributions from employer	952	952	6,369
Retirement benefits paid	(973)	(1,073)	(7,176)
Amount transferred due to change from simplified accounting method to principle method	123	–	–
Other	21	(5)	(33)
Effect of exchange rate changes	65	(36)	(243)
Plan assets at end of period	29,980	30,274	202,464

(3) Reconciliation between net defined benefit liabilities for plans to which simplified method is applied at beginning of period and end of period

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Net defined benefit liability at beginning of period	221	160	1,071
Retirement benefit expenses	(38)	13	93
Retirement benefits paid	(8)	(12)	(83)
Amounts transferred due to change from simplified accounting method to principle method	(37)	–	–
Other	15	(5)	(35)
Effect of exchange rate changes	7	(0)	(0)
Net defined benefit liability at end of period	160	156	1,045

(4) Reconciliation between retirement benefit obligation and plan assets at end of period, and defined benefit liability and defined benefit asset for retirement recognized on the consolidated balance sheet

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation for funded plans	22,791	21,299	142,439
Plan assets	(29,980)	(30,274)	(202,464)
	(7,188)	(8,975)	(60,024)
Retirement benefit obligation for unfunded plans	160	156	1,045
Net balance of liability and asset recognized on the consolidated balance sheet	(7,028)	(8,819)	(58,978)
Net defined benefit liability	3,654	3,523	23,564
Net defined benefit asset	(10,682)	(12,342)	(82,543)
Net balance of liability and asset recognized on the consolidated balance sheet	(7,028)	(8,819)	(58,978)

(5) Retirement benefit expenses and their breakdown

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Current service costs	1,135	1,055	7,057
Interest costs	280	386	2,584
Expected return on plan assets	(373)	(448)	(3,002)
Amortization of actuarial gains and losses	358	(118)	(790)
Amortization of past service costs	(47)	3	23
Expenses associated with change from simplified accounting method to principle method	(54)	-	-
Other	(50)	(40)	(268)
Retirement benefit expenses applying simplified method	(38)	13	93
Retirement benefit expenses under defined benefit plans	1,210	851	5,697

(Note) In addition to the above, for the fiscal year ended March 31, 2025, ¥1,935 million (\$12,943 thousand) in extra retirement payments and other was recorded as part of business structure improvement expenses under extraordinary losses.

(6) Remeasurements of defined benefit plans

The breakdown of the amount recognized in remeasurements of defined benefit plans (before income taxes and tax effect) in the consolidated statement of comprehensive income is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Past service costs	47	(3)	(23)
Actuarial gains and losses	(4,370)	(1,445)	(9,667)
Total	(4,322)	(1,449)	(9,690)

(7) Accumulated remeasurements of defined benefit plans

The breakdown of the amount recognized in accumulated remeasurements of defined benefit plans (before income taxes and tax effect) on the consolidated balance sheet is as follows:

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Unrecognized past service costs	38	35	235
Unrecognized actuarial gains and losses	(5,112)	(6,574)	(43,969)
Total	(5,073)	(6,539)	(43,734)

(8) Plan assets

1) Breakdown of plan assets

Percentage of each main category to total plan assets is as follows:

	As of March 31, 2024	As of March 31, 2025	
Bonds		27%	26%
Securities		42%	41%
Cash and deposits		6%	8%
Alternative investments (Note 1)		21%	21%
Other		4%	4%
Total (Note 2)		100%	100%

(Notes) 1. Alternative investments mainly consist of investment to hedge funds.

2. Total plan assets include retirement benefit trusts of 8% and 9% that are set up for a corporate pension plan as of March 31, 2024 and 2025, respectively.

2) Determination of expected long-term rate of return on plan assets

In determining the expected long-term rate of return on plan assets, the Company takes into consideration the current and future plan asset allocation, and the current and expected long-term rate of return on various asset categories comprising plan assets.

(9) Actuarial assumptions

Major bases for actuarial calculation

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Discount rate	1.3~1.6%	2.0~2.3%
Long-term expected rate of return	1.5%	1.5%
Expected rate of salary increase	2.7%	2.7%

3. Defined contribution plan

The required contribution to the defined contribution plan amounts to ¥521 million and ¥747 million (\$5,001 thousand) for the fiscal years ended March 31, 2024 and 2025, respectively.

(Tax Effect Accounting)

1. Breakdown of major reasons for deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Deferred tax assets:			
Net losses carried forward (Note 2)	4,784	5,614	37,549
Allowance for doubtful accounts	455	341	2,284
Provision for bonuses	770	738	4,939
Provision for product warranties	816	622	4,162
Net defined benefit liability	1,346	1,400	9,365
Provision and accrual for directors' retirement benefits	60	43	291
Business restructuring expenses	–	980	6,559
Loss on valuation of inventories	2,681	3,545	23,710
Research and development expenses	2,954	2,856	19,100
Impairment loss	2,429	1,889	12,639
Deferred revenue	890	572	3,827
Elimination of unrealized income on inventories	925	671	4,489
Other	6,176	7,048	47,137
Total gross deferred tax assets	24,292	26,325	176,057
Valuation allowance for tax losses carried forward (Note 2)	(4,752)	(5,580)	(37,320)
Valuation allowance for total amount of deductible temporary differences	(7,596)	(9,006)	(60,231)
Valuation allowance (Note 1)	(12,349)	(14,586)	(97,551)
Total deferred tax assets	11,942	11,739	78,506
Deferred tax liabilities:			
Net defined benefit asset	(3,024)	(3,607)	(24,126)
Valuation difference on available-for-sale securities	(9,431)	(5,947)	(39,773)
Retained earnings of subsidiaries and associates	(1,876)	(1,706)	(11,414)
Other	(105)	(431)	(2,885)
Total deferred tax liabilities	(14,438)	(11,693)	(78,199)
Net deferred tax assets (liabilities)	(2,495)	45	306

(Notes) 1. There is no significant change in the valuation allowance.

2. The amounts of tax losses carried forward and deferred tax assets by carry-forward expiry period are as follows:

As of March 31, 2024							
	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)	Total (Millions of yen)
Tax losses carried forward (*)	2	40	54	33	87	4,567	4,784
Valuation allowance	2	40	53	33	85	4,537	4,752
Deferred tax assets	–	–	0	–	1	30	32

(*) The amounts of tax losses carried forward are multiplied by the statutory tax rate.

As of March 31, 2025

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)	Total (Millions of yen)
Tax losses carried forward (*)	2	33	29	90	19	5,439	5,614
Valuation allowance	2	32	29	89	18	5,407	5,580
Deferred tax assets	–	0	–	1	0	31	34

As of March 31, 2025

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)	Due after five years (Thousands of U.S. dollars)	Total (Thousands of U.S. dollars)
Tax losses carried forward (*)	18	220	198	607	128	36,375	37,549
Valuation allowance	18	215	198	600	123	36,164	37,320
Deferred tax assets	–	5	–	7	5	210	229

(*) The amounts of tax losses carried forward are multiplied by the statutory tax rate.

2. Reconciliation of significant difference between statutory tax rate and effective tax rate after application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.6%	30.6%
Reconciliation:		
Increase (decrease) in valuation allowance for deferred tax assets	6.6	18.3
Non-taxable income for income tax purposes (e.g. dividend income)	(1.3)	(0.7)
Non-deductible expenses for income tax purposes (e.g. entertainment expenses)	1.6	0.8
Inhabitant tax on per capita basis	0.3	0.3
Tax deductions related to R&D activities	(8.1)	(7.7)
Different tax rates applied to consolidated subsidiaries	(2.6)	(2.1)
Amortization of goodwill	0.5	0.6
Share of profit (loss) of entities accounted for using equity method	0.3	–
Retained earnings of subsidiaries and associates	2.4	8.7
Income tax effects under ASC 740 (Note)	0.3	1.3
Other	0.6	1.4
Effective tax rate after application of tax effect accounting	31.2	51.5

(Note) This is recorded based on the former FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109,” included in ASC 740.

(Changes in Presentation)

“Income tax effects under ASC 740,” which was included in “Other” as an adjustment item in the notes for the previous fiscal year, is presented independently due to its increased materiality. To reflect this change in the method of presentation, the information for the previous fiscal year has been reclassified. As a result, the 0.9% previously presented under “Other” in the notes for the previous fiscal year has

been reclassified as 0.3% for “Income tax effects under ASC 740” and 0.6% for “Other.”

3. Adjustment of the amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rates

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026 are calculated by changing the statutory tax rate from 30.6% to 31.5%.

As a result of this change, the amount of deferred tax liabilities for the current fiscal year increased by ¥117 million (\$783 thousand), while income taxes-deferred decreased by ¥51 million (\$344 thousand) and valuation difference on available-for-sale securities decreased by ¥168 million (\$1,128 thousand).

4. Accounting treatment for income taxes and local income taxes and related tax effect accounting

The Company and certain consolidated subsidiaries have applied for approval of the group tax sharing system during the current fiscal year, and the system will be applied from the next fiscal year. Therefore, from the current fiscal year, corresponding accounting treatment was applied in accordance with Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No. 42, August 12, 2021), assuming the application of the group tax sharing system.

(Revenue Recognition)

1. Information on disaggregation of revenue from contracts with customers

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment					Others (Note)	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total		
UV lamps	14,066	-	-	-	14,066	-	14,066
OA lamps	5,537	-	-	-	5,537	-	5,537
Optical equipment lamps	10,284	-	-	-	10,284	-	10,284
Optical equipment (Lithography equipment)	32,910	-	-	-	32,910	-	32,910
Optical equipment (Others)	19,324	-	-	-	19,324	-	19,324
Projector lamps	-	12,661	-	-	12,661	-	12,661
Illumination lamps	-	3,698	-	-	3,698	-	3,698
Cinema projectors	-	31,316	-	-	31,316	-	31,316
General imaging projectors	-	27,292	-	-	27,292	-	27,292
Life sciences products	-	-	5,193	-	5,193	-	5,193
Solid-state light sources	-	-	-	10,243	10,243	-	10,243
Other	-	-	-	-	-	990	990
Revenue from contracts with customers	82,124	74,969	5,193	10,243	172,530	990	173,520
Other revenue	-	5,565	19	-	5,584	315	5,900
Sales to external customers	82,124	80,534	5,212	10,243	178,115	1,305	179,420

(Note) “Others” represents business segments that are not included in other reportable segments and other revenue-generating business activities.

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment					Others (Note)	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total		
UV lamps	14,920	-	-	-	14,920	-	14,920
OA lamps	6,055	-	-	-	6,055	-	6,055
Optical equipment lamps	10,982	-	-	-	10,982	-	10,982
Optical equipment (Lithography equipment)	29,055	-	-	-	29,055	-	29,055
Optical equipment (Others)	17,911	-	-	-	17,911	-	17,911
Projector lamps	-	10,544	-	-	10,544	-	10,544
Illumination lamps	-	3,639	-	-	3,639	-	3,639
Cinema projectors	-	31,999	-	-	31,999	-	31,999
General imaging projectors	-	28,110	-	-	28,110	-	28,110
Life sciences products	-	-	6,090	-	6,090	-	6,090
Solid-state light sources	-	-	-	10,311	10,311	-	10,311
Other	-	-	-	-	-	1,056	1,056
Revenue from contracts with customers	78,925	74,293	6,090	10,311	169,621	1,056	170,678
Other revenue	-	6,603	17	-	6,620	317	6,938
Sales to external customers	78,925	80,897	6,108	10,311	176,242	1,373	177,616

Fiscal year ended March 31, 2025

(Thousands of U.S. dollars)

	Reportable segment					Others (Note)	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total		
UV lamps	99,780	-	-	-	99,780	-	99,780
OA lamps	40,498	-	-	-	40,498	-	40,498
Optical equipment lamps	73,449	-	-	-	73,449	-	73,449
Optical equipment (Lithography equipment)	194,311	-	-	-	194,311	-	194,311
Optical equipment (Others)	119,784	-	-	-	119,784	-	119,784
Projector lamps	-	70,518	-	-	70,518	-	70,518
Illumination lamps	-	24,337	-	-	24,337	-	24,337
Cinema projectors	-	214,001	-	-	214,001	-	214,001
General imaging projectors	-	187,991	-	-	187,991	-	187,991
Life sciences products	-	-	40,730	-	40,730	-	40,730
Solid-state light sources	-	-	-	68,960	68,960	-	68,960
Other	-	-	-	-	-	7,066	7,066
Revenue from contracts with customers	527,823	496,850	40,730	68,960	1,134,365	7,066	1,141,432
Other revenue	-	44,159	118	-	44,278	2,121	46,400
Sales to external customers	527,823	541,009	40,849	68,960	1,178,643	9,188	1,187,832

(Notes) “Others” represents business segments that are not included in other reportable segments and other revenue-generating business activities.

2. Information that forms the basis for understanding revenue from contracts with customers

(1) Sales of products

The Group is primarily engaged in the manufacturing and sales of products in the Industrial Processes business, Visual Imaging business, Life Sciences business and Photonics Solutions business.

For the sales of various lamps, etc., in each business, the control of the products is deemed to be transferred upon delivery to the customer, so revenue is recognized at the time of delivery. The alternative treatment prescribed in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition has been applied for products sold in Japan, and revenue is recognized when products are shipped provided that there is an ordinary length of time between shipping and when the control is transferred to customers. In addition, consideration for transactions is generally received within four months after delivery of the product.

For the sales of a variety of optical equipment in the Industrial Processes business, where there is installation of such products based on a contract with the customer, customers generally do not receive benefits without the installation, so the products and installation are identified as a single performance obligation. In such case, the control of the assets is transferred to the customer when the confirmation of agreed performance such as the customer’s acceptance of the product has been completed, so that is when revenue is recognized. In addition, for some products that do not include installation work, the control of the products is deemed to be transferred upon delivery to the customer, so revenue is recognized at the time of delivery. Further, consideration for transactions is primarily received in stages according to the payment terms of the contract.

For the sales of a variety of imaging equipment in the Visual Imaging business, the control of the products is deemed to be transferred upon delivery to the customer, so revenue is recognized at the time of delivery. Significant financing components exist when part of the payments represent receivables over a long period, but this is immaterial. In addition, consideration for transactions is generally received within two months after delivery of the product. For some customers, consideration is received in stages according to the payment terms of the contract.

(2) Provision of maintenance services

For a variety of optical equipment in the Industrial Processes business, maintenance services are provided for the products sold based on a separate contract. Maintenance services primarily guarantee the steady operations of products, including the replacement of maintained items. For the identification of performance obligations, for contracts that provide for performance obligations to be satisfied over time, revenue is recognized according to the contract period. For contracts where the performance obligations are primarily satisfied when the provision of maintenance ends, revenue is recognized at such time. For some products of optical equipment, variable consideration corresponding to the product's capacity utilization rate is included in the transaction price only to the extent that it is highly probable that a material reversal of the cumulative amount of revenues recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Further, consideration for transactions is received in stages, generally corresponding to the progress of performance obligations in accordance with the terms of the contract.

For a variety of imaging equipment in the Visual Imaging business, maintenance services are provided for the products sold based on a separate contract. Maintenance services primarily guarantee the steady operations of products, including the replacement of maintained items. For the identification of performance obligations, for contracts that provide for performance obligations to be satisfied over time, revenue is recognized according to the contract period. In addition, consideration for transactions is primarily received in stages according to the payment terms of the contract.

3. Information concerning the satisfaction of performance obligations based on contracts with customers and the relationship with the cash flows that arise from such contracts as well as the amount of revenue and timing forecast to be recognized in or after the next fiscal year from contracts with customers that are in place at the end of the current fiscal year

(1) Balance of contract assets and contract liabilities

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Receivables from contracts with customers (at beginning of period)	37,403	38,192	255,420
Receivables from contracts with customers (at end of period)	38,192	38,744	259,107
Contract assets (at beginning of period)	–	–	–
Contract assets (at end of period)	–	–	–
Contract liabilities (at beginning of period)	11,731	11,294	75,533
Contract liabilities (at end of period)	11,294	10,874	72,726

Contract liabilities for optical equipment are related to advances received from customers according to the payment terms of the contract for products that include installation work and for which revenue is recognized when the confirmation of agreed performance such as the customer's acceptance of the product has been completed. For imaging equipment, this primarily refers to advances received from customers according to the payment terms of the contract for maintenance services contracts. Contract liabilities are reversed on recognition of revenue.

The amount of revenue recognized in the previous fiscal year that was included in the balance of contract liabilities as of the beginning of the period is ¥7,921 million.

In addition, the change in contract liabilities was due to a decrease from the reversals associated with the recognition of revenue and an increase from the receipts from customers. There were no changes in terms causing significant change in the balance.

There was no revenue (primarily, change in transaction price) recognized in the previous fiscal year arising from performance obligations satisfied (or partially satisfied) in past periods.

The amount of revenue recognized in the current fiscal year that was included in the balance of contract liabilities as of the beginning of the period is ¥7,145 million (\$47,783 thousand).

In addition, the change in contract liabilities was due to a decrease from the reversals associated with the recognition of revenue and an increase from the receipts from customers. There were no changes in terms causing significant change in the balance.

There was no revenue (primarily, change in transaction price) recognized in the fiscal year under review arising from performance obligations satisfied (or partially satisfied) in past periods.

(2) Transaction price allocated to remaining performance obligations

The Group applies the practical expedient in describing the transaction price allocated to remaining performance obligations and do not include notes on contracts where the initially expected contract period is one year or less.

(Industrial Processes business)

For UV lamps, OA lamps and optical equipment lamps, the initially planned contract period with customers is one year or less, so the total amount of transaction price allocated to remaining performance obligations and the period forecast for recognizing revenue are omitted.

For optical equipment, performance obligations that have not yet been satisfied (or partially not yet satisfied) were ¥34,367 million at the end of the previous fiscal year. Such performance obligations are related to the manufacturing and sales of products that include installation work in optical equipment. Approximately 50% of the revenue is forecast to be recognized within one year from the end of the period, with approximately 34% recognized within two years and the remaining 16% recognized within three years. Performance obligations that have not yet been satisfied (or partially not yet satisfied) were ¥13,827 million (\$92,475 thousand) at the end of the current fiscal year. Such performance obligations are related to the manufacturing and sales of products that include installation work in optical equipment. Approximately 53% of the revenue is forecast to be recognized within one year from the end of the period, with approximately 36% recognized within two years and the remaining 11% recognized within three years.

(Visual Imaging business)

For projector lamps and illumination lamps, the initially planned contract period with customers is one year or less, so the total amount of transaction price allocated to remaining performance obligations and the period forecast for recognizing revenue are omitted.

Performance obligations for imaging equipment are related to the manufacturing and sales of various projectors, with the total amount of transaction price allocated to remaining performance obligations and the period forecast for recognizing revenue as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Due within one year	1,089	619	4,143
Due after one year and up to two years	619	676	4,523
Due after two years and up to three years	649	752	5,034
Due after three years and up to four years	636	754	5,046
Due after four years and up to five years	527	567	3,793
Due after five years	1,205	1,467	9,814
Total	4,727	4,838	32,356

(Life Sciences business and Photonics Solutions business)

For performance obligations, the initially planned contract period with customers is one year or less, so the total amount of transaction price allocated to remaining performance obligations and the period forecast for recognizing revenue are omitted.

(Segment Information, etc.)

Segment information

1. Summary of reportable segments

The Group defines a reportable segment as a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to assess its business performance and make decisions about resources to be allocated to the segment.

The Group develops and implements comprehensive strategies based on a market-centric approach for its development, manufacturing and sales of products and service, and engages in its business activities globally.

Thus, reportable segments of the Group are divided into four categories, the Industrial Processes business, Visual Imaging business, Life Sciences business, and Photonics Solutions business, based on market.

“Industrial Processes business” produces and sells UV lamps, OA lamps, and optical equipment, primarily for the semiconductor market.

“Visual Imaging business” produces and sells projector lamps and imaging equipment, largely for the cinema and general imaging markets.

“Life Sciences business” produces and sells UV medical devices and light sources, mainly for the environmental hygiene solutions and healthcare markets.

“Photonics Solutions business” produces and sells solid-state light sources.

2. Methods of determining the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting policies for business segment reported are generally consistent with those given in “Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements.”

Segment profit presents the operating profit of the segment.

Intersegment sales and transfers are recognized based on the market price.

3. Information about net sales, segment profit or loss, assets, liabilities and other items by reportable segment
Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total				
Net sales									
Sales to external customers	82,124	80,534	5,212	10,243	178,115	1,305	179,420	–	179,420
Intersegment sales or transfers	7	23	3	6	40	21	61	(61)	–
Total	82,131	80,557	5,215	10,250	178,155	1,327	179,482	(61)	179,420
Segment profit (loss)	10,876	5,887	(2,329)	(1,513)	12,920	136	13,056	(79)	12,976
Segment assets	161,824	102,848	6,066	19,578	290,317	6,541	296,859	40,686	337,546
Other items:									
Depreciation	3,571	3,182	342	1,038	8,135	189	8,325	–	8,325
Amortization of goodwill	33	18	–	63	115	–	115	–	115
Investment in associates under equity method	–	–	10	–	10	–	10	–	10
Increase in property, plant and equipment and intangible assets(Note 4)	5,829	4,779	451	2,024	13,084	139	13,223	–	13,223

(Notes) 1. “Others” represents business segments that are not included in other reportable segments and other revenue-generating business activities.

2. Adjustments are as follows:

- (1) Eliminations or unallocated amounts of segment profit (loss), amounting to ¥(79) million, include elimination of intersegment transactions totaling ¥4 million and corporate expenses totaling ¥(91) million. Corporate expenses are general and administrative expenses not allocable to any reportable segment or other revenue-generating business activities.
- (2) Eliminations or unallocated amounts of segment assets, amounting to ¥40,686 million, include elimination of intersegment receivables and payables totaling ¥(134) million and corporate assets not allocable to any reportable segment or other revenue-generating business activities totaling ¥40,837 million that consists primarily of surplus funds (cash and securities) and long-term investments (investment securities), etc.

3. Segment profit (loss) is reconciled to operating profit on the consolidated statement of income.

4. The increase in long-term prepaid expense is included in increases in property, plant and equipment and intangible assets.

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total				
Net sales									
Sales to external customers	78,925	80,897	6,108	10,311	176,242	1,373	177,616	–	177,616
Intersegment sales or transfers	6	9	2	0	18	8	26	(26)	–
Total	78,932	80,906	6,110	10,311	176,261	1,382	177,643	(26)	177,616
Segment profit (loss)	9,623	729	(1,079)	(415)	8,858	82	8,941	(115)	8,825
Segment assets	138,930	89,042	7,139	18,326	253,438	6,374	259,812	37,491	297,304
Other items:									
Depreciation	3,009	3,833	311	527	7,681	190	7,871	–	7,871
Amortization of goodwill	33	20	–	67	120	–	120	–	120
Increase in property, plant and equipment and intangible assets (Note 4)	8,195	5,329	530	747	14,803	44	14,848	–	14,848

Fiscal year ended March 31, 2025

(Thousands of U.S. dollars)

	Reportable segment					Others (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total				
Net sales									
Sales to external customers	527,823	541,009	40,849	68,960	1,178,643	9,188	1,187,832	-	1,187,832
Intersegment sales or transfers	45	63	16	0	126	53	180	(180)	-
Total	527,868	541,073	40,866	68,961	1,178,770	9,242	1,188,012	(180)	1,187,832
Segment profit (loss)	64,360	4,880	(7,217)	(2,779)	59,242	551	59,794	(769)	59,024
Segment assets	929,112	595,481	47,744	122,561	1,694,899	42,629	1,737,529	250,731	1,988,260
Other items:									
Depreciation	20,126	25,637	2,080	3,527	51,371	1,272	52,643	-	52,643
Amortization of goodwill	220	134	-	449	805	-	805	-	805
Increase in property, plant and equipment and intangible assets (Note 4)	54,811	35,641	3,548	4,997	98,998	299	99,297	-	99,297

(Notes) 1. “Others” represents business segments that are not included in other reportable segments and other revenue-generating business activities.

2. Adjustments are as follows:

- (1) Eliminations or unallocated amounts of segment profit (loss), amounting to ¥(115) million (\$ (769) thousand), include elimination of intersegment transactions totaling ¥7 million (\$47 thousand) and corporate expenses totaling ¥(121) million (\$ (812) thousand). Corporate expenses are general and administrative expenses not allocable to any reportable segment or other revenue-generating business activities.
- (2) Eliminations or unallocated amounts of segment assets, amounting to ¥37,491 million (\$250,731 thousand), include elimination of intersegment receivables and payables totaling ¥(89) million (\$ (596) thousand) and corporate assets not allocable to any reportable segment or other revenue-generating business activities totaling ¥37,598 million (\$251,446 thousand) that consists primarily of surplus funds (cash and securities) and long-term investments (investment securities), etc.

3. Segment profit (loss) is reconciled to operating profit on the consolidated statement of income.

4. The increase in long-term prepaid expense is included in increases in property, plant and equipment and intangible assets.

Related information

Fiscal year ended March 31, 2024

1. Information by product and service

Information by product and service is omitted as the same information is disclosed in “Notes to Consolidated Financial Statements (Revenue Recognition) 1. Information on disaggregation of revenue from contracts with customers.”

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia		Other areas	Total
	U. S. A.	Other		China	Other		
40,553	47,357	2,020	15,178	33,260	39,871	1,178	179,420

(Note) Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other areas	Total
	U. S. A.	Canada				
27,093	11,208	1,483	1,653	4,413	1	45,854

3. Information about major customers

Information about major customers has been omitted since there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended March 31, 2025

1. Information by product and service

Information by product and service is omitted as the same information is disclosed in “Notes to Consolidated Financial Statements (Revenue Recognition) 1. Information on disaggregation of revenue from contracts with customers.”

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia		Other areas	Total
	U. S. A.	Other		China	Other		
40,446	51,324	1,852	15,371	32,931	33,861	1,827	177,616

(Thousands of U.S. dollars)

Japan	North America		Europe	Asia		Other areas	Total
	U. S. A.	Other		China	Other		
270,490	343,237	12,391	102,801	220,234	226,454	12,221	1,187,832

(Note) Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other areas	Total
	U. S. A.	Canada				
31,572	11,435	1,280	1,556	4,068	3	49,916

(Thousands of U.S. dollars)

Japan	North America		Europe	Asia	Other areas	Total
	U. S. A.	Canada				
211,145	76,478	8,563	10,406	27,207	20	333,822

3. Information about major customers

Information about major customers has been omitted since there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Information on impairment loss on non-current assets by reportable segment

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment					Others	Eliminations or unallocated amounts	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total			
Impairment loss	4,497	60	126	2,487	7,171	–	–	7,171

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment					Others	Eliminations or unallocated amounts	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total			
Impairment loss	93	1,794	86	538	2,513	3	–	2,517

Fiscal year ended March 31, 2025

(Thousands of U.S. dollars)

	Reportable segment					Others	Eliminations or unallocated amounts	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total			
Impairment loss	626	12,001	578	3,601	16,808	26	–	16,835

(Note) Of the impairment losses related to the Visual Imaging segment, ¥1,379 million (\$9,228 thousand) has been recorded under business structure improvement expenses in the consolidated statement of income.

Information on amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment					Others	Eliminations or unallocated amounts	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total			
Amortization for the year	33	18	–	63	115	–	–	115
Balance	108	161	–	510	780	–	–	780

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment					Others	Eliminations or unallocated amounts	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total			
Amortization for the year	33	20	–	67	120	–	–	120
Balance	57	140	–	438	635	–	–	635

Fiscal year ended March 31, 2025

(Thousands of U.S. dollars)

	Reportable segment					Others	Eliminations or unallocated amounts	Total
	Industrial Processes	Visual Imaging	Life Sciences	Photonics Solutions	Total			
Amortization for the year	220	134	–	449	805	–	–	805
Balance	381	937	–	2,929	4,248	–	–	4,248

Information on gain on negative goodwill by reportable segment

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

Related party information

Fiscal year ended March 31, 2024

1. Related party transactions

Not applicable.

2. Information on the parent company and major associates

Not applicable.

Fiscal year ended March 31, 2025

1. Related party transactions

Not applicable.

2. Information on the parent company and major associates

Not applicable.

(Per Share Information)

Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
Net assets per share	¥2,313.48	Net assets per share	¥2,263.23
Basic earnings per share	¥97.22	Basic earnings per share	¥70.27
		Net assets per share	\$15.13
		Basic earnings per share	\$0.46

(Notes) 1. Diluted earnings per share is not presented since no potential shares exist.

2. The basis used for calculating basic earnings per share is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Profit attributable to owners of the parent	10,785	6,797	45,457
Profit not attributable to common shareholders	–	–	–
Profit attributable to owners of the parent attributable to common shares	10,785	6,797	45,457
Average number of common shares outstanding during the year (Shares)	110,933,321	96,729,678	96,729,678

3. The Company's shares held by the trust for the stock remuneration plan for directors are recorded as treasury shares in shareholders' equity which are deducted from the total number of shares issued at the balance sheet date for the purpose of calculating net assets per share (475,680 shares and 360,260 shares as of March 31, 2024 and 2025, respectively).

The Company's shares held by the trust for the stock remuneration plan for directors are recorded as treasury shares in shareholders' equity which are deducted from the weighted-average number of shares outstanding during the year for the purpose of calculating the basic earnings per share (361,737 shares and 401,272 shares for the fiscal years ended March 31, 2024 and 2025, respectively).

(Subsequent Events)

(Reporting of extraordinary loss)

To achieve “transform business portfolio” and “deliver steady business growth” outlined in the Group’s medium-term management plan “New Growth Strategy (Revive Vision 2030),” we have set forth a human resources strategy focusing on the shift of personnel to the Industrial Processes business, which is our key business, and on the management of the number of personnel and total personnel expenses. As part of this process, we are implementing the following:

1. Expansion of Second Life Support Program and Special Offering

To achieve a business portfolio transformation and steady business growth, revitalizing the organization is necessary. One of the points that needs to be addressed is the generational imbalance in the composition of employees. For this reason, the Company has decided to implement a special recruitment drive that temporarily expands the eligibility for and enhances the benefits of our “Second Life Support Program,” which is an option for employees seeking career transition or independence in their second stage of life. This decision was made at a meeting of the Board of Directors held on February 7, 2025, and, accordingly, we are currently recruiting eligible participants.

Outline of the offering

- i) Eligible employees: Employees, etc., who satisfy the following two conditions as of April 1, 2025:
Have at least 3 years of continuous service; and are 56 years of age or older
- ii) Offering period: March 3, 2025 to June 30, 2025
- iii) Benefits: • In addition to regular retirement benefits, a special addition is made to the existing second life support program
 - Support for re-employment based on individual preferences

The special retirement lump-sum payments and costs incurred for the support for re-employment, etc., associated with the expansion of the second life support program and special offering, will be recorded as an extraordinary loss of ¥2,593 million (\$17,344 thousand) in the first quarter of the fiscal year ending March 31, 2026.

2. Review of Organizational Management

In order to transform certain overseas consolidated subsidiaries into business entities that contribute to the overall profit of the Group by overcoming low-profit structures and fundamentally improving their revenue models, we are reviewing organizational management, including personnel reductions. As a result, in the first quarter of the fiscal year ending March 31, 2026, we expect to record an extraordinary loss of ¥956 million (\$6,399 thousand) as extra retirement payments and other.

(Acquisition of a subsidiary)

At the Board of Directors meeting held on July 28, 2025, the Company resolved to acquire all shares of a subsidiary that OSRAM GmbH plans to establish (hereinafter the “New Subsidiary”), and to make it a subsidiary of the Company. OSRAM GmbH is a sub-subsidiary of ams-OSRAM AG (Head Office: Tobelbader Straße 30, 8141 Premstaetten, Austria; CEO: Aldo Kamper). The New Subsidiary will operate the lamp business for industrial and entertainment applications (hereinafter the “Business”) currently operated by the ams-OSRAM AG Group (hereinafter “ams-OSRAM”). The Company also resolved to take over assets related to this business from ams-OSRAM (hereinafter the “Takeover”), and to conclude a share and asset transfer agreement with ams-OSRAM for the Takeover.

1. Reason for the acquisition of shares

ams-OSRAM is a global leader in semiconductor and traditional automotive & industrial specialty lamps technologies, engaged in the design, manufacture, and sale of semiconductor devices such as LEDs, lasers, and sensors for automotive, industrial, medical, and consumer applications, as well as specialty lamps for semiconductor manufacturing equipment. The scope of this transfer includes specialty lamps for semiconductor manufacturing equipment, among others. Under the New Growth Strategy “Revive Vision 2030,” which was formulated in 2024, the Company is steadily implementing initiatives for business portfolio revamping, structural reforms, and improvement of capital efficiency. This Transaction is part of the business portfolio revamping, aimed at strengthening the profit base of the Industrial Processes business, particularly the light source business centered on the semiconductor field. This will essentially be achieved through optimization of production and significant improvement of efficiency. By taking advantage of the Takeover to integrate the technological advantage, patents, and manufacturing know-how held by both companies in the light source business, the Company aims for the following effects.

- i. Further sales opportunities in the semiconductor lamp market, which is expected to continue to grow
- ii. Expansion of contribution to profits through optimization of production and significant improvement of efficiency

The acquisition of the Business, which is already recording stable profits today, that is also expected to achieve a return on invested capital exceeding 10%, from ams-OSRAM will significantly contribute to the achievement of the quantitative targets (ROE 12% or more) that the Company has set forth in its New Growth Strategy, “Revive Vision 2030.”

Through the Takeover, the Company will further strengthen its competitiveness and raise the level of its revenue base in order to expand the IP business, and lead it to future consolidation of the light source industry and a faster improvement in production efficiency.

2. Outline of the subsidiary to be transferred

(1)	Name	To be decided	
(2)	Location	To be decided	
(3)	Title and name of the representative	To be decided	
(4)	Business overview	Design, manufacturing, and sales of lamps for industrial and entertainment applications	
(5)	Share capital	To be decided	
(6)	Date of establishment	To be decided	
(7)	Major shareholders and shareholding ratio	OSRAM GmbH 100% (planned)	
(8)	Relationship between listed companies and this company	Capital relationship	Not applicable
		Personal relationship	Not applicable
		Business relationship	Not applicable

* Because this company is planned to be newly established, it has no financial position and operating results for the most recent fiscal year. The matters to be decided will be announced as soon as they are determined.

3. Outline of the counterparty of the share acquisition

(1)	Name	OSRAM GmbH	
(2)	Location	Marcel-Breuer- Straße 4, 80807 Munich, Germany	
(3)	Title and name of the representative	Managing directors: Rainer Barthel (CEO), Babette Fröhlich Chairman of the Supervisory Board: Rainer Irle	
(4)	Business overview	Design, manufacturing, and sales of industrial lighting, including automotive lamps	
(5)	Share capital	563 million euros	
(6)	Date of establishment	November 14, 1918	
(7)	Net assets	1,887 million euros	
(8)	Total assets	5,570 million euros	
(9)	Major shareholders and shareholding ratio	OSRAM Beteiligungen GmbH 60.3% OSRAM Light AG 39.7%	
(10)	Relationship between listed companies and this company	Capital relationship	Not applicable
		Personal relationship	Not applicable
		Business relationship	Not applicable
		Status of related parties	Not applicable

4.Number of shares acquired, the acquisition price, and the status of shares held before and after the acquisition

(1) Number of shares held before the transfer	0 (Voting rights ownership ratio: 0%)
(2) Number of shares acquired	To be decided
(3) Acquisition price	Common stock of the subsidiary to be transferred (approximate amount): 84.8 million euros (approximately 14.6 billion yen) Advisory and other expenses (approximate amount): 3.5 million euros (approximately 600 million yen) Total (approximate amount): 88.3 million euros (approximately 15.2 billion yen)
(4) Number of shares held after the transfer	To be decided (Voting rights ownership ratio: 100.0%)

* For the payment, the Company plans to use its own funds and funds financed through borrowings from financial institutions. The Acquisition Price currently reflects the estimated amount, but the final Acquisition Price will be adjusted to reflect the price adjustments at the time of execution as stipulated in the agreements. The amounts in Japanese yen in parentheses were calculated at an exchange rate of 172 yen to the euro.

5.Schedule

(1) Date of resolution by the Board of Directors	July 28, 2025
(2) Date of conclusion of the agreements	July 28, 2025
(3) Date of establishment of the New Subsidiary	Q4 of fiscal year ending March 31, 2026 (scheduled)
(4) Date of execution of the Takeover	Q4 of fiscal year ending March 31, 2026 (scheduled)

* The execution of this business transfer is subject to the prerequisites stipulated in the agreements.

(Purchase of treasury shares)

In accordance with the resolution by the Board of Directors meeting held on August 5, 2025 to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied mutatis mutandis pursuant to the provisions of Article 165, paragraph 3 of the Companies Act, the Company has made the purchase of treasury shares as follows:

(1) Reason for purchase of treasury shares

To raise capital efficiency and enable the implementation of an agile capital policy.

(2) Details of purchase

Type of shares to be purchased:	Common shares of the Company
Total number of shares to be purchased:	15,000,000 shares (maximum) (17.04% of total number of issued and outstanding shares (excluding treasury shares))
Total purchase amount:	¥20,000 million (\$133,752 thousand) (maximum)
Purchase period:	August 6, 2025 to April 30, 2026
Purchasing method:	Purchase through off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange and auction market on Tokyo Stock Exchange

(3) Results of purchase

Type of shares purchased:	Common shares of the Company
Total number of shares purchased:	2,850,900 shares
Total amount of shares purchased:	¥5,242,805,100 (\$35,061 thousand)
Purchase date:	August 6, 2025
Purchasing method:	Purchase through off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange

- 5) Annexed Consolidated Detailed Schedules
Annexed detailed schedule of corporate bonds
Not applicable.

Annexed detailed schedule of borrowings

Classification	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Balance at beginning of current period (Thousands of U.S. dollars)	Balance at end of current period (Thousands of U.S. dollars)	Average interest rate (%)	Repayment term
Short-term loans payable	2,455	1,617	16,419	10,815	2.8	–
Current portion of long-term loans payable	–	1,410	–	9,429	0.4	–
Current portion of lease obligations	1,054	1,058	7,049	7,079	3.5	–
Long-term loans payable (excluding current portion)	26,410	35,000	176,620	234,066	0.6	From 2026 to 2027
Lease obligations (excluding current portion)	3,238	2,528	21,655	16,906	3.5	From 2026 to 2043
Total	33,157	41,613	221,744	278,297	–	–

- (Notes) 1. The average interest rate represents the weighted-average interest rate over the year-end balance of loans.
2. Regarding the average interest rates on lease obligations, the total amount before deducting interest equivalents included in the total lease payments is recorded as lease obligations. Therefore, only the average interest rate of the lease obligations of consolidated subsidiaries is provided.
3. For foreign subsidiaries that have adopted Generally Accepted Accounting Principles in the United States, lease liabilities for operating leases that have been recognized under Leases (ASU No. 2016-02 (Topic 842)) have been included in the balance of current portion of lease obligations and of lease obligations (excluding current portion).
4. The redemption schedule for long-term loans payable and lease obligations (excluding current portions) for the five years after the consolidated balance sheet date is as follows:

	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)
Long-term loans payable	25,000	10,000	–	–
Lease obligations	978	730	407	158

	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)
Long-term loans payable	167,190	66,876	–	–
Lease obligations	6,544	4,887	2,723	1,057

Annexed detailed schedule of asset retirement obligations

Information is omitted because the amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not more than 1% of the total amounts of liabilities and net assets at the beginning and the end of the current fiscal year, in accordance with the provision under Article 92-2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other Information

Quarterly information for the fiscal year ended March 31, 2025

(Cumulative period)	First three months	First six months	First nine months	Fiscal year ended March 31, 2025
Net sales (Millions of yen)	37,539	85,643	128,099	177,616
Profit before income taxes (Millions of yen)	1,384	4,788	9,722	14,006
Profit attributable to owners of the parent (Millions of yen)	297	2,304	5,747	6,797
Basic earnings per share (Yen)	2.92	22.95	58.22	70.27

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	2.92	20.26	36.07	11.56

Quarterly information for the fiscal year ended March 31, 2025

(Cumulative period)	First three months	First six months	First nine months	Fiscal year ended March 31, 2024
Net sales (Thousands of U.S. dollars)	251,052	572,749	856,679	1,187,832
Profit before income taxes (Thousands of U.S. dollars)	9,259	32,022	65,020	93,669
Profit attributable to owners of the parent (Thousands of U.S. dollars)	1,991	15,409	38,435	45,457
Basic earnings per share (U.S. dollars)	0.01	0.15	0.38	0.46

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (U.S. dollars)	0.01	0.13	0.24	0.07

(Note)The Company prepares financial information for the first and third quarters in accordance with the stock exchange rules, but has not received independent interim reviews for such quarterly financial information.